

Health Care Market Oversight

Transaction 039

Oregon Health Science University – Legacy Health System 30-Day Review Report

November 4, 2024



About this Report

This report summarizes analyses from Oregon Health Authority’s preliminary (30-day) review of the proposed material change transaction of Oregon Health and Science University (OHSU) and Legacy Health (Legacy).

This report is for informational purposes only and does not constitute proposed findings of fact or conclusions of law. All references to Oregon statutes and administrative rules are qualified in their entirety by the text of the statutes and rules. Nothing stated in this report should be viewed as an indication of OHA’s evaluation of the comprehensive review criteria. A complete report and order will be made available following completion of OHA’s comprehensive review.

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at hcmo.info@oha.oregon.gov or by phone at 503-945-6161. We accept all relay calls.

If you have any questions about this report or would like to request more information, please contact hcmo.info@oha.oregon.gov.

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Executive Summary

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they will help Oregon's shared goals of health equity, lower costs, increased access, and better care. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company should proceed as planned.

Proposed Transaction

Oregon Health and Science University (OHSU) is proposing to buy Legacy Health (Legacy). OHSU states that Legacy will be a fully owned entity of OHSU, and Legacy will be fully integrated into the OHSU system. OHSU states that the transaction will not decrease the level of services provided by either entity, and the transaction will expand both the type and level of health care services both OHSU and Legacy currently provide.

OHA's Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA began to assess the potential impacts of the proposed transaction. OHA's preliminary analysis focused on assessing the scale and scope of the entities' operations and services in Oregon, how the transaction could affect consolidation and competition in Oregon's health care markets, and implications for access to services, health care costs, health equity and quality. OHA held a public comment period and received more than 120 public comment submissions.

Based on the information obtained during preliminary review, OHA determined that the proposed transaction requires a comprehensive review.

Next Steps

OHA will complete the comprehensive review within 180 days of when it accepted a completed notice unless the review period is tolled or extended in accordance with Oregon law. During the comprehensive review, OHA will analyze the likely impact of the transaction on access, cost, quality, and equity and determine whether the transaction meets the criteria for approval under Oregon Administrative Rule (OAR) 409-070-0060(6). OHA may engage outside advisors to assist with the review.

Upon completion of the comprehensive review, OHA will issue a proposed order to approve, approve with conditions, or disapprove the transaction. This proposed transaction may also be subject to other state or federal regulatory oversight and OHA will monitor those processes.

OHA plans to convene a community review board for the comprehensive review of the proposed transaction. Community review boards provide input about transactions and make a recommendation to OHA about whether or not the transaction should be approved. Members can include people who live and work in affected communities, consumer advocates, health care experts, and health care providers.

If you would like to participate in the community review board for this transaction, email hcmo.info@oha.oregon.gov. OHA staff will provide more information about the timeline, member requirements, and application process.

OHA will accept and post public comments throughout the comprehensive review period. Public comments can be submitted via email to hcmo.info@oha.oregon.gov, voicemail at 503-945-6161, or online [public comment form](#). Please mention "OHSU" in your comment.

Introduction

In 2021, the Oregon Legislature passed [House Bill 2362](#), giving the Oregon Health Authority (OHA) the responsibility to review and decide whether some transactions involving health care entities should proceed. In March 2022, OHA launched the Health Care Market Oversight program (HCMO). This program reviews proposed health care transactions such as mergers, acquisitions, and affiliations to ensure they support statewide goals related to cost, equity, access, and quality.

The HCMO program is governed by [Oregon Revised Statute \(ORS\) 415.500 et seq.](#) and [Oregon Administrative Rules \(OAR\) 409-070-0000 through -0085](#).

In its authorizing statute, the Oregon Legislature specified what types of proposed transactions are subject to review and the criteria OHA must use when analyzing a given proposed transaction. The Oregon Legislature also authorized OHA to decide the outcome of a proposed transaction. After analyzing a given proposed transaction, OHA may approve, approve with conditions, or reject it.

The HCMO program fits within OHA's broader mission of ensuring all people and communities can achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care.

Proposed Transaction

On October 4, 2024, OHA accepted a complete notice of material change transaction (“notice”) from Oregon Health & Science University (“OHSU”), detailing plans to buy Legacy Health (“Legacy”) and fully integrate Legacy into the OHSU health system.

OHA reviewed the notice and determined, based on the facts in the notice, that the transaction is subject to review. The entities party to the transaction meet the revenue thresholds specified in [OAR 409-070-0015\(1\)](#) and the proposed transaction is otherwise covered by the Health Care Market Oversight (HCMO) program in accordance with [OAR 409-070-0010](#).

After receipt of the complete notice, OHA began a preliminary review of the proposed transaction. Preliminary reviews must be completed within 30 days of OHA’s confirmation of receipt of a complete notice, unless extended in accordance with applicable statutes and administrative rules. This report describes the proposed transaction, OHA’s approach to the preliminary review, and OHA’s next steps.

Parties to the Transaction

Oregon Health and Science University (OHSU)

OHSU is a governmental entity established under Oregon Revised Statutes (ORS) Chapter 353 as a public corporation. OHSU operates as an academic medical center with a Board of Directorsⁱ and a legislatively mandated mission to improve the health and well-being of Oregonians through health care, health provider education, and biomedical research.¹

OHSU was established as a freestanding academic health sciences university in 1974 when the Oregon Legislature mandated the combination of the University of Oregon Medical School, University of Oregon School of Dentistry, and the University of Oregon School of Nursing.² Per ORS 353.020, OHSU is an independent public corporation with statewide purposes and missions.^{3,4,5}

OHSU has a significant footprint in Oregon, through its hospitals and clinics, research institutions, educational programs, and affiliated entities. OHSU is one of the largest employers in the Portland Metro Area.⁶

Our vision is to partner to make Oregon a national leader in health and science innovation for the purpose of improving the health and well-being of Oregonians and beyond.

-OHSU Vision Statement

OHSU-reported statistics for 2023

348,166 unique patients
1.8 million patient services
22,000 employees
28,000 inpatient discharges
\$4.57 billion in total operating revenue

ⁱ OHSU Board of Directors are established and appointed pursuant to ORS 353.040.

Health Care Delivery System

OHSU’s delivery system includes hospitals, clinics, centers, and institutes throughout the Portland Metro Area and across the state. A full listing of OHSU facilities and locations is available in [Supplemental Materials C](#). Additional information about OHSU assumed business names and affiliations is included in [Supplemental Materials D](#).

Hospitals

Name	Location	Description	# of Beds ⁷
OHSU Hospital <i>Includes Doernbecher Children’s Hospital</i> (“Marquam Hill Campus”)	3181 SW Sam Jackson Park Road Portland, OR 97239	Level 1 trauma center (only two in Oregon)	562
OHSU Health Hillsboro Medical Center	353 SE Eighth Avenue Hillsboro, OR 97123	Formerly Tuality Healthcare. Provides inpatient and outpatient services.	134
OHSU Adventist Health Portland*	10123 SE Market Street Portland, OR 97216	Formerly Adventist Health Portland. Provides inpatient and outpatient services.	248

*OHSU and Adventist Health Portland (“Adventist”) partner together in a joint management organization to oversee and manage health care clinical enterprise strategy and operations of OHSU and Adventist in the Portland metropolitan region.⁸

Planned OHSU expansions include a new 128 bed facility connected to OHSU Hospital scheduled to open April 2026; 18 new Neonatal Intensive Care Unit (NICU) beds and 11 adult beds at Doernbecher Children’s Hospital; and 30 new beds for brain care and 18 beds for heart care at Kohler Pavilion.⁹

Non-Hospital Facilities

Portland: OHSU has many facilities, clinics and centers in Portland, primarily at the Marquam Hill Campus and South Waterfront Campusⁱⁱ locations. OHSU also has Knight Cancer Institute facilities in east and northwest Portland, Doernbecher pediatrics in northwest Portland, and primary care clinics/community health centers at Richmond and Gabriel Park.

