

OHSU and Legacy Health Questions and Answers

In review

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People

Will there be layoffs or facility closures?

At the core of this endeavor is the need to grow so we can provide more patient access, and that includes growing our team. It's too early in this process to know how we'll be organized. There are a lot of unknowns, but we remain rooted in our core value of people-first.

How does this impact current negotiations with ONA or any other union?

The letter of intent and the effort to combine with Legacy is unrelated to ONA negotiations and has no impact on what OHSU is investing in the ONA negotiations. Our economic proposals represent a significant investment into current OHSU nurses. Notably, the 10-year projected cost of our current economic proposal to ONA is over \$1.05 billion dollars (excluding any future wage investments in successor contracts).

The Legacy Health transaction will largely be funded through bonds (i.e., borrowed money) that will be used on capital improvements. This means that the funds will be used on buildings, technology, and equipment and represent an investment into (what would then be) OHSU facilities that will further support our health system's growth and ability to serve patients. The transaction does not affect the operating budget that we will use to fund the wage enhancements in these ONA negotiations.

Investments in capital are financed differently from the way we pay people, as we can't borrow for wages. In the long run, we believe that by serving the people of Oregon better, we'll be in a stronger position and better able to support our people.

Will this announcement impact raises, hiring, etc. for the coming fiscal year?

No. The commitment we're making under the nonbinding letter of intent is a 10-year capital commitment. This means that the funds will be used on buildings, technology, and equipment and represent an investment into (what would then be) OHSU facilities that will further support

our health system's growth and ability to serve patients. We intend to borrow most of that money over time through bonds.

Investments in capital are financed differently from the way we pay people, as we can't borrow for wages. In the long run, we believe that by serving the people of Oregon better, we'll be in a stronger position and better able to support our people.

Will OHSU academic departments employ all the faculty eventually?

Within the Letter of Intent, it states: *The Parties intend that at Closing, all physician and advance practice provider ("APP") employees of Legacy, OHSU and their respective affiliates who are in good standing will remain employed by their current employer and remain subject to the terms of their current collective bargaining agreements, as applicable. Over time, the Combined System will provide opportunities for physicians and APPs to join the Combined System as employed faculty, or through OHSU's existing non-academic track, as members of system-sponsored or system-owned provider networks, or as fully independent physicians and APPs with medical staff privileges at system facilities.*

Will there be an opportunity for employees to vote on this?

No, the decision and letter of intent were approved unanimously by the boards of directors for both OHSU and Legacy Health. The definitive agreements will require further approval by the Boards of each entity and closing of the transaction will be conditioned on getting regulatory approvals to move forward.

Operations

Is this a merger or acquisition?

It is neither a merger nor an acquisition. We are combining through a legal process called a "member substitution," although the term is not well-known to the public.

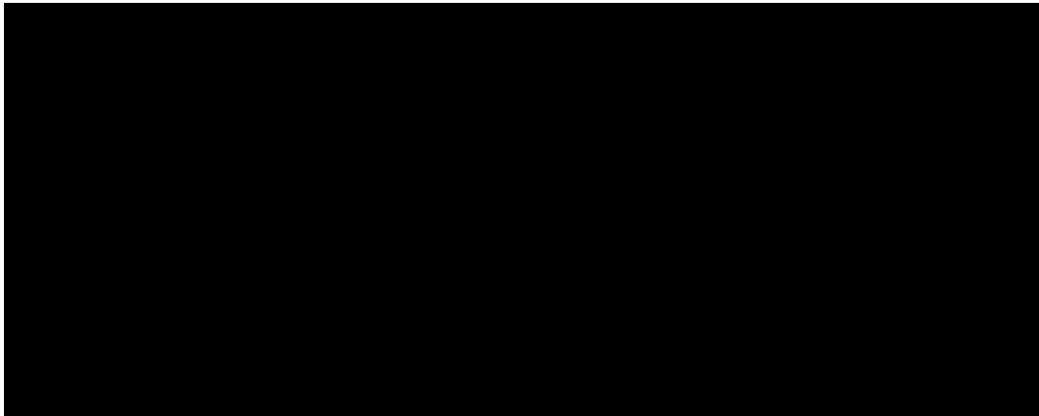
Very simply, at closing, OHSU will be the combined system's parent entity and the entire system will be under the ultimate governance authority of the OHSU Board of Directors.

How would this be different than our other OHSU Health partners?

In many of our current relationships and partnerships, such as with Hillsboro Medical Center and Adventist Health, we share programs and services, but we do not have an ownership interest in the hospitals, entities, facilities nor assets. The key difference is that OHSU will be the "member" or parent of the Legacy entities and as the parent will own these facilities and assets.

