Provider Consolidation

Considerations for Oregon

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Insurer market in Oregon is <u>not</u> concentrated

Oregon is the only state where no MSAs have "highly concentrated" commercial insurance markets

Lack of counterbalance against provider market power

Oregon provider market experiencing *horizontal* and *vertical* consolidation

Mergers and affiliations in Oregon

Mergers & Acquisitions
Providence Health & Services – St. Joseph Health (2017)
Quorum Health Corp. – McKenzie-Willamette Medical Center (2015)
Legacy Health – Silverton Hospital (2015)
Asante Health Systems – Ashland Community Hospital (2012)
St. Alphonsus Health – Trinity Health (2012)

Affiliations
OHSU, Tuality, Adventist Health (2017)

Provider-Insurer Partnerships
PeaceHealth – Kaiser Permanente NW (2017)
Legacy Health – PacificSource Health Plans (2015)
OHSU – Moda (2015)

The share of physicians in health systems has increased in Portland

Metropolitan Statistical Area	Share of physicians in health systems	
	2016	2018
Grants Pass	20%	
Salem	20%	
Bend-Redmond	28%	
Eugene	32%	
Medford	34%	
Albany	53%	
Corvallis	55%	
Portland-Vancouver-Hillsboro	39%	

The share of physicians in health systems has increased in Portland

Metropolitan Statistical Area	Share of physicians in health systems	
	2016	**2018**
Grants Pass	20%	24%
Salem	20%	26%
Bend-Redmond	28%	28%
Eugene	32%	35%
Medford	34%	37%
Albany	53%	59%
Corvallis	55%	60%
Portland-Vancouver-Hillsboro	39%	**71%**

COVID in Oregon

Unprecedented job loss

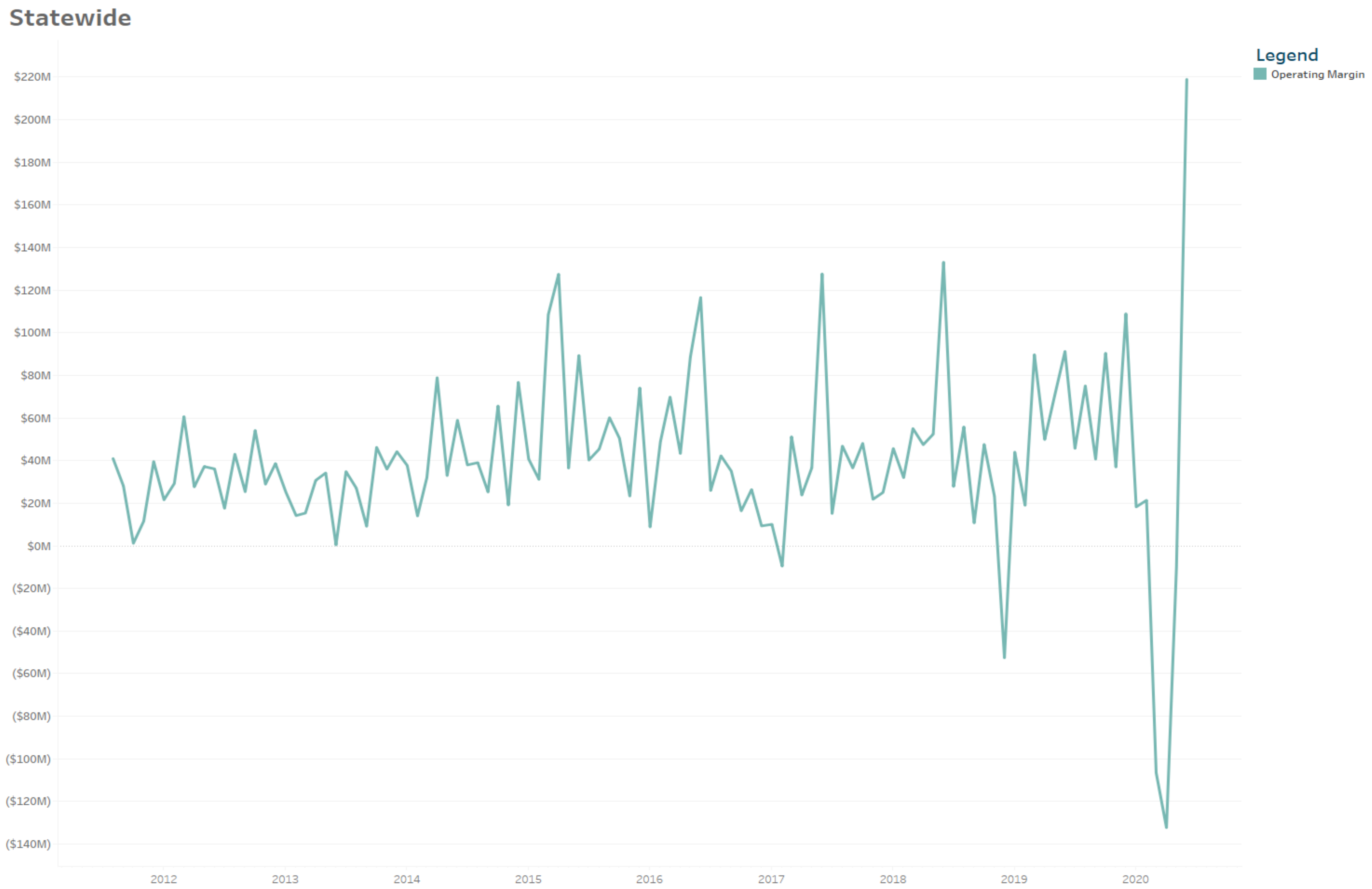
Q2 revenue losses: 50% for primary care; 30% for behavioral health; similar for hospitals

Health insurers have done well; nationally, net income is double this year what it was in 2020

Impacts differ across sectors, regions & providers

Rebound for hospitals in late 2020?

Statewide operating margin for Oregon Hospitals, July 2011 – June 2020



Operating margins for Oregon Hospitals, July 2011 – June 2020

DRG

Type A

Type B

Consider tradeoffs

Consolidation may help keep some providers afloat

Financial implications of COVID not totally clear; rebound possible

Oregon has a problem with high prices

Consequences for Oregonians of *higher* prices from consolidation include lower wages, worse health

References

References (by slide #)

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