Portland Metro Area: OHSU facilities, clinics and centers in the greater Portland Metro Area include the Knight Cancer Institute in Tualatin, Gresham and Beaverton; dermatology services in Lake Oswego and Beaverton; pediatric clinics in Happy Valley; and primary care and a Sleep Disorder Medicine Lab in Hillsboro. OHSU has many facilities in Beaverton, including a comprehensive pain center, Creekside Pharmacy,ⁱⁱⁱ dermatology,

ⁱⁱ OHSU’s South Waterfront Campus is located at 3303 S. Bond Avenue, Portland, OR 97239.

ⁱⁱⁱ Creekside Pharmacy is located at 8300 SW Creekside Pl #100, Beaverton, OR 97008.

diagnostic imaging, home infusion pharmacy, immediate care, nephrology, neurology, orthopedics, otolaryngology, primary care, and rheumatology.

Statewide Oregon: OHSU facilities across the state include Casey Eye Institute locations in Astoria, Hood River, and The Dalles; pediatric clinics in Eugene/Springfield, Medford, Salem, and The Dalles; Child Development and Rehabilitation Centers in Eugene/Springfield and Medford; and immediate care and primary care services in Scappoose.

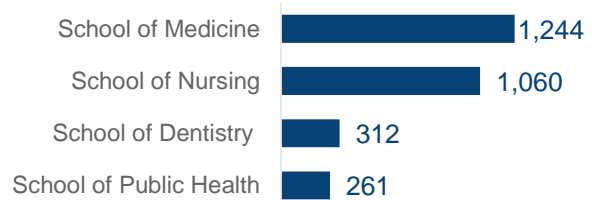
Southwest Washington: OHSU also has some presence in Southwest Washington, including Casey Eye Institute locations in Longview and Vancouver, and an OHSU Doernbecher Specialty Pediatrics clinic in Vancouver.

Health Provider Education

OHSU offers more than 55 degree programs across its five schools, including the School of Dentistry, School of Medicine, School of Nursing, OSU-OHSU Doctor of Pharmacy Program, and OHSU-PSU School of Public Health.¹⁰ OHSU is accredited to offer associate, baccalaureate, masters, professional practice doctoral and research doctoral degrees, as well as graduate certificates.¹¹

As of Fall 2023, OHSU reported 2,877 students enrolled, not counting students enrolled in joint degree programs through other schools. OHSU also reported over 700 full-time equivalent (FTE) interns and residents and over 200 fellows in postgraduate medical training in 2023-2024.¹²

OHSU Enrollment by School, Fall 2023



Research

OHSU is the largest research institution in Oregon. In addition to research in OHSU’s five Schools (listed above), OHSU has more than 30 specialized and multi-disciplinary research institutes and centers.¹³

OHSU Foundation

The Oregon Health and Science University Foundation (“OHSU Foundation”) is a 501(c)(3) charitable organization that exists to raise private philanthropic support for OHSU and Doernbecher hospitals and outpatient clinics and to invest and manage gifts responsible to honor donors’ wishes. The OHSU Foundation, formerly known as the University of Oregon Medical School Advancement Fund, was initially incorporated in 1970 to formalize fundraising efforts for OHSU as it transitioned from a university-based medical school to a non-profit public corporation.¹⁴

As of June 2023, audited financial reports show that the OHSU Foundation has more than \$1.8 billion in assets.¹⁵

Governance and Organizational Structure

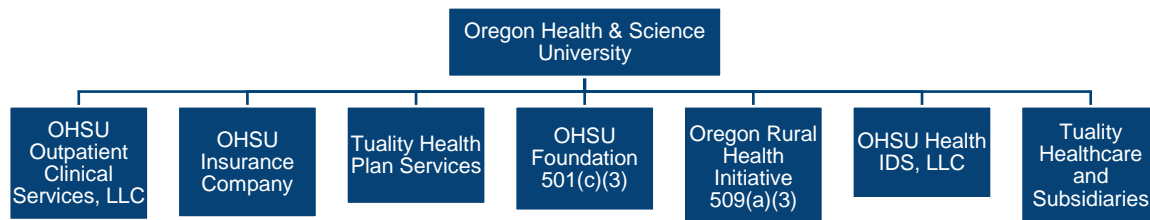
Board of Directors

Since 1995, OHSU has been governed by a Board of Directors (“OHSU Board”) appointed by the Governor and confirmed by the Oregon Senate.¹⁶ Historically, the Oregon Legislature changed the composition of the OHSU Board throughout the years. Immediately prior to the enactment of Senate Bill (“SB”) 423 in the 2023 legislative session, the OHSU Board was comprised of 9 members: 7 members representing OHSU interests, one student, and the OHSU President as an ex officio voting member. SB 423 expanded the OHSU Board by adding required board seats for one faculty member and one non-faculty member.¹⁷ OHSU currently has 11 members on the Board.¹⁸

OHSU’s Board has delegated authority for some health system matters, including ensuring high quality and safety in all clinical activities and compliance with regulatory requirements, to the University Health System Board (UHSB) which acts in an advisory capacity to the OHSU Board. UHSB consists of at least 7 members, including the OHSU President, the CEO of OHSU Health System, and the Dean of OHSU School of Medicine.¹⁹

OHSU Legal Entities

OHSU wholly owns many subsidiaries and maintains affiliations with many entities. The organizational chart below shows a sample of OHSU’s wholly owned subsidiaries.²⁰



OHSU Subsidiaries, Membership Interest, and Affiliates

The table below lists OHSU’s wholly-owned subsidiaries.²¹

Organization	Description
OHSU SoundSource, LLC	SoundSource specializes in solutions for adults with hearing loss. https://www.ohsu.edu/soundsource
University Andrology Lab LLC	Medical billing services ²²
OHSU Insurance Company, an Arizona non-profit corporation	A captive domestic insurer formed in Arizona in 2008 for self-insurance purposes, including but not limited to coverage for professional, patient, and employment liability ²³
OHSU Outpatient Clinical Services, LLC	Subsidiary entity formed in 2022 to own and operate outpatient clinical facilities and provide outpatient medical services to patients on behalf of OHSU. ²⁴

University Anesthesiology Associates LLC	Medical billing services ²⁵
Professional Medical Services LLC	Medical billing services ²⁶
Bridges Collaborative Care Clinic, a non-profit corporation	A student-led clinic focusing on bridging the gap in health care access for marginalized populations in the Portland Metro Area ²⁷ https://www.bridgesclinic.org/

OHSU membership interests include:²⁸

Organization	Description	OHSU Interest
Tuality Health Plan Services, formerly known as Tuality Health Alliance	Integrated network of contracted and member health providers which contracts with health plans and other payers. ²⁹	OHSU is the sole corporate member.
OHSU Health IDS, LLC	Integrated health care delivery system management ³⁰	60%
OHSU-AH, LLC	Clinical affiliation between OHSU and Adventist Health ³¹	50%
OHSU Project Co, LLC	Stop loss insurance coverage for provider networks re: proposed transaction with Moda ³²	34.8%
Life Flight Network, LLC	Air and ground medical transport	25%
Pacific Northwest Renal Services, L.L.C	Dialysis	5%
Oregon Fiber Partnership, a non-profit corporation	Non-profit public broadband network for Oregon. https://www.linkoregon.org/about/	Member

Partnerships

OHSU partners with communities to provide care in community clinics and hospitals throughout Oregon. This includes OHSU providers caring for patients at organizations across the state through provider service agreements.