What does this combination mean for OHSU's current partnerships, including Hillsboro Medical Center and Adventist Health Portland?

We will continue to serve as many Oregonians as possible with high-quality patient care informed by leading-edge research in an innovative training environment. The combination of OHSU and Legacy Health has potential to enhance our health system and meet our overall goal to improve and expand access to health care and preventive medicine so more patients can receive the exceptional care they need and deserve.



Will OHSU inherit Legacy Health's debt, if there is any?

No. Legacy currently has more cash and investments than long-term debt. Only that net (or excess) amount is what goes to the new grant-making foundation.

Legacy Health had announced selling their labs to LabCorp. Will OHSU do the same?

Our lab work will not change. Until we close the transaction, we do not have rights to manage their business, including their relationship with LabCorp. As we move forward, we will learn more about the transaction and its impact.

What are our financial risks?

OHSU, Legacy, and health care organizations across Oregon and the nation are facing challenges from the post-pandemic impact of labor shortages and cost inflation that have far outrun increases in payment rates. OHSU's strategy is growth: both to serve the people of Oregon and

to rebalance revenues and expenses by spreading fixed costs across a larger base. By joining Legacy's complementary services and geographic footprint to OHSU, we will have a much larger base of operations and many more access points to support our growth strategy, in order to rebalance over time revenues and expenses. At the same time, growth will allow us to fulfill all our missions of patient care, education, research, and outreach.

Experience from other large combinations is that the greatest risk is execution. In particular, the risk of losing focus on operations and on our patients, members, learners and the communities we serve.

Why did OHSU and Legacy Health share this so early in the process and might OHSU back out?

One of OHSU's core values is transparency. As Oregon's only public academic health center, we needed to let our community know this conversation was underway. There is always a possibility that either through due diligence or the regulatory review that the combination isn't finalized.

How is this different than our previous Salem Health partnership?

The Salem Health partnership was a co-management and income-sharing arrangement that was intended to be a platform for growing programs. None of Salem's assets became OHSU's assets. This combination is quite different in that OHSU will be the sole member or parent of Legacy Health and the Legacy assets, operations and employees will be under the ultimate governance authority of the OHSU Board of Directors.

Will there be guidance on how OHSU policies, standards and workflows will be adopted by Legacy Health?

Not yet, as it is still early, through our due diligence and integration work we will be looking to identify best policies and practices.

How can we best support the due diligence process?

The initial due diligence process is focused on legal and financial risk and mitigation strategies. Once that is completed and if the parties decide to move forward, we will move to planning for integration. In the meantime, keep asking questions. The integration of this effort across all missions, employees and leadership is critically important.

What are the instructions when Legacy departments reach out to OHSU departments regarding the agreement? Are there things we can't talk about?

Prior to the closing of the transaction, we are legally bound to continue as we have been. In some areas, we will continue our previous collaborations. We also need to continue to treat Legacy as competitor in any geographic areas and service lines in which the parties compete

today and we will need to continue to make strategic and operational decisions independently until the transaction is completed.

How will our combination with Legacy affect our mixes and our financial model? Will OHSU be able to achieve enough margin for investments in people, places and programs if our margins are diluted by taking on Legacy's community-based care organization?

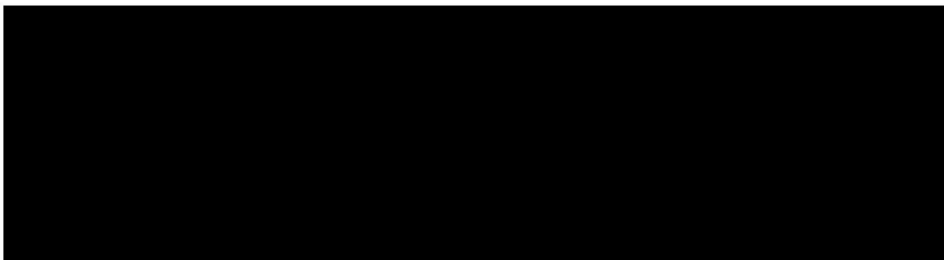
Lawrence?

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Community

If I currently get support from Legacy Health for my community program, will that continue?

Prior to the closing of the transaction, we are legally bound to continue as we have been. In some areas, we will continue our previous collaborations. We also need to continue to treat Legacy as competitor in any geographic areas and service lines in which the parties compete today and we will need to continue to make strategic and operational decisions independently until the transaction is completed.



