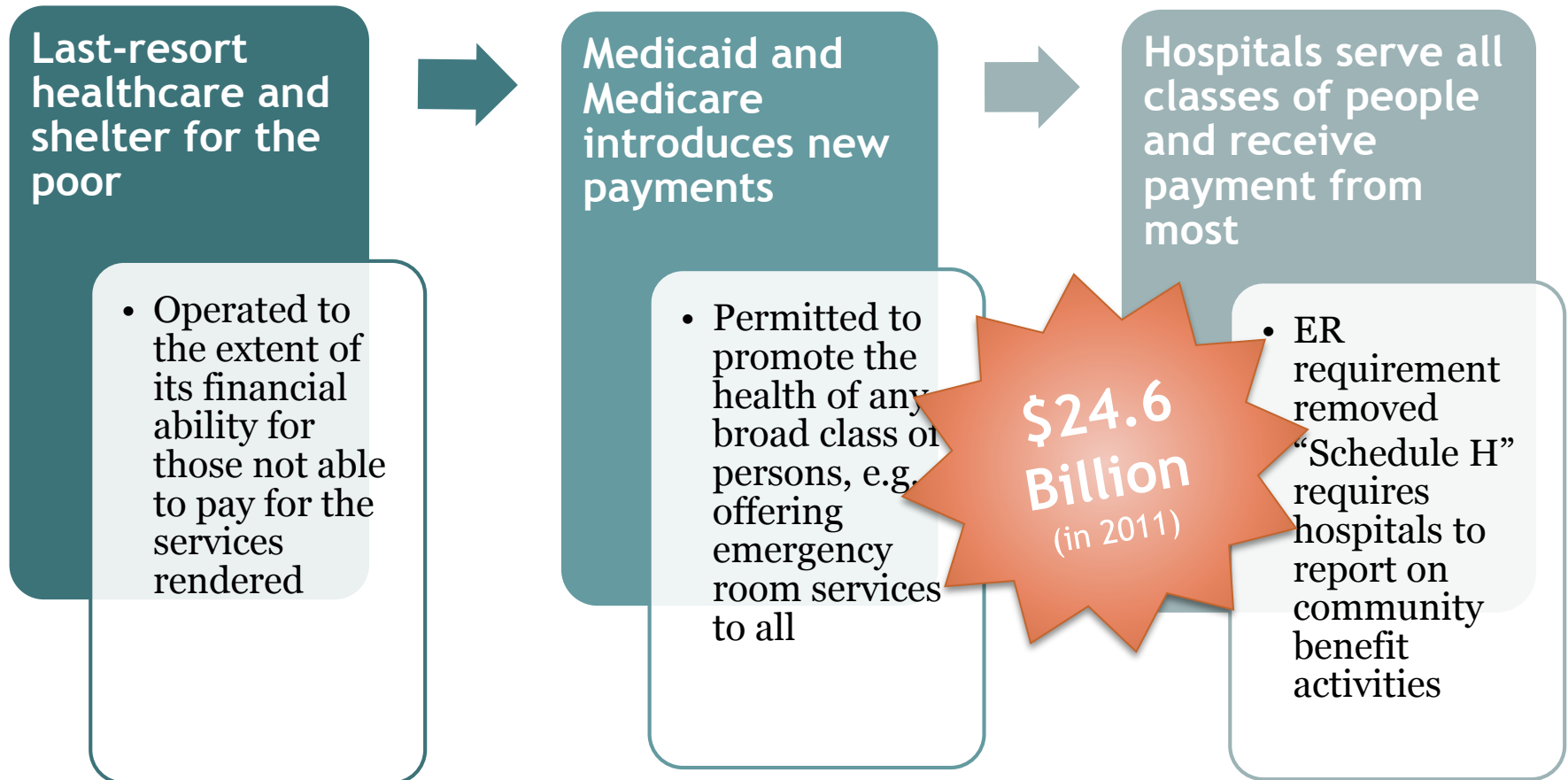


# Healthcare in Oregon:

hospital profits, tax exemptions  
and community obligations

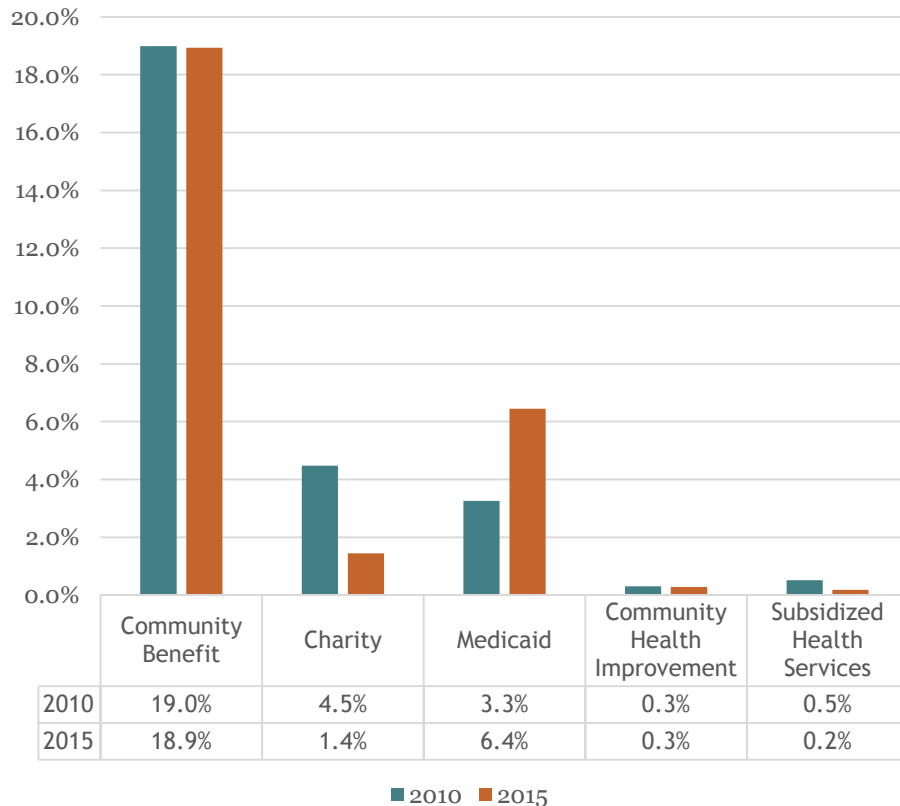


# Evolution of hospitals & tax law

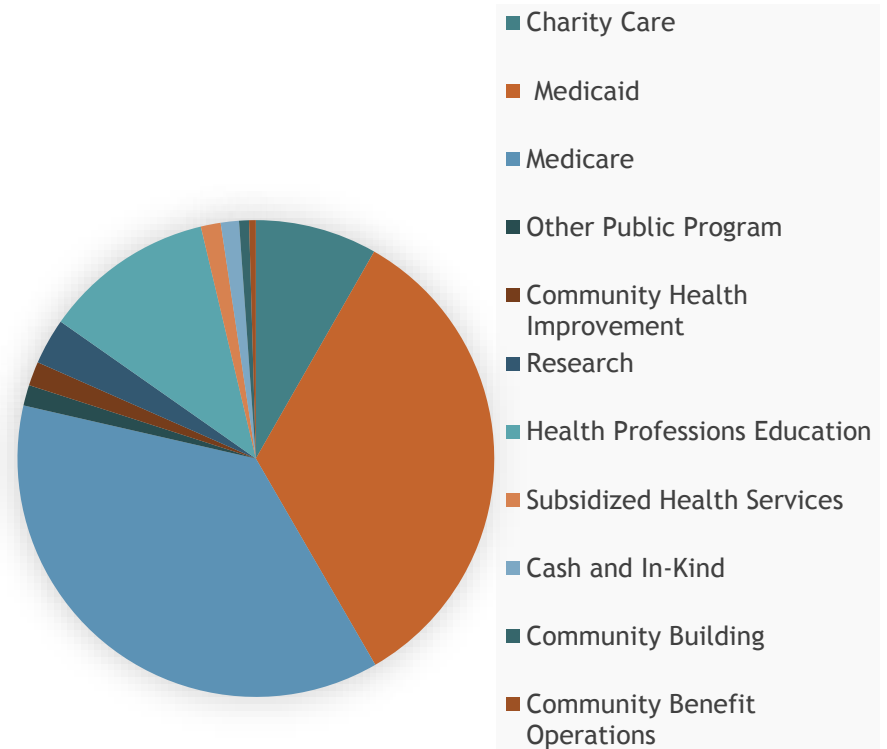