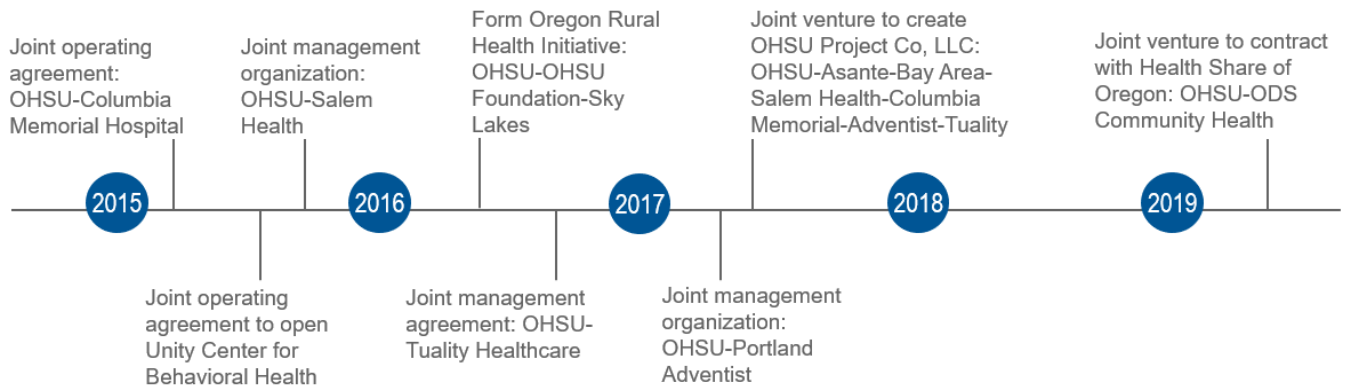
Organization	Location	Services Provided
Columbia Memorial Hospital	Astoria	Cancer care
Adventist Health Columbia Gorge	The Dalles	Cancer care
Asante Ashland Community Hospitals	Southern Oregon	Complex health care needs
PeaceHealth Sacred Heart Medical Center	Eugene	Pediatrics
Warm Springs Health & Wellness Center	Warm Springs	Primary care services to all eligible American Indians and Alaska Natives in the Warm Springs Service Unite Area ³³
Winding Waters Medical Clinic	Enterprise	Primary care

Oregon State Hospital	Salem	Behavioral health
St. Charles Health System	Central Oregon	Cancer care
Sky Lakes Collaborative Health Center	Klamath Falls	Family medicine

OHSU Hospital is a member of the Healthy Columbia Willamette Collaborative, a collaboration between hospitals, public health agencies, and coordinated care organizations in the Portland metropolitan area.³⁴ Through that partnership, OHSU Hospital participates in the Healthy Columbia Willamette Collaborative regional Community Health Needs Assessment.³⁵

Mergers and Acquisitions

Since 2015, OHSU has entered into many joint management agreements and joint ventures with other health care organizations throughout Oregon.



OHSU has also acquired two entities in the past 5 years. In August 2020, OHSU became the sole corporate member of Tuality Health Plan Services, Inc, an Oregon non-profit corporation and integrated network of contracted and member health care providers which contracts with health plans and other payers. Further, in August 2024, OHSU Clinical Services acquired certain assets from Siker Medical Group to provide outpatient imaging services.³⁶

Legacy Health

Legacy^{iv} is a non-profit health system that owns and operates six hospitals in the Portland and Vancouver metro areas, and the mid-Willamette valley. They also own and operate 70 outpatient clinics including primary care, urgent care and specialty care clinics throughout the same regions.³⁷

Legacy Good Samaritan Hospital and Medical Center^v (“Good Samaritan”) was founded in 1875 by the Episcopal Church and incorporated as a non-profit corporation in 1891. The Legacy Emanuel Hospital & Health Center^{vi} (“Emanuel Hospital”) was incorporated in 1912 by the Lutheran Church. In 1989 the two hospitals joined with Legacy Mount Hood Medical Center^{vii} and Legacy Meridian Park Hospital to form Legacy Health. Legacy acquired Salmon Creek Medical Center in 2005 and Silverton Health^{viii} in 2016. Randall Children’s Hospital at Legacy Emanuel opened in 2012.³⁸ Legacy is also associated with the Legacy Visiting Nurse Association.³⁹

Governance and Organizational Structure

Legacy is governed by a Board of Directors.⁴⁰ The Board oversees the affairs of Legacy which include medical staff credentialing, quality, business strategy, policies and procedures, financial outlook of Legacy and executive compensation.⁴¹ The Board of Directors comprises no more than 18 voting members, which must include the following representatives⁴²:

- 4 Legacy physician representatives. These members are recommended by any member of the active medical staff and elected by the Board.
- 9 community members from communities Legacy serves. These members are elected at-large by the Board.
- 1 representative, elected by the Board, that is an active member of the Lutheran Synod of Oregon

Our mission is good health for our people, our patients, our communities and our world. Above all, we will do the right thing.

-Legacy Mission Statement

Legacy-reported statistics for 2023

558,092 patients served
14,000 employees
70 outpatient clinics
6 hospitals, 1,626 licensed inpatient beds
41,172 inpatient discharges
\$2.59 billion in total operating revenues

^{iv} Legacy is formerly known as Legacy Health System, HealthLink, Metropolitan Hospitals, Inc., and Southwest Hospital.

^v Good Samaritan is formerly known as Good Samaritan Hospital and Medical Center, The Board of Hospital Trustees of the Dioceses of Oregon, and The Board of Hospital Trustees.

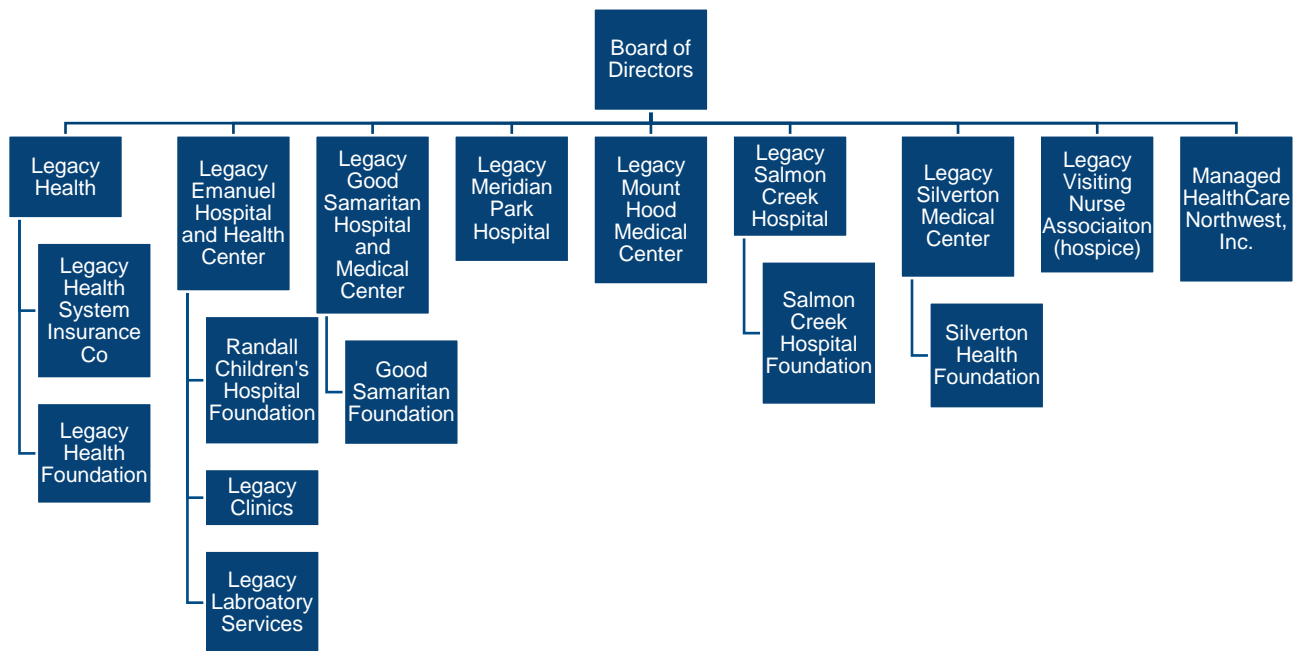
^{vi} Emanuel Hospital is formerly known as Emanuel Hospital & Health Center, Emanuel Hospital, and Emanuel Charity Board.