What does this mean for the foundations?

Legacy's net cash at closing will be transferred to fund a new, independent grant-making community foundation. The new foundation will advance Legacy's historical efforts to address critical community needs and disparities, such as in social determinants of health, and behavioral and mental health. This will be separate from the OHSU Foundation and the Legacy Foundations, which will continue to exist to fundraise in support of OHSU's missions of patient care, education and research. The OHSU Foundation and the Legacy Foundations will continue to hold funds entrusted to them by donors and will honor donor intent with respect to those gifts.

Patient care

Do we still need to expand adult and pediatric services through the OHSU Hospital Expansion Project on Marquam Hill?

Yes. Although we will continue to work on preventive medicine, there will still be an increasing need for the services we plan to provide in our new inpatient addition and in the Doernbecher addition. Oregon still has the fewest number of beds per capita. If you look at services for adults like cancer, heart, orthopedics and neurosciences care, the need for these will only increase as the population ages. Also, we need to expand and modernize perinatal services and the Neonatal Intensive Care Unit to better serve our patients. Looking at projections, we are confident in the need for the expanded services and care models outlined in the OHSU Hospital Expansion Project.

Is OHSU's inter-governmental transfer likely to increase as a result of serving more Medicaid patients?

IGT support to OHSU is not solely dependent on the number of Medicaid patients we serve. The Legislature determines the amount of IGT funds we receive, similar to our legislative appropriation.

How is this going to affect the current waitlist to the transgender waitlist?

By combining, we'll be able to come together and better serve our transgender communities, as well as others who need our complementary services, with greater access to our programs.

The experiences of receiving care from the two institutions are very different. How will this new combination impact the care experience?

If we focus on what's best for patients, their families and their loved ones and we maintain a patient-first, family-oriented multidisciplinary approach to patient care, we should have the experience of "best in class" but also minimize any undue inefficiencies and differences between patient care experiences.

Education

There has been concern about student placements currently within Legacy for nursing – can you speak to this?

We already have placements throughout the Legacy Health system. We have been very public about our goals for 30-30-30, which are our growth goals, and we are not changing them. Linfield University's nursing school has the closest relationship with Legacy. We have the most advanced practice range of programs, and we'll certainly be looking at how we can best approach any partnership across Legacy in that way – we'll do it in collaboration, in partnership,

carefully. We're not seeking to grow for the sake of growth. Also, we have to be respectful of current contracts between Legacy and other institutions.

Research

How will clinical research programs be merged?

That is something we'll be looking at in the transition plan – how those programs can come together and can best be managed.

Legacy has an animal research program as well. Would their vivarium close and their animals move?

It's too early to answer this question. Both organizations bring complementary expertise and more will be determined on structure in the coming months and years.

Published questions and answers

How will this improve health outcomes for our communities?

As a combined organization, we will expand access across the continuum of care to meet patients where they are and serve them for life. We will combine OHSU's unique expertise serving complex patient needs, administering public statewide health care education and training programs, and conducting leading-edge research combined with Legacy Health's deep roots providing high-quality, community-based care through our system of community hospitals, primary and specialty clinics, and outpatient facilities.

Together, we will improve and expand access to health care and preventive medicine so more patients can receive the exceptional care they need and deserve. We are focused on eliminating health care inequities and meeting the needs of medically underserved areas across the region, directly and through grants from a new, independent community foundation.

We plan to expand our clinician base and partner with independent health care professionals – both primary care and specialty services – for a more robust and connected network of care for our patients.

With OHSU's education and research capabilities and its strengths in data and analytics, we expect to enhance our ability to serve more patients with complex needs.

By enhancing our ability to bring leading-edge research and industry-sponsored clinical trials to the region, we will give patients greater access to innovative clinical treatments and care solutions across a broader spectrum of facilities. This also means that we could have more participants in clinical trials for our researchers and more placement opportunities for learners.

Why is now the right time for us to pursue this agreement?

The challenges to the health care industry have never been greater. As the post-pandemic health care industry continues to rapidly evolve, OHSU and Legacy are taking a decisive next step to create a high-quality, integrated public health care system that will have the scale, resources and expertise needed to maximize the value of care in every community we serve.

How will this impact our geographic footprint?

The combined system – with more than 32,000 employees and 100-plus locations, including 10 hospitals and more than 3 million patient visits a year – will be the largest employer in the Portland metro area, and will focus on amplifying the region’s leadership in patient- and community-focused health care, education, research and innovation.

What makes OHSU the right fit for Legacy?

