



February 9, 2021

Oregon State Legislature  
House Committee on Health Care  
900 Court St. NE  
Salem, OR 97301

**Re: House Bill 2362 – Mergers and Acquisitions**

Chair Prusak and members of the House Committee on Health Care:

On behalf of Oregon's community hospitals and the patients they serve, the Oregon Association of Hospitals and Health Systems (OAHHS) supports access to high-quality, cost-effective care for all people in Oregon. OAHHS strongly opposes HB 2362 and any legislation that limits innovative partnerships or affiliations to better serve patients. In an era of rapid change, partnerships have become one tool of developing coordinated systems to drive innovation and value-based care. HB 2362 will stifle these innovative partnerships.

Business realignment is a direct response to the changing needs of communities, ongoing financial pressures to reduce costs, and the drive to improve quality for patients. A 2019 Charles River Associates economic analysis<sup>1</sup> of recent hospital transactions demonstrates that partnerships can result in benefits that accrue to patients through better care at reduced costs. Due to scale, affiliations are associated with a significant 2.3% reduction in annual operating expenses. At the same time, affiliations facilitate quality improvement through enhanced clinical operations and best practices across networks.

In addition to economic concerns, perhaps the biggest threat posed by HB 2362 is access for vulnerable populations. This legislation will threaten the strong provider networks that keep critical access hospitals and rural health clinics open in underserved areas. These organizations have long-standing community relationships and have fostered trust and partnerships with Medicaid and uninsured patients who rely on local, community-based care. HB 2362 would jeopardize productive affiliations with larger systems that provide necessary resources to keep doors open and services in communities.

As Oregon moves towards a value-based payment system, hospitals may need scale to effectively implement population health strategies. HB 2362 is in direct conflict with these transformation goals. The cost of regulatory review will add to the cost of care due to administrative waste from increased staffing, rulemaking, legal services, compliance, and other burden not related to improving the delivery of care.

HB 2362 promotes waste and inefficiency by giving the Oregon Health Authority (OHA) a role that already exists within the Office of the Attorney General, which has authority to ensure integrity of nonprofits and monitor anti-trust activities. Oregonians need OHA to focus on responding to COVID-19, including vaccine rollout, and enhancing the behavioral health system. HB 2362 takes away limited resources for these paramount efforts by instituting an unnecessarily duplicative bureaucracy.

HB 2362 does not serve the state's goals in reducing costs and ensuring underserved communities have access to care and will, in fact, hinder the health care community's effort to achieve them. OAHHS opposes HB 2362.

Thank you,

A handwritten signature in black ink, appearing to read 'Sean Kolmer', with a long horizontal flourish extending to the right.

Sean Kolmer  
Senior Vice President of Policy and Strategy  
Oregon Association of Hospitals and Health Systems

---

<sup>i</sup> Charles River Associates Report: Hospital Merger Benefits: Views from Hospital Leaders and Econometric Analysis - An Update. <https://www.aha.org/system/files/media/file/2019/09/cra-report-merger-benefits-2019-f.pdf>