

Comments regarding OHSU-Legacy proposed merger from Oregon AFSCME, Oregon Nurses Association and SEIU Local 49

We are submitting additional comments on OHSU’s HCMO filing to acquire Legacy Health on behalf of SEIU Local 49, the Oregon Nurses Association, and AFSCME. Together, we represent the largest group of unionized workers within Legacy (totaling more than 4,000 workers, with even more asking to join their union ranks) and an additional 10,000+ healthcare workers at OHSU facilities.

As key supporters of the legislation that created the HCMO program, we know that certain forms of consolidation can have negative consequences for workers and communities and, accordingly, firmly believe that consolidation efforts should be scrutinized. HCMO was established to add transparency and ensure transactions benefit Oregonians; however, it was not established to prevent all deals that may increase consolidation. All change comes with positive and negative impacts, which is why HCMO was designed to weigh the *net* impact of transactions and why OHA is empowered to apply conditions that mitigate any negative impacts while embracing positive change.

Below, we outline why we believe OHSU’s acquisition of Legacy has the potential to benefit Oregonians.

1.) Precedent-Setting Labor Agreement:

OHSU’s HCMO application outlines the details of an historic agreement with three labor unions who represent more than 14,000 workers employed at Legacy and OHSU. We would like to make it clear how unusual and unprecedented an agreement of this kind is.

First, OHSU voluntarily and proactively came to the table to meet with leaders from three different unions to hear their concerns and fears about what the deal would mean for them. (Meanwhile, Legacy refused union workers’ requests to meet.) But OHSU did more than listen; they put binding commitments on paper that came directly from conversations with frontline workers about their needs. We know of no other healthcare acquisition where the acquiring party sat down with, listened to, and made such commitments to its current and future employees (as represented by their labor unions) as part of the development of the transaction.

“OHSU’s commitment to pay parity agreement is huge. Within a year of the merger closing, OHSU will match any pay discrepancies at whatever the higher rate is from the same job class — from EVS to dietary to CNA and on and on between different facilities. Also, the workforce investment will be good for staff members. It speaks volumes that they are willing to invest in staff members and invest in our future, which is also an investment in their own future.”

- Steven Wong, CNA, Legacy Good Samaritan

No other application filed through the HCMO process has included this level of detail about labor issues. In fact, most applications have been notably light on specifics related to how their frontline staff would fare after a proposed transaction's closing. For example, Adventist's application to acquire Mid-Columbia Medical Center in early 2023 failed to even mention what would happen to employees of the hospital if the transaction was approved.ⁱ Similarly, Samaritan's HCMO filing to purchase Santiam Hospital provides only vague assurances related to retaining staff: "Samaritan *intends* (emphasis added) to offer employment to all or significantly all current employees of Santiam;"ⁱⁱ and, "*Substantially all* (emphasis added) Santiam employees will be offered employment by Santiam or Samaritan with compensation and benefits aligned to applicable market benchmarks post close."ⁱⁱⁱ In contrast, OHSU proactively sought to address concerns and involve employees publicly in the formation and success of the future collaboration.

In addition, while research suggests slower wage growth for employees after hospital mergers, we have found no study that observes the impacts of a collaborative labor agreement on this scale or scope because, to our knowledge, it is unprecedented. In addition, the research that does exist suggests that the presence of strong labor unions can mitigate post-merger wage stagnation.^{iv}

The labor agreement contains the following binding commitments from OHSU^v:

Commitment to a secure future for ongoing worker voice

OHSU has agreed to voluntarily honor all existing collective bargaining agreements (CBAs), which is not necessarily required in all cases. Using CBAs to establish binding commitments ensures the conditions will be in place much longer than any time frame set by the HCMO program. In addition, CBAs don't require action from the state to enforce or place extra administrative burdens on the employer.