Our organizations have partnered for decades on essential services such as pediatrics, cancer, neurosurgery and behavioral health. OHSU and Legacy’s complementary expertise will create a high-impact health care system driven by a mission of public service. OHSU brings experience serving complex patient needs, administering statewide health care training and education programs, and conducting leading-edge research. Legacy brings deep roots in providing high-quality, community-based care through its comprehensive system of hospitals, primary and specialty clinics, and outpatient facilities.

What commitments have been made as part of this transaction to enhance care for underserved populations in Oregon or beyond?

We are both focused on eliminating health care inequities in medically underserved areas across the region. As a combined organization, we will expand access across the continuum of care to meet patients where they are and serve their diverse needs. We will combine OHSU’s unique expertise serving complex patient needs, administering public statewide health care education and training programs, and conducting leading-edge research with Legacy’s deep roots providing high-quality, community-based care through our system of community hospitals, primary and specialty clinics, and outpatient facilities.

In addition, Legacy Health’s net cash at closing will be transferred to fund a new, independent grant-making community foundation. The new foundation will advance Legacy Health’s historical efforts to address critical community needs and disparities, such as in social determinants of health, and behavioral and mental health. This will be separate from the OHSU Foundation and the Legacy Foundations, which will continue to exist to fundraise in support of OHSU’s missions of patient care, education and research.

The combined organization will continue to prioritize safety, quality and patient satisfaction as well as enhance our diversity, equity, inclusion and belonging initiatives, as we strive for a workforce that reflects the communities we serve and addresses inequities in access to care.

Will OHSU and Legacy facilities retain their names and branding?

It's too early to answer that question. Leadership from both organizations will participate in the strategy development of the combined system. OHSU will be the parent entity, however there are a lot more discussions to be had. Any brand decisions will be thoughtful and intentional in order to respect and further the shared brand equities of both organizations. A future-facing approach will be strategic, data-informed and inclusive.

What is the financial structure of the transaction? How is it being funded?

OHSU intends to make a capital commitment of approximately \$1 billion over 10 years, financed largely through bond offerings, to support the combined system's primary- and community-based services, including investing in those facilities that are now part of Legacy Health. With this capital, we will expend services, including clinical programs, sites of care, technology solutions and new care models.

In addition, Legacy Health's net cash at closing will be transferred to fund a new, independent grant-making community foundation. The new foundation will advance Legacy Health's historical efforts to address critical community needs and disparities, such as in social determinants of health, and behavioral and mental health. This will be separate from the OHSU Foundation and the Legacy Foundations, which will continue to exist to fundraise in support of OHSU's missions of patient care, education and research.

What are the next steps in the process? When will this transaction be completed?

The organizations are working toward reaching a definitive agreement in the coming months. Those agreements will require approval of the Boards of Directors of each of OHSU and Legacy. The transaction is expected to close in late 2024 and is subject to regulatory review and customary closing conditions.

Leadership from both organizations will participate in the strategy development of the combined system. We will be committed to serving our communities as we do today, as we focus on accelerating high-quality care, expanding our community-based and digital care offerings, and training and educating future scientists, advanced practice providers, physicians, nurses and health care professionals, and creating a work and learning environment where every member feels safe and valued.

How are Legacy and OHSU a culturally compatible fit?

OHSU and Legacy have partnered for decades on essential services such as pediatrics, cancer and behavioral health. Leadership from both organizations will participate in the strategy development of the combined system. We will be committed to serving our communities as we do today, as we focus on accelerating high-quality care, expanding our community-based and digital care offerings, and training and educating future scientists, advanced practice providers, physicians, nurses and health care professionals, and creating a work and learning environment where every member feels safe and valued.

Have the Governor and legislators expressed support for this transaction?

We regularly engage elected officials in our work and will continue to do so as this work moves forward.

Will there be any layoffs or facility closures as the systems come together?

Both OHSU and Legacy highly value our people and are committed to them. It is still very early in the process. Leadership from both organizations will participate in the strategy development of the combined system. As detailed in the LOI, all employees of Legacy, OHSU and their respective affiliates who are in good standing will remain employed by their current employers and remain subject to the terms of their current collective bargaining agreements.

Who will lead the combined organization?

OHSU will be the parent entity and the OHSU Board of Directors will be responsible for the expanded health system. Leadership from both organizations will participate in the strategy development of the combined system. We will be committed to serving our communities as we do today, as we focus on accelerating high-quality care, expanding our community-based and digital care offerings, and training and educating future scientists, advanced practice providers, physicians, nurses and health care professionals, and creating a work and learning environment where every member feels safe and valued.