^{vii} Mount Hood Medical Center is formerly known as Mount Hood Medical Center and Gresham Community Hospital.

^{viii} Silverton Health is formerly known as The Silverton Hospital and Silverton Hospital Association.

- 1 representative, elected by the Board, that is an active member of the Episcopal Diocese of Oregon
- The Bishop of the Oregon Synod of the Evangelical Lutheran Church in America, or the Bishop’s designee, to serve ex officio
- The Bishop of the Episcopal Diocese of Oregon, or the Bishop’s designee, to serve ex officio
- The President of Legacy, serving in an ex officio capacity.

Legacy Organizational Chart ^{43,44}



Operations in Oregon

Legacy operates six hospitals and 70 outpatient clinics in Oregon and Southwest Washington.

Hospital ⁴⁵	Location	Description ⁴⁶	# of beds ⁴⁷
Legacy Emanuel Hospital & Health Center and Randall Children’s Hospital	2801 N. Gantenbein Ave, Portland, OR, 97227	Level 1 trauma center (only two in Oregon) Level IV neonatal intensive care unit (highest level of NICU care available in Oregon)	447
Legacy Unity Behavioral Health	1225 NE 2nd Ave, Portland, OR, 97232	This hospital operates under Legacy Emanuel’s license but is owned by multiple hospitals in Oregon.	107

Legacy Good Samaritan Hospital and Medical Center	1015 NW 22nd Ave, Portland, OR, 97210	Provides cancer care, kidney transplants, neurology, ophthalmology, and more.	539
Legacy Meridian Park Hospital and Medical Center	19300 SW 65th Ave, Tualatin, OR, 97062	Provides inpatient and outpatient services.	150
Legacy Mount Hood Medical Center	24800 SE Stark St, Gresham, OR, 97030	Provides emergency care, family birth center, intensive care, cancer care and more.	115
Legacy Silverton Health	342 Fairview St, Silverton, OR, 97381	Provides level IV trauma care, family birth center, CT scanning, and nuclear medicine.	48
Legacy Salmon Creek Medical Center	2211 NE 139th St, Vancouver, WA, 98686	Provides inpatient and outpatient services, Legacy Cancer institute.	220

Outpatient Clinics

Legacy Medical Group is the umbrella entity for Legacy’s primary care, specialty, and urgent care clinics. Legacy operates 70 outpatient clinics throughout the Portland and Vancouver metro areas and the mid-Willamette Valley.⁴⁸ The full list of outpatient clinics including address and services provided can be found in the entities’ submitted [Facilities and Locations Form](#). Legacy’s outpatient providers render multiple specialty services including⁴⁹:

- Family Medicine
- Cardiology
- Neurosurgery
- Endocrinology
- Women’s health
- Orthopedic Surgery
- Neurology
- Surgical oncology
- Vascular Medicine

Specialty Service Lines ⁵⁰

Legacy has specialty care service lines in neurosciences; cardiovascular care; children’s care; obstetrics, gynecology, and family birth; behavioral health; and oncology care.

Specialty	Description
Neurosciences	Legacy neurosciences provides treatment for conditions impacting the brain and spine. The five hospitals are certified stroke centers and provide care for 20% of the stroke patients in the region. The neuroscience service line provides care for adult and pediatric trauma patients at Legacy Emanuel Hospital & Health Center as well as Randall Children’s Hospital at Legacy Emanuel Hospital & Health Center.

Cardiovascular Care	The five Legacy hospitals provide cardiovascular services in the region with over 40 physicians delivering care in the outpatient and inpatient settings. The cardiovascular service line includes three departments: cardiology, cardiothoracic surgery, and vascular surgery.
Children’s Care	<p>Randall Children’s Hospital at Legacy Emanuel Hospital & Health Center provides advanced medical and surgical care for infants, children, and teens. The emergency department serves over 32,000 children and families each year and is a Level 1 pediatric trauma center. The hospital also has a designated Level IV Neonatal Intensive Care Unit (NICU). The NICU cares for 645 patients and families each year. The inpatient pediatric units serve and discharge over 6,700 children each year, including in the state’s only inpatient pediatric rehabilitation unit.</p> <p>Randall Children’s Hospital also provides outpatient primary care services to patients in the Portland metro area. Specialty care providers provide care at seven outreach locations in Vancouver, Cornell, Tualatin, Salem, Corvallis, Springfield, and Bend. Randall Children’s provides over 165,000 outpatient visits per year.</p>
Obstetrics, Gynecology and Family Birth	Legacy’s obstetrics, gynecology, and family birth service line is responsible for operations at six family birth centers and provides inpatient and outpatient gynecologic care. Legacy’s birth centers saw 8,750 births in 2023 across all Legacy hospitals.
Behavioral Health	The behavioral health service line provides adult/pediatric consulting services, acute psychiatric inpatient treatment, adult psychiatric emergency service, and adult ambulatory services. The behavioral health sites also serve as training site for the behavioral health workforce.
Oncology Care	Legacy Cancer Institute provides cancer treatments including surgical care, radiation-oncology, and clinical trials.

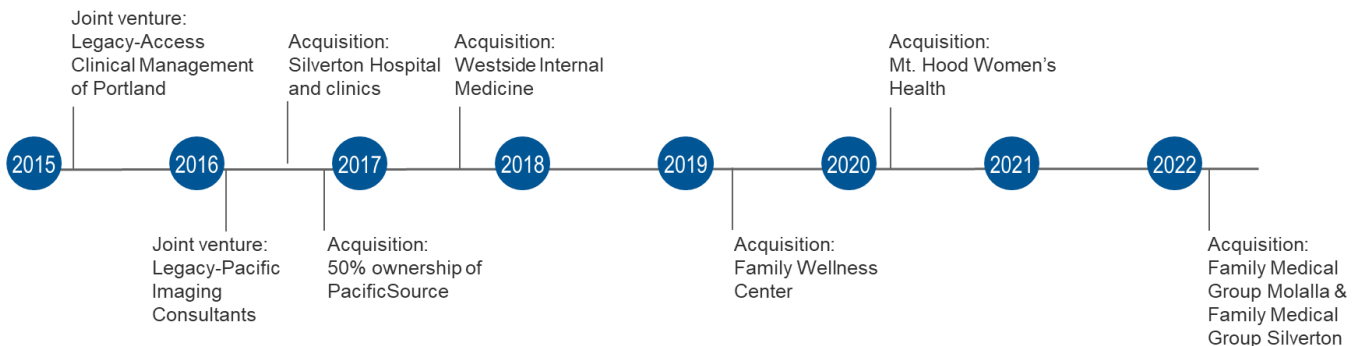
Specialty Services Offered at Legacy Hospitals

The table below shows specialty services available at each Legacy Hospital.⁵¹

	Neurosciences	Cardiovascular	Children's	OB/Gyn	Behavioral Health	Oncology
Emanuel Hospital and Randall Children's Hospital	●	●	●	●	●	●
Good Samaritan Hospital	●	●		●		●
Meridian Park Hospital	●	●		●		●
Mount Hood Hospital	●	●		●		●
Silverton Hospital				●		
Salmon Creek Hospital	●	●		●		●
Unity Behavioral Health Hospital					●	

Mergers and Acquisitions

In the past 10 years, Legacy has completed multiple transactions, including acquisition of 50% ownership of PacificSource.⁵²



Legacy Businesses

Legacy owns or is a partner in many other businesses. The table below describes the business entities with which Legacy is a partner.⁵³

Business Name	Legacy's Percent Ownership	Business Structure	Description
Legacy/USP Surgery Centers	50.1%	LLC	Partnership with United Surgical Partners International which operates ambulatory surgical centers

