

DRAFT MEMORANDUM

Date: April 9, 2025

To: Sejal Hathi, Director, Oregon Health Authority

From: OHSU-Legacy Community Review Board

CC: Health Care Market Oversight Program

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

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

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 This Criterion:

1. There is no substantial likelihood that the transaction would:
 - a. 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;
 - b. Be contrary to law;
 - c. Jeopardize the financial stability of a health care entity involved in the transaction;
 - d. Otherwise be hazardous or prejudicial to consumers or the public.

And Must Meet #2 or #3

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

The CRB also considered whether any reasonable conditions could be placed on the proposed transaction 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 that OHA disapprove the proposed OHSU-Legacy transaction for the following reasons.

- **The transaction is likely to 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 commercial prices and health insurance premium costs, workforce issues, quality metric development and implementation timelines, access to care, community input on the establishment of the health equity foundation, Legacy's financial status, the Oregon National Primate Research Center, and the structure of the proposed transaction.

The CRB voiced concerns that prices will likely increase following the transaction. The CRB felt that an increase in prices would 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.

- **Criteria 2a, 2b, 2c, and 3.**

The CRB voiced concerns that the proposed transaction would not benefit the public good or improve health outcomes. The CRB was concerned that the proposed transaction would increase prices because the combined entities would have a large hospital system in the community. 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 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 determined that the above criterion (criterion 1d) could not be met by the transaction as currently proposed. Because the above criterion is required to be met in order to approve the transaction, the CRB recommended disapproval.

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