

## MEMORANDUM

Date: April 16, 2025

To: Sejal Hathi, Director, Oregon Health Authority

From: OHSU-Legacy proposed transaction Community Review Board  
(Howard Cohen, Leslie Foren, Teresa Goodell, Latorria Haskin, Wendi Martin, Joseph Schnabel)

CC: Health Care Market Oversight Program

Subject: Recommendation to OHA regarding OHSU's proposed acquisition of Legacy Health

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Pursuant to Oregon Revised Statutes (ORS) 415.501(7)(a) and Oregon Administrative Rules (OAR) 409-070-0062, the Oregon Health Authority (OHA) convened a Community Review Board (CRB) to review, provide input and make a recommendation to OHA to approve, disapprove, or approve subject to conditions the proposed material transaction (the "transaction") between Oregon Health & Science University (OHSU) and Legacy Health (Legacy).

### **Process and Criteria**

The CRB held a total of eight public meetings and one public hearing between February 10 and April 7, 2025. Meeting transcripts, recordings, agendas, and all other materials have been posted to the [HCMO website](#).

To arrive at a recommendation, the CRB reviewed publicly available information, including sworn testimony from representatives of OHSU and Legacy, and considered potential impacts of the transaction on health care services in Oregon. The CRB assessed whether the transaction met the following approval criteria under ORS 415.501(9) and OAR 409-070-0060(5).

### **Must meet these criteria:**

- A. There is no substantial likelihood that the transaction would:
  - i. Have material anticompetitive effects in the region (such as significantly increased market concentration among providers when contracting with payers, carriers, or coordinated care organizations, or among carriers when establishing health benefit premiums that is likely to increase costs for consumers) not outweighed by benefits in increasing or maintaining services to underserved populations;
  - ii. Be contrary to law;
  - iii. Jeopardize the financial stability of a health care entity involved in the transaction;

- iv. Otherwise be hazardous or prejudicial to consumers or the public.

**Of note, the CRB focused its review on assessing whether the transaction met the Criterion A(iv).**

**And must meet at least one of the criteria under #B or criteria #C**

- B. The transaction will benefit the public good and communities by:
  - i. Reducing the growth in patient costs or maintaining sustainable cost growth;
  - ii. Increasing access to services in medically underserved areas; or
  - iii. Rectifying historical and contemporary factors contributing to a lack of health equity or access to services;
- C. The transaction will improve health outcomes for residents of this state.

The CRB also considered whether any reasonable conditions could be placed on the proposed transaction if the CRB elected to recommend the transaction be approved subject to conditions that would accomplish the goals set out in the above criteria.

OHA will publish a summary report in the next few weeks that provides additional detail on the CRB's process and discussions.

## **Recommendation and Rationale**

The CRB recommends to OHA to disapprove the proposed OHSU-Legacy transaction for the following reasons.

- **Criteria A: There is no substantial likelihood that the transaction would otherwise be hazardous or prejudicial to consumers or the public.**  
The CRB raised numerous concerns about the transaction's potential to harm people in Oregon. Key concerns included increased commercial prices and health care costs that could be passed along directly to consumers, decreased choices for health care (from two systems to one), and workforce issues, including decreasing job choices for health care workers in Oregon.
- **Criteria B: The transaction will benefit the public good and communities by: reducing the growth in patient costs or maintaining sustainable cost growth; increasing access to services in medically underserved areas; or rectifying historical and contemporary factors contributing to a lack of health equity or access to services**  
The CRB voiced concerns that prices will likely increase following the transaction more than if the transaction does not occur. The CRB was concerned that the proposed transaction would increase prices because the combined entities would result in the largest hospital system in the state. The CRB felt that an increase in

prices could be detrimental to access, health outcomes, and health equity. When prices increase, access to care decreases and health outcomes worsen, worsening health equity. The CRB also stated that competition improves outcomes and quality, and with less competition in the Portland area, health outcomes could worsen. The CRB did not believe that access to care for underserved areas would increase and stated that the entities could find other ways to achieve these goals without the proposed acquisition.

The CRB felt that the proposed transaction would not rectify historical and contemporary factors contributing to a lack of health equity or access to services because the health equity Foundation does not involve sufficient community input. The CRB also voiced concerns that the transaction relies too heavily on the proposed impact of the health equity Foundation without providing specific plans to address health equity.

The CRB also raised concerns about quality metric development and implementation timelines, Legacy's financial status, the Oregon National Primate Research Center, and the structure of the proposed transaction.

- **Criteria C: The transaction will improve health outcomes for residents of this state**

The CRB voiced concerns that the proposed transaction would not benefit the public good or improve health outcomes, as referenced in Criteria A.

Though not directly related to the transaction, the CRB noted the many public comments related to the OHSU Primate Lab.

**The CRB determined that the approval criteria under ORS 415.501(9) and OAR 409-070-0060(5) were not met by the transaction as currently proposed. Therefore, the CRB recommended disapproval.**

**The CRB voted unanimously (5-0) to recommend that OHA disapprove the proposed transaction.**