NW Hospital Partnership	50%	Non-profit	Listed as an investment entity on IRS filing ⁵⁴
Legacy Imaging Ventures	49%	LLC	Formed to pursue entry into freestanding imaging facilities through buying or creating imaging centers
NW Urgent Care Phase I (Go Health)	10%	LLC	Operates 17 urgent care clinics in Oregon and Washington ⁵⁵
NW Urgent Care Phase II (Go Health)	50%	LLC	Operates urgent care clinics
PacificSource	50%	Non-profit	Insurance company that offers commercial and Medicare Advantage plans in Oregon, Washington, Montana, and Idaho. Also, owns and operates four coordinated care organizations that serve individuals with the Oregon Health Plan (Medicaid)
Portland Hospital Services Corporation	39.5%	Non-profit	Operates a health care laundry and linen service
Wishing Well Associates	44.3%	Non-profit	No description provided for non-profit entity
Option Care at Legacy	50%	LLC	Infusion therapy center
Life Flight Network	25%	LLC	Emergency medical transport in helicopters and on the ground

Legacy Health Foundation

Legacy has multiple foundations, as reflected in the organizational chart. The following information pertains to The Legacy Health Foundation (“Foundation”), a charitable entity and subsidiary of Legacy Health instead of a specific hospital. Currently the charitable donations given to the Foundation support the programs and services of Legacy and fund community-based organizations that support health and well-being.⁵⁶ The Foundation’s total assets in 2022 according to their IRS filing were over \$44 million.⁵⁷ Some examples of programs and support the Foundation funded in 2023 include⁵⁸:

- Providing emergency medications, durable medical equipment, transitional housing, and other health-related supplies to uninsured, under-insured, and low-income patients.
- Providing emergency food support to families experiencing food insecurity.
- Supporting injury prevention programs for the community including child passenger safety, bike/sports helmets, elderly fall prevention, and burn injury prevention.
- Purchasing medical equipment for Legacy hospitals.

The Foundation is a non-profit entity in Oregon and is governed by a ten-member board of Trustees.⁵⁹ The role of the board is to manage the affairs of the Foundation.⁶⁰ The board members include the President of the Foundation and the Legacy CEO. The Foundation Board of Trustees nominates and elects Trustees, who must then be approved by Legacy Health. The Foundation has no employees as Legacy provides management services to the Foundation. The president of the Foundation is appointed by Legacy Health and is an employee of Legacy Health.⁶¹

Transaction Terms

OHSU is proposing to buy Legacy. OHSU states that Legacy will be a fully owned entity of OHSU, and Legacy will be fully integrated into the OHSU system. OHSU states that the transaction will not change the level of services provided and the transaction will allow OHSU to expand access to health care services.

The proposed transaction entails OHSU assuming all \$3 billion of Legacy's assets and \$1.4 billion of Legacy's liabilities. OHSU would also assume \$1 billion in debt to finance capital expenditures such as investments in facilities, information technology, and expand or create new programs and services across the public university health system. This proposed transaction is associated with another proposed transaction, currently under OHA review ([038 – Legacy-Legacy Foundation-PacificSource](#)), which relates to the transfer of Legacy's net cash, estimated to be approximately \$350 million, and 50% ownership of PacificSource to the Legacy Health Foundation.⁶²

Rationale for the Transaction

The entities state that one of the primary reasons for the proposed transaction is to stabilize Legacy's finances. First, the notice states that Legacy, after removing one-time non-recurring items, lost \$96 million in their last fiscal year, which ended March 31, 2024. The proposed transaction would result in a capital infusion for Legacy to facilitate long-term financial sustainability.

Secondly, the entities state that OHSU has a shortage of acute care beds and primary care providers, while Legacy has capacity that is not currently staffed or utilized. According to the entities, many of OHSU's primary care providers are currently closed to new patients and 11% of Legacy's operating room capacity is not staffed or utilized. The entities state that the proposed transaction would expand OHSU's capacity to increase access to care for patients and increase educational opportunities for students.

Post-Transaction Plans

After the proposed transaction, Legacy and all of its assets would be wholly owned by OHSU, except the Legacy Health Foundation and Legacy's current 50% ownership of PacificSource. See proposed transaction [038 – Legacy-Legacy Foundation-PacificSource](#) for more details on the transfer of those assets.

The proposed transaction will result in the creation of the Health Equity Foundation, which the entities state would be the largest philanthropic organization focused primarily on improving health equity and addressing social determinants of health in Oregon.

Entity Statements and Commitments

The following statements are from the entities' [notice of material change transaction](#), unless otherwise noted, and pertain to the proposed transaction's impact on cost, access, equity, and quality:

Domain	Entity statements in the notice
Cost	<p>“OHSU does not anticipate that this transaction will materially increase the cost growth rate (reimbursements per adjusted admissions) for the state. However, projected cost growth for the integrated public university health system will reflect the cost increases that the broader health care sector is experiencing in Oregon and across the country.”</p> <p>“Although the national trend of health care cost inflation affects the integrated public university health system, OHSU is uniquely positioned to ensure that any necessary cost increases directly benefit the public interest.”</p> <p>“OHSU expects that costs for the integrated public university health system will increase by roughly 4.6% on average, which is one percent above Oregon’s current health care cost growth target.”</p>
Access	<p>“...the transaction will improve access to high quality, affordable health care for the people of Oregon, and in particular for underserved populations.”</p> <p>“It will improve access to care for Legacy Health’s patients by filling gaps in the continuum of care, expanding existing referral networks, and allowing more care to be delivered to patients in their communities. It also will give existing Legacy Health patients access to OHSU’s unique specialty and subspecialty services as well as OHSU’s research and educational opportunities.”</p> <p>“There are no plans to close or reduce the number and type of service locations and OHSU expects to use the currently underutilized Legacy Health facilities to help alleviate its own wait times and capacity constraints.”</p> <p>“OHSU intends to focus on the following goals to make concrete improvements in access to high quality health care:</p> <ul style="list-style-type: none"> • Decrease number of boarders in Emergency Departments and Intensive Care Units (ICUs). • Decrease Emergency Department and ICU boarder hours. • Reduce average wait times for transfer to the integrated public university health system from community hospitals throughout Oregon. • Reduce average wait times for surgeries and procedures.

Domain	Entity statements in the notice
	<ul style="list-style-type: none"> • Reduce average wait times for new patient appointments for specialist care. • Reduce average wait times for new patient appointments for primary care. • Improve recruitment and retention of primary care providers. • Increase the number of assigned patients in primary care. • Maintain or improve access to reproductive health care.”
Equity	<p>“...the transaction prioritizes meaningful investments and plans to reduce health inequities through the creation and funding of a health equity focused foundation.”</p> <p>“The integrated system will develop and integrate a standardized process to evaluate impacts to health equity in decision making processes to fit the needs of the quality improvement program.”</p> <p>“[The Foundation’s] initial focus areas identified by the workgroup and to be informed further by community engagement include:</p> <ul style="list-style-type: none"> • Mental and behavioral health • Substance use • Workforce development • Healthy youth and families”⁶³
Quality	<p>“As stated above, a key goal of the combination is to improve health services and expand access to high quality health care. There are no plans to close or reduce the number and type of service locations and OHSU expects to use the currently underutilized Legacy Health facilities to help alleviate its own wait times and capacity constraints.”</p> <p>“Access to high quality health care is a significant challenge at this time. In general, OHSU chronically suffers from a lack of beds while some Legacy facilities have built but unstaffed capacity. The proposed transaction will improve access resulting in:</p> <ol style="list-style-type: none"> 1) shorter wait times for inpatient, ambulatory and surgical care; 2) preventative care that will reduce the need for hospital services; 3) broadened access to clinical trials and other innovative research for more people; and 4) virtual care that frees up inpatient and outpatient capacity.” <p>“OHSU and Legacy Health have identified quality improvement opportunities for the integrated public university health system in seven areas: (1) preventative care; (2) pediatric care, (3) reproductive health and pregnancy; (4) chronic disease management; (5) patient experience; (6) reducing hospital harm; and (7) behavioral health. As part of integration planning, which includes clinicians and frontline staff, the entities will merge existing quality programs and track success against the identified opportunities.”</p>