Will the new system continue to focus on all of OHSU's missions?

The combined system will support expanded clinical placement options for students, residents and fellows through Legacy's clinical sites, delivering critical training and research resources to enhance Oregon and Southwest Washington's health care workforce.

Both organizations bring complementary expertise that will support the next generation of health care professionals as we create a pathway for research and education for future scientists, advanced practice providers, nurses, physicians and health care professionals.

Will there be any changes to benefits or pay following the agreement?

Through this partnership, OHSU and Legacy are committed to attracting, engaging and supporting the region's best health care workforce. There are still many details to work through, but we will share more as these details are finalized. As detailed in the LOI, all employees of Legacy, OHSU and their respective affiliates who are in good standing will remain employed by their current employers and remain subject to the terms of their current collective bargaining agreements.

Will my position now be represented by a union? Do I have a choice about whether to join a union? What does it mean to be represented by a union?

Through this partnership, OHSU and Legacy are committed to attracting, engaging and supporting the region's best health care workforce. We will continue our history of respectful and productive relationships with unionized members and their representation as well as non-union employees. Both organizations will continue to support their valued employees and learners, all of whom play an important role in delivering exceptional care and service. OHSU and Legacy will honor their existing labor agreements and collaborate with union partners.

As a result of this transaction, will Legacy cease to be a private institution – or will it retain its religious roots?

Yes, Legacy will be a part of OHSU, meaning that it will become a public and non-sectarian entity. As a stronger and more stable health system, OHSU and Legacy will be better positioned to deliver on our shared mission and values, centered around a culture that strives to continuously improve the health and well-being of Oregonians and Southwest Washingtonians.

What does it mean to be part of a public entity? What changes as a result?

OHSU is a public corporation of the state of Oregon – something that makes it unique among Oregon's other public universities. This means that OHSU is a public entity, wholly owned by the state of Oregon, but with operational flexibility that allows OHSU to compete in the competitive health care marketplace. The SAIF Corporation and the Port of Portland are Oregon's other public corporations. OHSU is governed by a board of directors appointed by the governor of Oregon and confirmed by the Oregon Senate. While OHSU has flexibility in its business operations, including in bonding authority, OHSU and its employees are subject to many of the same laws governing other public bodies, including those that assure public accountability and oversight through access to public records, government ethics, secretary of state audit authority, and legislative approval of our general fund budget. OHSU employees are eligible for retirement benefits through Oregon's Public Employee Retirement System.

Is our long-term strategy changing? Will the system invest in new or different areas?

Our programs' footprints and expertise are highly complementary. Together, we will offer patients an expanded network of services, including preventive medicine, population and public health, through more locations and access points.

We will be committed to serving our communities as we do today, as we focus on accelerating high-quality care, expanding our community-based and digital care offerings, and training and educating future scientists, advanced practice providers, physicians, nurses and health care professionals, and creating a work and learning environment where every member feels safe and valued.

What should I tell patients?

You can connect with your provider in the same way as you do today – we still have a lot of details to finalize on this agreement. OHSU and Legacy are combining to accelerate our shared mission to better serve our patients and communities by expanding access to high-quality, essential health care services throughout Oregon, the Pacific Northwest and beyond. As a combined system, we can improve patient outcomes and better address health care disparities.

We will be committed to serving our communities as we do today, as we focus on accelerating high-quality care, expanding our community-based and digital care offerings, and training and educating future scientists, advanced practice providers, physicians, nurses and health care professionals, and creating a work and learning environment where every member feels safe and valued.

Will there be any changes to insurance plans accepted, or costs for services?

While still too early to determine if there would be any changes, OHSU and Legacy are combining to accelerate our shared mission to better serve our patients and communities by expanding access to high-quality, essential health care services throughout Oregon, the Pacific Northwest and beyond. As a combined system, we can improve patient outcomes and better address health care disparities. Our strategy will be rooted in this philosophy.

Is this combination definitely happening? Isn't an LOI different from a definitive agreement?

As articulated in the letter of intent, or LOI, both OHSU and Legacy are committed to this endeavor and are working toward reaching a definitive agreement in the coming months. The transaction is then subject to regulatory review and customary closing conditions. Leadership from both organizations will participate in the strategy development of the combined system. We will be committed to serving our communities as we do today, as we focus on accelerating high-quality care, expanding our community-based and digital care offerings, and training and educating future scientists, advanced practice providers, physicians, nurses and health care professionals, and creating a work and learning environment where every member feels safe and valued.