# Changing Community Benefits

## Community Benefits, 2010 v 2015

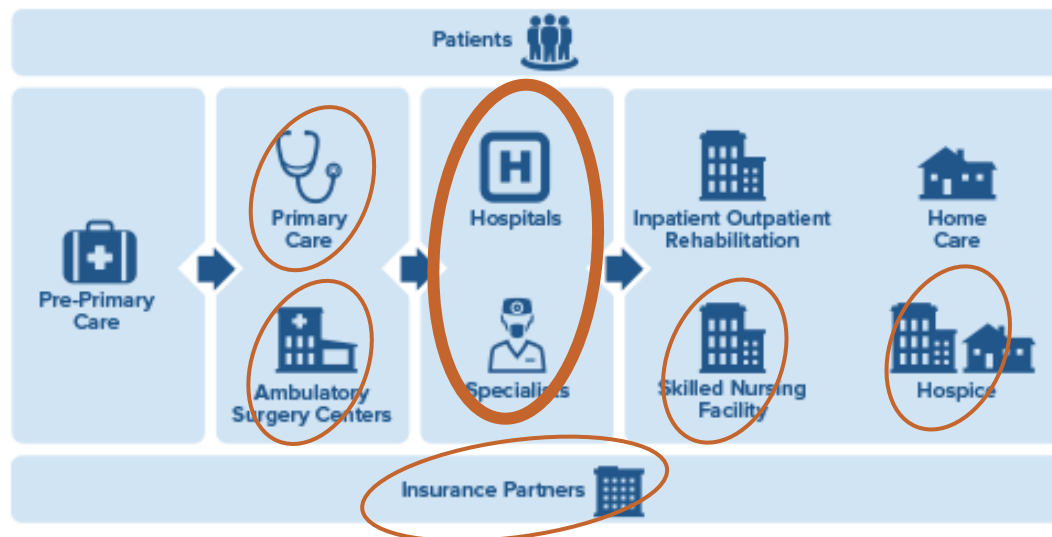


## Community Benefits, 2015



# Health Systems Expanding

- Legacy → affiliation with Silverton Hospital  
→ purchased interest in PacificSource Health Plan
- Providence → merged with St. Joseph's hospital chain  
→ affiliated with Medford Medical Clinic  
→ strategic alliance with PeaceHealth