Domain	Entity statements in the notice
	<p>“The integrated public university health system will be able to implement quality improvement strategies that are not possible without the transaction. First, the integrated public university health system will, through integration, utilize best practices and learnings from both OHSU and Legacy Health to develop and adopt standardized protocols and improve quality of care. Second, combining the two systems will offer the volume providers need to maintain proficiency in specialty and subspecialty areas. Third, OHSU will invest in Legacy Health’s existing workforce, an essential element of any quality improvement process. And finally, OHSU’s capital commitment will enable reinvestment in equipment and facilities across the whole system, directly improving outcomes and preventing any decline in quality of services.”</p>

Potential Effects of Hospital Consolidation

There are many potential effects of hospital consolidation. A hospital acquiring another hospital may result in more streamlined referrals and patient care coordination, greater investments in infrastructure, lower administrative costs as some departments (e.g., billing, information technology) may be reduced, and other economies of scale. However, the academic literature has identified many potentially harmful effects of hospital consolidation on patients and the wider community.

Prices Tend to Increase

As a result of consolidation, most hospital markets in the country are considered highly concentrated, and many areas of the country have only one or two dominant hospital systems.⁶⁴

Generally, consolidation leads to higher prices and more concentrated markets have higher prices than competitive markets. One analysis found that for hospitals with no competition (also known as monopoly hospitals), the prices were 12.5% higher on average than areas in which there were 3 or more competitors. Similarly, hospitals with only one competitor (also known as duopoly hospitals) had 7.6% higher prices as compared to hospitals with more competition.⁶⁵ Extensive research shows that hospital consolidation tends to lead to higher prices, which contradicts the claim that consolidation will increase efficiencies to such a level that prices will decrease.⁶⁶ Additionally, research shows that non-consolidating nearby hospitals also increase their prices after other hospitals in the same region consolidate.⁶⁷ Patients treated at competitor hospitals also face higher prices as a result of hospital consolidation.

Data also show that the price effects from hospital consolidation apply whether the hospital is a for-profit entity or a non-profit entity. The non-profit status of the hospital does not blunt the price effects of consolidation.⁶⁸

Changes to Health Care Quality

When a hospital merger or acquisition results in a higher volume of specific surgeries or complex procedures, health care quality may increase. Newly combined hospitals that route patients with complex care needs to surgical teams who perform a very high volume of the needed procedure tends to lead to better patient outcomes.⁶⁹

However, other research has found that hospital consolidation either does not improve health care quality at all (measured by readmission rates and mortality data), or in some cases marginally decreases the quality of care.⁷⁰

Effects on Hospital Workers

The academic literature shows that hospital consolidation also affects hospital workers' wages. Workers' wages grow less after a hospital merger or acquisition resulted in a large increase in consolidation and when the workers are highly skilled and industry specific. This downward pressure on workers' wage growth, however, is lessened in markets with strong labor union representation.⁷¹

Preliminary Analysis

OHA's preliminary analysis focused on assessing the scale and scope of the entities' operations and services in Oregon, how the transaction could potentially affect consolidation and competition in Oregon's health care markets, and implications for access to services, health care costs, health equity and quality.

To assess the potential impacts of the proposed transaction on Oregon residents' equitable access to affordable care, OHA considered the following:

- Transaction terms
- Market characteristics
- Statements by entities
- Publicly available data, research, and reports
- Analysis of insurance claims, hospital discharge, and hospital financial data
- Public comments

OHA expects to further develop its analyses during comprehensive review.

Potential to Result in a Significant Change in OHSU's Footprint in the Tri-County Region

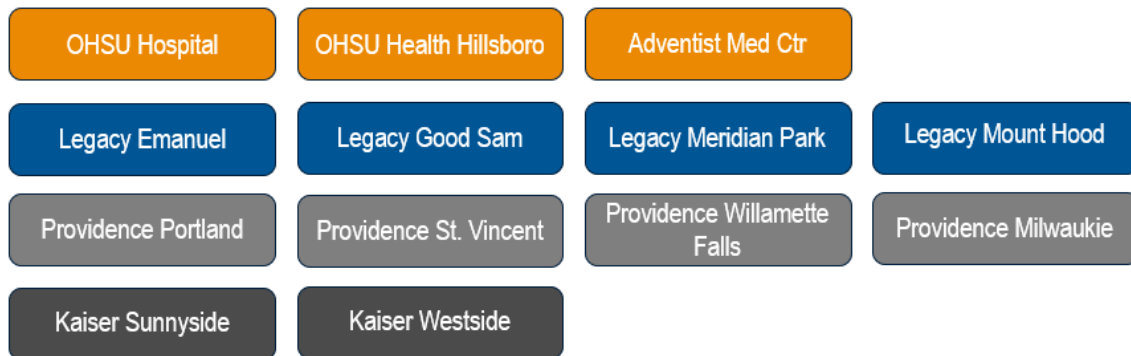
The proposed transaction significantly expands OHSU's footprint in the greater Portland metropolitan area and statewide. The expansion would include both hospital-based care and ambulatory care such as primary care clinics.

The graphic below shows the different hospitals in Washington, Multnomah, and Clackamas Counties. Currently, there are six hospitals in Multnomah County: three operated by Legacy, two affiliated with OHSU and one operated by Providence Health. The proposed transaction would consolidate five of the county's six hospitals as OHSU owned or affiliated.

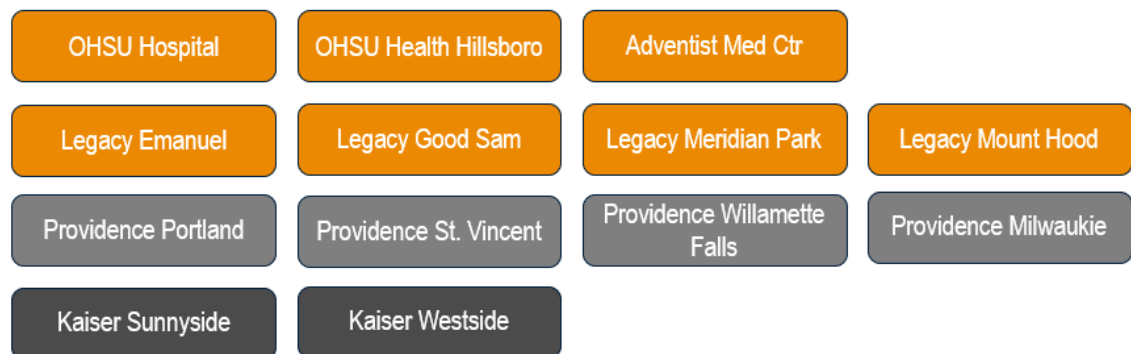
There are 13 hospitals in the tri-county region.^{ix} The proposed transaction would result in more than half (7) of the hospitals owned or affiliated with OHSU.

^{ix} There are 13 DRG (larger urban) hospitals in the tri-county region. Other facilities such as inpatient behavioral care facilities and Shriners Hospital for Children are excluded from the statement.

**Pre-Transaction:
Hospital System Affiliations in Washington, Multnomah, and Clackamas Counties**



**Post-Transaction:
Hospital System Affiliations in Washington, Multnomah, and Clackamas Counties**



The entities submitted their own calculation of OHSU’s and Legacy’s hospital market share and the Herfindahl-Hirschman Index (HHI), which is a measure of market concentration. In the [entities’ analysis](#), the six Legacy hospitals are considered a single entity, which is appropriate. However, in the entities’ analysis, OHSU’s hospital in Portland is not combined with OHSU Health Hillsboro Medical Center despite the fact that the Hillsboro location is co-branded with OHSU, and the Hillsboro location and OHSU have been operating under a joint management organization since 2016. Additionally, the entities’ analysis does not include Adventist Health hospitals in OHSU’s footprint despite OHSU and Adventist operating “as a unified system”.⁷² More information is needed to identify the extent of OHSU’s relationships with other hospitals including how the entities negotiate payments from health care payers.