CBAs also have other benefits. For example, they:

- *Give workers predictability and a say in what their working conditions, pay and benefits look like* – and provide a formal grievance process that ensures the employer abides by the agreement.
- *Help reduce wage gaps for women and workers of color^{vi}* due to uniform pay scale structures. For example, SEIU demanded equal wage scales that eliminated wage inequities between workers at Legacy Good Samaritan and Legacy Emanuel, who were earning less money for doing the same work than their counterparts on the other side of the river.
- *Have direct and positive impacts on patients and care quality.* For example, union workers were more likely to follow COVID protocols that kept patients safe during the pandemic than non-union workers.^{vii} In addition, union workers have greater protection from retaliation from their employers, which can encourage frontline staff to speak out if they observe threats to patient safety.
- *Allow union members to use their voices to advocate for improvements that benefit many.* For example, an assistant cook at Legacy Emanuel shared a powerful story with legislators about her own employer taking her to collections over medical debt.

Telling her story publicly^{viii} helped to pass a bill that expanded hospital charity care across the state (HB 3076). She felt confident speaking out because her union contract ensured that discipline and termination could only occur for reasons directly related to job performance.

Commitment to quality jobs, with quality pay and benefits

OHSU has agreed that the pay and benefits of current OHSU and Legacy employees will be protected, if not improved. This includes protections from layoffs for 12 months and severance for Legacy employees if layoffs should occur between 12 and 24 months after the acquisition. The improved severance package includes six months of pay and medical/dental insurance coverage, and access to recall and training opportunities.

Investments in building a workforce for today and tomorrow

OHSU has pledged to devote \$10 million annually to union education trusts that support frontline workers. Given OHSU’s long history as a teaching institution, their investment in career development and education will be uniquely positioned to help solve the short-staffing crisis our state faces by upskilling current staff and bringing new workers into the healthcare field.

What makes this investment especially powerful is that these trusts provide workers with more than just free education benefits to earn new licenses and move into higher paid jobs. The union trusts also provide access to English language classes, childcare support, and other services that remove barriers for workers who want to move into healthcare jobs. These trusts also serve a significant number of BIPOC workers; for example, of the more than 2,000 SEIU Local 49 members enrolled in its education trust last year, 48% were workers of color.

“I have been a Nurse at Legacy Health for 20 years and have seen firsthand how the lack of staff affects patient care. It’s not just a staffing issue – it’s a patient safety issue. We desperately need the kind of investment that OHSU is offering, especially with their commitment to enhancing facilities and securing better staffing levels. Similarly, the agreement that OHSU has made with its frontline caregivers proves that they are serious about increasing recruitment and retention of qualified staff. I strongly support OHSU’s acquisition of Legacy Health, and I hope you do as well.

- Kim Potter, RN, Legacy

Legacy Health is currently a contributing partner to SEIU’s Education Trust. We are assured by OHSU’s commitment to continue and expand the program to ONA and AFSCME members. A different purchaser may not have been as willing to do the same.

Advancing racial justice and culturally competent care for all

OHSU has committed to provide training to prevent bias in hiring, evaluations, promotions, and discipline; as well as give the union access to diversity metrics that will enable us to monitor and address any disparities. The combined health system has also pledged to work with us to pursue DEIB (Diversity, Equity, Inclusion, Belonging) training for all staff and has

agreed to honor the racial and immigration justice-related language in our current contracts.

Specific examples of such language include the SEIU contract with Legacy, which includes protected leave and reinstatement rights for employees who need to deal with legal proceedings related to immigration matters. The contract also includes language that addresses injustices in racial profiling by allowing for reinstatement of employees who are absent from work due to arrest, detention or incarceration if the employee is not charged or found to be not guilty.^{ix}

Outside the scope of the labor agreement, OHSU has also made a capital commitment of \$1 billion that will shore up Legacy’s ability to deliver high-quality care by financing needed facility upgrades and hiring additional frontline staff. These commitments together mean that patients in Oregon can expect more accessible care that is also high-quality and culturally competent.

2.) Despite some claims to the contrary, Legacy finances have been unstable; and OHSU is the best entity to acquire them.