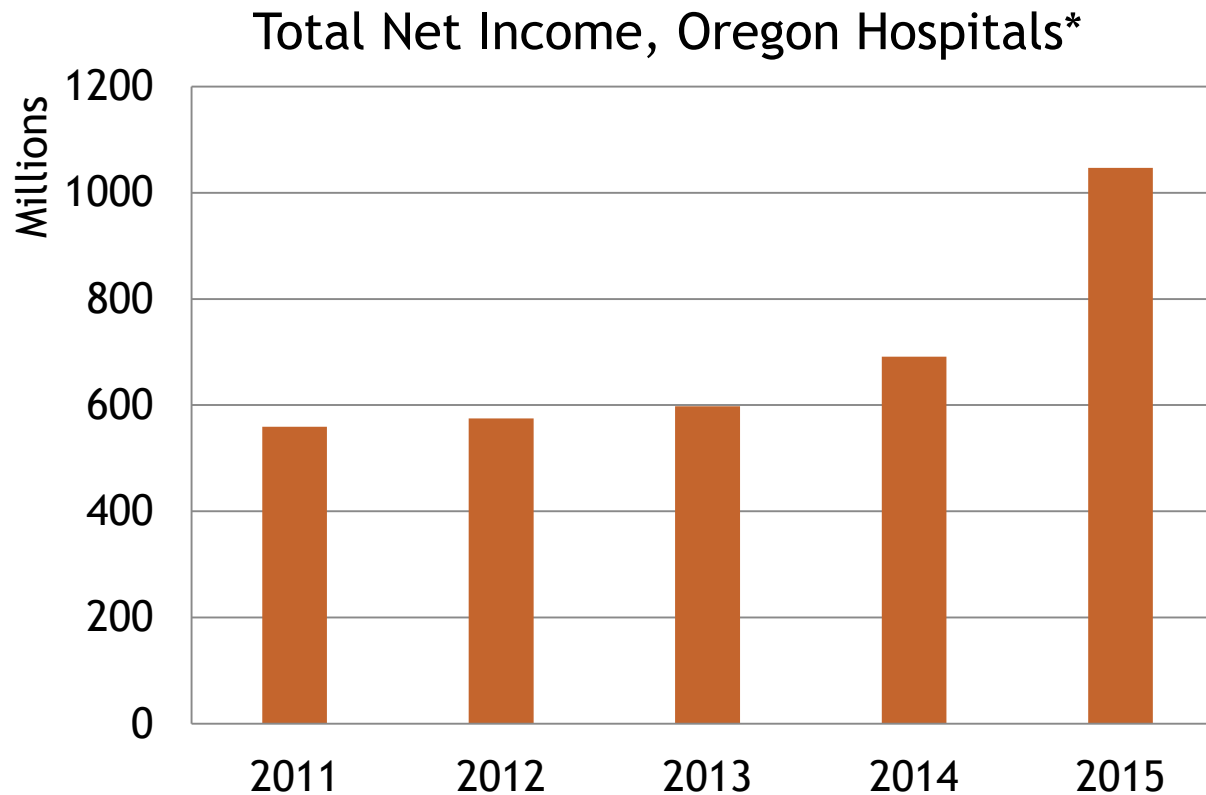
# Shifts in power, prices still increasing

**Exploring St. Charles' pricier procedures  
and the exodus of insurance carriers**

*- Bend Bulletin, July 11, 2016*

“... The hospital’s high prices, driven perhaps by a lack of regional competition, might have played a role in the carriers’ departures... In 2017, Deschutes County residents will have the fewest choices of any county in the state...”