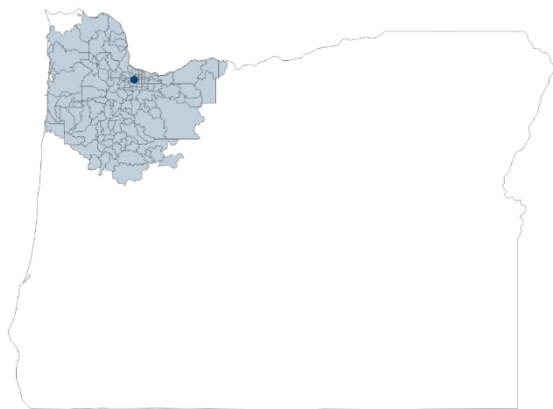
Additional analyses are required to determine the proposed transaction’s impact on the market share for other services such as primary care, pediatric services, and the many different types of specialty care such as oncology, geriatrics, gastroenterology, cardiology, and many more.

Potential to Result in a Significant Change in OHSU's Statewide Footprint

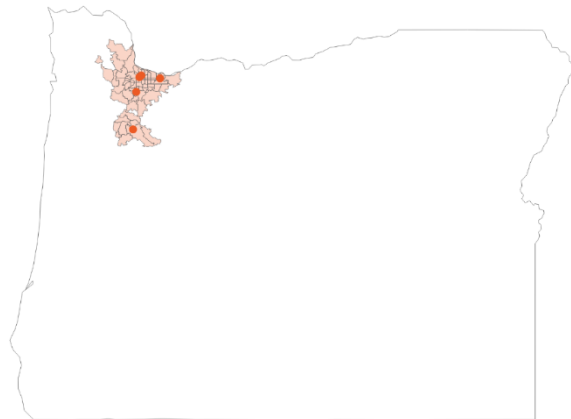
Inpatient Services

The primary service area (PSA) for OHSU hospital's inpatient services encompasses nearly the entire northwestern corner of Oregon. The PSA for inpatient services is defined as the patients' residence zip codes that are closest to the hospital and comprise at least 75% of inpatient services. Note that the map below depicts the PSA only for OHSU's Hospital and does not include any Adventist Hospitals or the OHSU Health Hillsboro Medical Center. The PSA of Legacy's five hospitals is a smaller region than the OHSU hospital, and notably, completely overlaps OHSU's PSA for inpatient services.

OHSU Hospital's Primary Service Area for Inpatient Services



Five Legacy Hospital's Overlapping Primary Service Areas for Inpatient Services



Level I Trauma Care

OHSU and Legacy Emanuel Hospital are currently the only two Level I trauma hospitals in Oregon. Level I hospitals provide the highest level of comprehensive care for severely injured adult and pediatric patients. Level I hospitals also provide highly specialized care such as treatment for burns, spinal cord injuries, pediatric trauma, and more. These hospitals must have available a general surgeon, emergency physician, anesthesiologist, and other personnel who can initiate immediate surgery. Level I hospitals also provide training opportunities for medical residents and community education.⁷³ The proposed transaction would result in OHSU as the sole Level I hospital in the state, with no competitor.

Children's Hospitals

Doernbecher Children's Hospital at OHSU and Randall Children's Hospital at Legacy Emanuel are currently the only two children's general hospitals in Oregon.^x The proposed transaction would result in OHSU as the sole children's general hospital in the state, with no competitor.

^x Shriner's Hospital for Children primarily provides specialty pediatric orthopedic services and is not included.

Gender-Affirming Care

OHSU's Transgender Health Program and the Gender Care Services Program at Legacy are two of the major providers of gender-affirming care, particularly surgical care, in the state. The proposed transaction may result in OHSU being the only option for gender-affirming surgical procedures in the state.

Other Statewide Implications

OHSU's health care providers treat patients in facilities across the state. The entities state in the notice that OHSU providers treat "cancer patients at Columbia Memorial Hospital in Astoria and at Adventist Health Columbia Gorge in The Dalles, patients with complex health care needs at Asante hospitals in southern Oregon, pediatric patients at Sacred Heart in Eugene, primary care services in Warm Springs, primary care patients in Enterprise, Oregon, behavioral health patients at the Oregon State Hospital, cancer patients at St. Charles hospitals in central Oregon, family medicine patients at Sky Lakes in Klamath Falls, and many more."⁷⁴

Not only are OHSU's providers treating patients in facilities across the state, but also Oregon residents come from across the state to OHSU for specialized treatment. Most of OHSU's patients who require an inpatient stay live outside of the Portland metropolitan area.⁷⁵

Legacy also owns and operates facilities outside of the tri-county region, namely in Woodburn and Silverton.

More analyses are needed to fully understand all the statewide impacts of the proposed transaction on Oregon residents.

Public Comments

Since the OHA confirmed receipt of a complete notice from the entities, OHA has received more than 120 public comments related to the proposed transaction between OHSU and Legacy.

For the complete list, see the [public comments document](#). Additional comments received before OHA confirmed receipt of a complete notice are also [posted](#).

Excerpts from public comments

"I believe this merger will further reduce the quality of care and is not in the best interest of Oregonians."

"The healthcare merger for OHSU and Legacy health is a monopoly which will hurt Oregonians. Do not allow this merger. This merger would take away Oregonians choices and will lead to more health disparities and only look to profit margins."

Next Steps

Based on the preliminary review, this transaction requires a comprehensive review per ORS 415.501(6)(b), because OHA has not determined that the proposed transaction meets any of the following approval criteria during the preliminary review:

1. The material change transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction;
2. The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon;
3. The material change transaction is likely to meet the criteria set forth in OAR 409-070-0060;
4. The material change transaction is not likely to substantially alter the delivery of health care in Oregon; or
5. Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

These criteria are specified in Oregon Administrative Rules (OAR) 409-070-0055(2) for the Health Care Market Oversight program and are consistent with Oregon law.

Comprehensive Review

A comprehensive review allows OHA to conduct more in-depth analyses to understand how the transaction might affect people and communities in Oregon. During the comprehensive review, OHA will analyze the likely impact of the transaction on access, cost, quality, and equity and determine whether the transaction meets the criteria for approval under OAR 409-070-0060(6).

OHA will conduct additional analyses to better understand the potential impacts of OHSU's increased market share on health care costs, access, quality and equity. For more information about comprehensive review analyses, please see HCMO's [Analytic Framework](#). OHA may engage outside advisors to perform analysis or consult with OHA in accordance with ORS 415.501(14).

OHA will complete the comprehensive review in accordance with applicable statutes and administrative rules. The comprehensive review will be completed within 180 days of when OHA accepts a completed notice, unless otherwise extended or tolled. Upon completion of the comprehensive review, OHA will issue a proposed order to approve, approve with conditions, or disapprove the transaction. OHA will accept comments from the public and the entities prior to issuing the final order. This proposed transaction may also be subject to other state or federal regulatory oversight and OHA will monitor those processes.

Submit a Public Comment

OHA will accept and post public comments throughout the comprehensive review period. Public comments can be submitted by email to hcmo.info@oha.oregon.gov, voicemail at 503-945-6161, or [public comment form](#). Please mention “OHSU” in your comment.

Public comments will be posted to OHA’s website and may be included in reports and publications. Please do not include confidential or sensitive information in submitted comments.

Participate in a Community Review Board

OHA plans to convene a community review board for the comprehensive review of the proposed OHSU-Legacy transaction. Community review boards provide input about transactions and make a recommendation to OHA about whether or not the transaction should be approved. Members can include people who live and work in affected communities, consumer advocates, health care experts, and health care providers.

