

March 24, 2017

Jana Fussell, Coordinator  
Certificate of Need Program  
Oregon Health Authority- Public Health Division  
800 NE Oregon Street  
Portland, OR 97232-2162

Dear Ms. Fussell:

On behalf of our hospital partners that have actively supported the development of the Unity Center for Behavioral Health (Unity), Legacy Health System (Legacy) reviewed the Oregon Health Authority (OHA), Public Health Division, Certificate of Need Program's February 24, 2017 proposed decision in the matter of NEWCO Oregon, Inc. dba Willamette Valley Behavioral Health (NEWCO) to establish a new 100 bed psychiatric hospital. We also reviewed NEWCO's request for an informal hearing and the testimony from the March 17, 2017 informal hearing.<sup>1</sup>

Legacy is using this opportunity to respond to NEWCO's request for an informal hearing and its March 17 testimony. Legacy reviewed the proposed decision, NEWCO's request for an informal hearing and we also attended the hearing. In summary, we find that NEWCO provided no new information nor clarified any existing information that would merit a change in OHA's proposed denial of its CN application.

In responding to its statutory criteria related to need for the project, in its proposed decision, the OHA found that:

- The service area population does not have need for the proposed project.
- NEWCO had not met its burden with regard to either identifying the population to be served or the bed-need within the proposed service area, in part because the proposed tri-county area of Multnomah, Washington and Clackamas Counties is too large to be a single service area.
- NEWCO did not meet its burden of showing why building a new 100 bed freestanding hospital is superior to community-based alternatives.

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<sup>1</sup>Legacy notes that it has not had the opportunity to review any written material submitted at March 17, 2017 public hearing. Therefore, Legacy reserves the right to modify its comments when this material becomes available.

- NEWCO failed to acknowledge the State's efforts related to enhancing community-based care for the mentally ill and its de-emphasis on hospitalization.
- The opening of the Unity Center, with a psychiatric emergency department will alleviate the need for transfers to a new inpatient psychiatric facility.
- There is a lack of support from Coordinated Care Organizations (CCOs) for the proposed project.
- Patients that rely on public funding make up at least half of the current population of individuals that need psychiatric inpatient care, but NEWCO does not improve access for these patients. OHA made this finding, in part, because NEWCO will not have an emergency department which often serves as a safety net for individuals without health insurance or who are under-insured.
- Only 2% of Portland's Cedar Hills Hospital's discharges were Medicaid. Cedar Hills is a sister entity to NEWCO. Since Medicaid patients make up 50 percent or more of the population of inpatient psychiatric patients, it is not evident that NEWCO will address access to all payer classifications.

As noted above, Legacy has concluded that NEWCO did not provide any new, nor clarify any existing information at the informal hearing to refute OHA's findings. Further, NEWCO has still failed to address the promise of the unprecedented collaboration between Adventist Health, Kaiser Permanente, Legacy Health and Oregon Health & Science University known as Unity. Unity's goal is provide care for all those in need through a combination of emergency, inpatient and outpatient service. Our analysis suggests that Unity will reduce demand for inpatient beds because the psychiatric ED service will significantly reduce the percentage of patients being admitted for 24-48 hours. Unity is a true community partnership that has recently opened and sufficient time is needed to appreciate the full impact of this new approach to care in our community.

Based on our review of its testimony, we are confident that the Proposed Decision related to NEWCO's CN #675 was complete and accurate, and its finding that no CN should be issued was correct. We urge OHA to continue to find no need and to deny the NEWCO application.

Sincerely,

Tony Melaragno, MD  
Vice President  
Behavioral Health and Oncology Services  
Legacy Health