Legacy has repeated messages of financial concerns to employees year after year, and we believe that publicly available data underscore the questionable financial picture at Legacy. For example:

- Legacy’s operating margin, as reported on the Oregon Health Authority’s website, has been consistently negative since 2021.^x
- Whether at the bargaining table, via employee newsletters, or other routes, Legacy leadership has repeatedly painted a picture of scarcity. In fact, Legacy Emanuel is currently laying off all night-shift nursing assistants on medical surgical units and says it is, “directly tied to our financial containment initiative.”^{xi}
- In 2023, Legacy sold its outpatient laboratories and contracted out management of its inpatient laboratories to a publicly traded, profit-driven company, Labcorp. The move was part of Legacy’s “financial crisis” and designed to improve the system’s financial health and put an end to dipping into cash reserves.^{xii}
- The sale of the labs, an office building, and other events have increased the system’s available cash, but that is not sustainable. Moody’s recently wrote, “Days cash, which has remained stable due in part to the monetization of certain assets over the last year, may begin to decline as operating challenges persist,” and proceeded to note that the assigned negative outlook, “reflects ongoing operational headwinds” and “debt to cashflow remaining unfavorably high.” In fact, the inability to complete the merger with OHSU or prolonged delays is noted as a factor that could lead to a downgrade of the ratings.^{xiii}

“...The repeated administrative mismanagement of Unity and Legacy as a whole has had significant impact on patient care and outcomes...With OHSU’s pledge to continue supporting unionized workers and pledge to improve upon Legacy’s infrastructure and staffing, I believe it could reshape the industry standards around worker rights and patient care.”

Dakota Lake, RN, Legacy’s Unity Center for Behavioral Health

There are other possible partners for Legacy to partner with, but we believe them to be inferior options for employees, patients, and communities alike. For example:

- *An out-of-state private, for-profit entity.* Struggling Bay Area hospital in Coos Bay is currently exploring a partnership with Quorum Health.^{xiv} Quorum Health is a private, for-profit hospital owner who owns and operates McKenzie Willamette Medical Center in Springfield. Before Quorum went private, the hospital consistently had some of the highest profit margins in the State of Oregon. But since becoming privately owned with significant ties to private investment firms, the hospital increased its corporate management fees by 300% and now posts negative operating margins. (Note that the hospital would have a positive profit margin in 2023 if not for the \$9.2 million in corporate management fees it sent out of state.)^{xv}
- *A different Oregon health system without the same geographic overlap.* Other health systems may come with inferior values. For example, Southern Oregon’s Asante Health System was recently found to have threatened and discriminated its employees who supported joining a union, in clear violation of the law.^{xvi}
- *A health system that currently does not provide full reproductive or gender-affirming care services.* There are health systems operating in Oregon that place restrictions on such care.^{xvii} Meanwhile, OHSU has committed to, “maintaining or expanding access to reproductive and gender affirming health care (and) creating opportunities to grow these important services”^{xviii} – and even identified potential accountability metrics to track the integrated system’s commitment to maintaining access to this care.^{xix} Meanwhile, in 2023, Legacy attempted to close the Mount Hood Family Birth Center, the only facility serving east Multnomah County.^{xx}

These financial facts combined with a struggling state budget and the unpleasant realities of other partnership opportunities lead us to welcome OHSU as the best possible partner for Legacy employees, patients, and communities.

What’s more, the ongoing provision of services is far more protected with OHSU, even without ongoing HCMO monitoring, because OHSU is public. OHSU’s public ownership means that the government and public have greater levels of access and influence over the system than any other potential acquirer. For example, Oregon’s Governor appoints their board, and they are subject to state transparency laws. This is in stark contrast to other health systems, including Legacy, which do not even list their board members publicly. Meanwhile, OHSU’s board meeting agendas and materials are posted for the public and recordings are available in perpetuity.

3.) We are Cautiously Optimistic Because OHSU Has Walked the Talk

We have witnessed OHSU’s willingness to be a leader and a partner:

OHSU has been a leader in Salem on pro-consumer legislation.