If you would like to participate in the community review board for this transaction, email hcmo.info@oha.oregon.gov. OHA staff will provide more information about the timeline, member requirements, and application process.

Acronyms & Glossary

Acronyms & Abbreviations

ACA	Affordable Care Act
APAC	All Payer All Claims database
HCMO	Health Care Market Oversight
HHI	Herfindahl-Hirschman Index
OAR	Oregon Administrative Rule
OHA	Oregon Health Authority
OHSU	Oregon Health and Science University
ORS	Oregon Revised Statutes
PSA	Primary Service Area

Glossary

Academic Medical Center: Although there is no generally accepted definition of an academic medical center, the term is widely used to mean an entity with a medical school, at least one other health professions school, and a teaching hospital.

Competition: A situation in a market in which firms or sellers independently strive to attract buyers for their products or services by varying prices, product characteristics, promotion strategies, and distribution channels.

Concentration: A measure of the degree of competition in the market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms.

Consolidation: The combination of two or business units or companies into a single, larger organization. Consolidation may occur through a merger, acquisition, joint venture, affiliation agreement, etc.

Herfindahl-Hirschman Index (HHI): A measure of market consolidation calculated by squaring the various entities' market share and then summing the results. See the section of this report titled Reporting Methodology: Market Share and Consolidation.

Health equity: OHA defines health equity as follows:

Oregon will have established a health system that creates health equity when all people can reach their full health potential and well-being and are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or other socially determined circumstances. Achieving health equity requires the ongoing collaboration of all regions and sectors of the state, including tribal governments to address:

- The equitable distribution or redistribution of resources and power; and
- Recognizing, reconciling, and rectifying historical and contemporary injustices.

Horizontal consolidation: Also referred to as “horizontal integration;” the combination of two companies or organizations in the same lines of work or operating at the same levels of the supply chain. In health care, the acquisition of one hospital by another would be considered horizontal consolidation.

Level 1 Trauma Center: A Level I facility is the regional resource trauma center in the system and has the capability of providing total patient care for every aspect of injury from prevention through rehabilitation. Highly specialized care for pediatric trauma, burns, spinal cord injury, eye injury, limb reimplantation, and other clinical problems is available at the Level I center. An emergency physician, general surgeon, anesthesiologist, and nursing and ancillary personnel who can initiate immediate surgery are in-house and available to the patient upon arrival to the emergency department. A neurosurgeon is on-call and promptly available to the patient. A broad range of sub-specialists are on-call and promptly available to provide consultation or care. In addition to direct patient care, Level I trauma centers are responsible for resident training, research, regional quality improvement, community education, outreach, and injury prevention.⁷⁶

OHA's Review

OHA performed a preliminary review of the proposed transaction to assess its potential impact on Oregon's health care delivery system.

OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.⁷⁷ The framework is grounded in the goals, standards and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085.

Background Research and Literature Review

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction and the entities involved. OHA consulted publicly available sources, including press releases and media reports; business filings with the Secretary of State in Oregon and other states; entity websites; state agency, professional association, and third-party entity reports; reports commissioned by local, state, and federal government; and other relevant governmental communications.

OHA also considered articles and research reports about hospital mergers and acquisitions, horizontal consolidation, and academic medical centers.

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On September 27, 2024, OHA posted a comment form to the [Transaction Notices and Reviews](#) page of the HCMO website. On October 4, 2024, OHA emailed subscribers to HCMO program updates to inform them about the opportunity to provide comment on the proposed OHSU-Legacy transaction. OHA accepted comments via the form, phone, and by email to hcmo.info@oha.oregon.gov.

Data Sources

All Payer All Claims Data

The Oregon All Payer All Claims Database (APAC) houses administrative health care data for Oregon's insured populations. It includes medical and pharmacy claims, non-claims payment summaries, member enrollment data, billed premium information and provider information for Oregonians who are insured through certain commercial insurance, Medicaid and Medicare. Information about APAC is available on OHA's [APAC website](#).

Hospital and Emergency Department Discharge Data

The Hospital and Emergency Department Discharge database (HDD) houses records of every discharge from an acute care inpatient hospital or emergency department in Oregon. Data include diagnosis and procedure codes, how much was billed, and length of stay. These data are collected, maintained and analyzed by OHA's Hospital Reporting Program and are available on OHA's [website](#).

Hospital Financial Data

Hospital Financial Data Oregon's hospitals are required to provide information on annual financial performance to the Oregon Health Authority. Specifically, hospitals must submit an audited financial statement and FR-3 form for each fiscal year that includes information on revenues, expenses, margins, and uncompensated care. These data are collected, maintained and analyzed by OHA's Hospital Reporting Program and are available on OHA's [website](#).

Reporting Methodology

Market Share and Consolidation

Consolidation, or concentration, is a measure of the degree of competition in a market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms. When a transaction involves health care entities offering similar products or services (a “horizontal” transaction), the level of concentration in the market and the change in concentration resulting from the transaction is useful as an initial screen for potential anticompetitive effects.

OHA measures market concentration using the Herfindahl-Hirschman Index (HHI), a measure commonly used by federal and state antitrust enforcement agencies.

HHI is calculated as follows:

$$HHI = (S_1^2 + S_2^2 + S_3^2 + \dots S_n^2)$$

Where S1 is market share (in percentage points) of firm 1 and n is the total number of competitors in the market. By summing the squared values of market shares, the HHI gives greater weight to firms with larger market shares.

Transactions occurring in concentrated markets and those involving a significant change in concentration are more likely to have adverse effects on competition and lead to price increases. For horizontal transactions under preliminary review, HCMO will use the HHI thresholds specified in the U.S. Department of Justice and Federal Trade Commission Horizontal Merger Guidelines summarized in the table below.

HHI Thresholds:

Post-transaction HHI	Concentration Level
Greater than 1,800	Highly concentrated
Between 1,000 and 1,800	Moderately concentrated
Less than 1,000	Low concentration

Post-transaction	HHI Change	Level of Concern
HHI greater than 1,800	More than 100	High (if both). Presumed to substantially lessen competition or tend to create a monopoly.
Market share greater than 30%	More than 100	High (if both). Presumed to substantially lessen competition or tend to create a monopoly.

U.S. Department of Justice and the Federal Trade Commission, Horizontal Merger Guidelines, December 18, 2023, available at <https://www.justice.gov/d9/2023-12/2023%20Merger%20Guidelines.pdf>.

PSA Definition

To define the Primary Service Area (PSA) for this transaction, OHA followed four steps:

1. Summarize the claims rendered by or billed to the provider(s) involved in the transaction during the study period by patient zip code and episode count. OHA uses National Provider Identifiers (NPIs) to identify relevant claims for each provider in the transaction. OHA typically defines a transaction PSA using the claims rendered by or billed to the provider(s) being acquired.
2. Rank the patient zip codes in descending order of episode count (volume).
3. Identify contiguous zip codes that account for at least 75% of the provider's total episodes. This identifies the contiguous, volume-driven PSA.
 - a. To do this, OHA starts with the provider's office zip code and adds other zip codes to the map based on volume rank only if they are contiguous to the provider's office zip code. When an NPI is associated with more than one address, OHA uses the zip code of the primary practice address listed for the NPI in the [NPPES NPI Registry](#) as the starting zip code.
 - b. Zip codes that are not immediately contiguous with the provider's office location may be permanently excluded from the PSA or only temporarily excluded until interim zip codes are added that fill in the geographical gap. Adding a new zip code that then pulls in previously excluded zip codes can result in a PSA volume over 75%.
4. Add zip codes that are fully encompassed by the zip codes identified in step 3. This may result in a PSA volume over 75%.

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- ² OHSU About page, <https://www.ohsu.edu/procurement/about>
- ³ https://oregon.public.law/statutes/ors_353.020 [accessed October 11, 2024]
- ⁴ As of October 4 2024, OHSU was ranked as the 2nd largest employer in the Portland Metro Area with almost 21,000 employees by the Portland Business Journal.
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