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Subject: Opposition to SB 1067
Date: Friday, June 09, 2017 9:56:34 AM

Dear Oregon Legislators

The way Oregon's hospitals are being treated by this legislature is bordering upon the absurd. It is beginning to feel like wanton disregard for the healthcare entities that are providing the majority of safety net services in our state. Your myopic focus on solving a budget deficit that hospitals did not cause is placing the health of Oregonians at risk. The rampant carelessness will endanger many communities' critically needed services if they continue as currently contemplated. In essence, the legislature is proposing to

1. Add costs to healthcare by imposing a new provider tax – onto the very entities that by the way already arguably cost too much and are trying desperately to control costs. For some facilities this tax will wipe out their entire operating margin, forcing them to cut other services in order to remain viable.
2. Take away promised funding in the form of HTPP – funding that by the way was accomplished by the DRG hospitals of this state voluntarily stepping forward and bailing out the state's Medicaid system via the provider tax; and now is set to become yet again another failed promise. This funding is expressly intended to help transform healthcare by incenting value based metrics and enabling community investments in prevention and education, and is now slated to become a sacrificial lamb to help bail out other state government shortfalls.
3. And now the cream on top – not only add costs, but take away reimbursement via PEBB or OEBC – thus further exacerbating the unruly cost shift hospitals are forced to already do because of inadequate Medicare and Medicaid reimbursement, forcing small businesses and the self insured to subsidize government payers yet again.
4. In addition this proposed legislation mires our state in the old fee-for-service reimbursement mechanisms that many of us are trying to move away from in order to place more emphasis on community health, prevention, care management, and wellness. FFS does not facilitate those types of investments and certainly does not incent them. This move will set healthcare back at least five years in our state in my humble opinion.

Hospitals did indeed benefit from a drop in charity care and bad debt largely associated with the Medicaid expansion – we understand this because, by the way, we helped implement it – funding it via provider taxes and willingly forgoing increases in Medicare reimbursement to help fund the Affordable Care Act. It was a short term benefit, and we have now seen charity care and bad debt swing dramatically back up, operating margins have plummeted, financial viability is challenged.

Now our government is renegeing on all of our previous commitments and throwing us under the bus of budget expediency.

SB 1067 should be dropped like a hot potato, and those sponsoring it should start listening to healthcare experts about how to alter our system rather than try to implement artificial “cost controls” via phony rate setting and poor strategy due to a desperate budget problems largely

unassociated with healthcare.

Sincerely,

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