For example, OHSU led the way among health systems in advocating for the passage of a new law that will ensure low-income patients who are eligible for discounts on their hospital bills actually receive them.^{xxi} They were also the only health system that supported HCMO,^{xxii} and they are not a party to the lawsuit filed by the Hospital Association of Oregon that seeks to undermine the program.^{xxiii}

OHSU negotiated with workers, while Legacy ignored their requests to meet to discuss the merger.

OHSU isn't perfect, but it is important to acknowledge Legacy's track record of systematic disregard for community needs, voices, and the welfare of their own employees and union partners. OHSU chose to meet with workers to hear their concerns, while Legacy ignored repeated requests to meet with workers' elected representatives.

OHSU has participated in the HCMO process in good faith.

Unfortunately, there is a loophole built into HCMO for entities that seek to avoid the scrutiny of a full review. If one of the parties is "in significant financial distress and on the brink of closing," an emergency exemption can be filed that that allows the transaction to bypass the full review process.^{xxiv} While some systems, like St. Charles, have recently abused this exemption,^{xxv} OHSU chose not to wait until Legacy was on the verge of insolvency to file for review. Instead, OHSU invited and welcomed this in-depth public process. We also believe that OHSU's application contains detail that is unrivaled compared with any other HCMO application on record.

OHSU has Consistently Offered Support for Low-Income Consumers.

Healthcare workers, like all other Oregonians, need access to affordable healthcare services. Because healthcare workers come from diverse economic backgrounds and have vastly different wages depending on their licensure, having access to affordable care is critical. OHSU is striving to provide affordable care in several ways: first, it has met the Cost Growth Target, as evidenced by the 2024 Sustainable Health Care Cost Growth Target Annual Report.^{xxvi} Meeting the target indicates that OHSU understands the economic burden that is often placed upon patients and is making efforts to avoid additional price increases.

Furthermore, OHSU has consistently provided financial assistance for patients, and in fiscal year 2022, spent more money on total community benefits than any other hospital or health system.^{xxvii} As described in Dollar For's report provided to the legislature^{xxviii}, OHSU's success is largely due to a

"[A]t the moment there is crystal clear evidence that workers can have a voice with OHSU, that they will sit down and listen. OHSU has committed to retaining workers and paying us equally, if not more. This is an agreement Legacy could have easily made, but they didn't want to. They brushed off our calls. Legacy has been writing its employees letters about being broke or losing money each quarter for a long time now. This instills fear and increases anxiety among the very workforce you need to run a hospital. Then came the news about OHSU. While Legacy ignored us, OHSU sat down and put reassurances and investments on paper. This is why I am supportive of OHSU's transaction."

– Mark Vorphal, Legacy

longstanding practice of using a presumptive eligibility system to automatically apply financial assistance to qualifying patients' accounts. In a landscape in which most hospitals were forcing patients to navigate overly complex application processes to apply for financial assistance, OHSU was demonstrating their commitment to affordable care.

We Respect the HCMO Process and Support Appropriate Conditions

OHSU has already voluntarily agreed to many things that in other deals would have to be conditions. Beyond voluntarily recognizing CBAs/worker agreement, they have also clearly and repeatedly committed to abiding by Oregon's Cost Growth Target, taking all forms of public insurance, and providing the full range of reproductive and gender-affirming care. That said, we respect the role of the CRB and believe that they, along with experts at OHA, will consider, recommend, and apply conditions to mitigate possible negative impacts and safeguard consumers access to affordable healthcare.