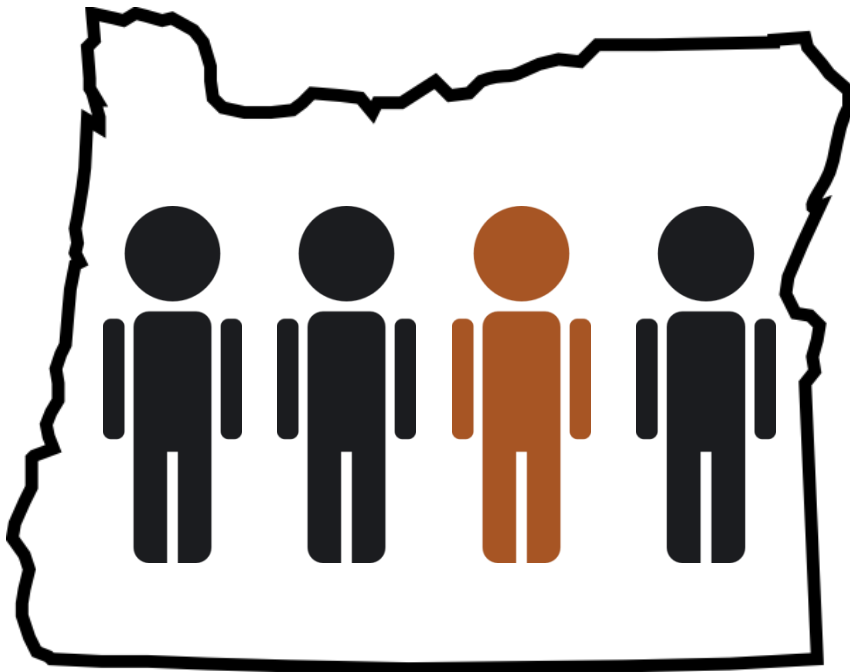
# Hospital profits up



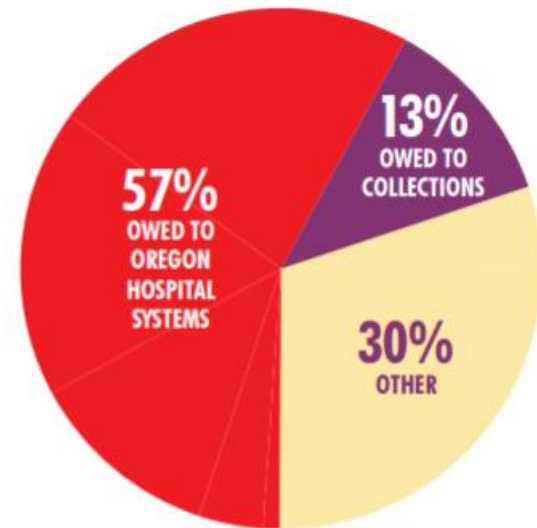
\* Excludes Shriners' and Kaiser Westside Hospitals who did not report for all years.

# Repeal or replace: healthcare necessary regardless

Financial burden impacts many



Hospitals key part of costs



**MEDICAL DEBT  
IN LANE COUNTY**

# Workers can't afford healthcare

- Nationally, share of employees enrolled in high-deductible plans has doubled over past 5 years.
- Healthcare workers report:
  - Avoiding or delaying care
  - Getting sent to collections
  - Seeking OHP coverage
- Number of healthcare workers on OHP up 49%



# Value of exemptions in Oregon

- Hospitals, Addiction and Other Medical non profit organizations account for 64% of the total revenue loss

**Exhibit 5-6a**

Estimated Revenue Loss & Number of Hospitals, by Charity/Community Benefit as Percentage of Reported Net Patient Revenue, FY 2015-16									
-----Charity Care-----					-----Community Benefit-----				
Charity Care	Number Hospitals	Revenue Loss	Cumulative Loss and Percentage		Community Benefit	Number Hospitals	Revenue Loss	Cumulative Loss and Percentage	
LT 0.5%	5	\$8.6	\$8.6	12%	LT 5%	6	\$8.6	\$8.6	12%
0.5-1.0%	8	\$20.8	\$29.4	40%	5-10%	6	\$4.8	\$13.4	18%
1.0-1.5%	11	\$18.0	\$47.4	65%	10-15%	8	\$7.7	\$21.1	29%
1.5-2.0%	6	\$19.9	\$67.3	92%	15-20%	11	\$31.0	\$52.1	72%
2.0-2.5%	4	\$2.6	\$69.9	96%	20-25%	7	\$18.9	\$71.0	98%
2.5-3.0%	3	\$1.7	\$71.6	98%	25-30%	2	\$0.8	\$71.8	99%
3.0-3.5%	4	\$1.1	\$72.7	100%	30-35%	1	\$1.0	\$72.8	100%
<b>All</b>	<b>41</b>	<b>\$72.8</b>			<b>All</b>	<b>41</b>	<b>\$72.8</b>		

Source: Reported charity care, community benefit and net patient revenue sourced from OHA 2015 Hospital Community Benefits Data Reports.

# Reform for the era ahead

- Care will continue to be expensive
- Need to update definition of community benefit
  - Exclude Medicare
- Need to create clear rules and expectations