Caring for Oregon

ⁱ [2023-1-24-006-Adventist-MCMC-HCMO-Notice.pdf](#)

ⁱⁱ Samaritan-Santiam HCMO filing, Appendix A, page 30. [040-Appendix-A.pdf](#)

ⁱⁱⁱ Samaritan-Santiam HCMO filing, Appendix A, page 2. [040-Appendix-A.pdf](#)

^{iv} [Employer Consolidation and Wages: Evidence from Hospitals - American Economic Association](#)

^v [039-HCMO-Notice-Question-13-Exhibit-1.pdf](#)

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- ^{vi} US Department of Labor. Retrieved February 2023: <https://www.dol.gov/general/workcenter/union-advantage#:~:text=According%20to%20the%20Center%20for,the%20course%20of%20their%20careers>
- ^{vii} [US Department of Labor, 2003. "Unions Kept Workplaces Safer During the COVID-19 Pandemic"](#)
- ^{viii} <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/CommitteeMeetingDocument/182229>
- ^{ix} See SEIU contract articles 25.6, 25.7, and 25.8.
- ^x Oregon Health Authority Hospital Reporting Program. (2024). Hospital Financial & Utilization Dashboard. Interactive display accessed 01/10/2025. Portland, OR: Oregon Health Authority. <https://visual-data.dhsoha.state.or.us/t/OHA/views/databankdashboard/Mainpage>
- ^{xi} Message sent to Legacy employees in December, 2024.
- ^{xii} <https://www.beckershospitalreview.com/hospital-transactions-and-valuation/oregon-system-in-financial-crisis-completes-sale-of-labs.html#:~:text=Labcorp%20acquired%20select%20assets%20of,20%20Labcorp%20news%20release.>
- ^{xiii} <https://emma.msrb.org/P21870144-P21430688-P21875293.pdf>
- ^{xiv} [Workers at Coast's Biggest Hospital Mobilize to Stave Off Private Equity Firm](#)
- ^{xv} <https://www.oregon.gov/oha/HPA/ANALYTICS/HospitalDocuments/FY23%20AFS%20McKenzie-Willamette%20Med%20Ctr.pdf>, <https://www.oregon.gov/oha/HPA/ANALYTICS/HospitalDocuments/FY18%20AFS%20McKenzie-Willamette%20Med%20Ctr.pdf>
- ^{xvi} <https://nwlaborpress.org/2025/01/nlrb-medford-hospital-must-recognize-union/>
- ^{xvii} At least 30 of acute care beds are controlled by systems that do opt out of such care. (See: Adventist Health, End of Life Option Act, <https://www.adventisthealth.org/patient-resources/end-of-life-option-act> (last accessed Jan. 16, 2025); Tess Solomon, et al., Bigger and Bigger: The Growth of Catholic Health Systems, Community Catalyst (Oct. 2020).
- ^{xviii} OHSU HCMO Notice, [SOHSU66024092514030](#), p 47
- ^{xix} OHSU HCMO Notice 15 – Exhibit 2
- ^{xx} <https://www.thelundreport.org/content/multnomah-county-leaders-say-closure-legacy-birth-center-would-boost-disparities>
- ^{xxi} <https://olis.oregonlegislature.gov/liz/2023R1/Downloads/FloorLetter/3549>
- ^{xxii} [Floor letter_HB 2362_June2021.pdf](#)
- ^{xxiii} Oregon Association of Hospitals and Health Systems is the sole plaintiff in the case
- ^{xxiv} [HCMO-Emergency-Exemption-Guidance.pdf](#)
- ^{xxv} St. Charles initially filed an emergency exemption in its attempt to acquire The Neuromusculoskeletal Center of the Cascades, P.C.. OHA determined that the deal did not meet the established criteria and instead conducted a standard 30-day review with extensive conditions designed to protect consumers. [035-Report.pdf](#)
- ^{xxvi} <https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20documents/2024-Oregon-Cost-Growth-Target-Annual-Report.pdf>
- ^{xxvii} <https://visual-data.dhsoha.state.or.us/t/OHA/views/CommunityBenefitDashboard/MainPage-MinimumSpendingFloor?%3Aembed=y&%3AisGuestRedirectFromVizportal=y>
- ^{xxviii} <https://olis.oregonlegislature.gov/liz/2023R1/Downloads/PublicTestimonyDocument/95477>