



Lower Umpqua Hospital District
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541.271.2171

March 12, 2025

The Honorable Dick Anderson
State Senator
900 Court St NE, S-303
Salem, OR 97301

The Honorable Boomer Wright
State Representative
900 Court St NE, H-372
Salem, OR 97301

RE: Opposition to the Proposed Overlapping Super Health District and Forced Redistribution of Services

Dear Senator Anderson and Representative Wright,

As Chief Executive Officer of Lower Umpqua Hospital District, I am writing to strongly oppose the proposal being circulated by United Food and Commercial Workers (UFCW) Local 555 regarding the future of Bay Area Hospital (BAH) and its potential impact on healthcare access in Coos, Curry and Douglas counties. While we recognize the financial challenges BAH is facing, the proposed solution – the creation of a new multi-county health district that would overlap existing, independently governed health districts without first allowing residents a vote on whether it should exist—is unacceptable.

The UFCW proposal suggests that the legislature pass a bill combining the hospital districts of Lower Umpqua Hospital, Curry General Hospital, Southern Coos Health, Coquille Valley Hospital, and Bay Area Hospital into a single “Super” Health District without a vote of the people. This fundamentally undemocratic maneuver would force our constituents— many of whom already struggle with rising living costs—to accept a new government structure that they did not approve.

Additionally, the proposal openly states that profitable service lines from the four rural hospitals would be transferred to BAH to improve its financial position. This would severely impact hospitals like ours that rely on these services to maintain financial stability. We subsidize essential services in our community such as ambulance services and access to primary care through the profits made through other services. Furthermore, this action would create an undue burden on patients, who would be forced to travel unnecessarily for care.

that is currently available locally. This approach sets a dangerous precedent, stripping communities of their ability to decide their own healthcare future.

We support a viable solution for BAH, but not at the expense of ours and other communities. We fully support efforts to stabilize Bay Area Hospital, but we believe solutions must be equitable, transparent, and respect the autonomy of local health districts. Rushing into a forced regionalization scheme—while stripping healthcare services away from stable, locally controlled hospitals—is not the answer. Furthermore, it is important to highlight that Bay Area Hospital (BAH) has a viable alternative to this drastic action and is actively engaged in negotiations with Quorum Health to explore sustainable solutions.

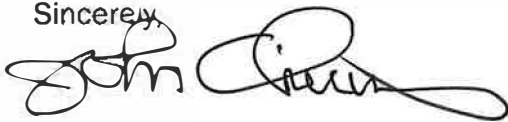
We urge you to oppose any legislation that would:

- Create a new health district that overlaps existing, independent health districts without first allowing residents to vote on whether they want to be included.
- Forcibly shift revenue-generating and profitable services away from financially stable hospitals to BAH, jeopardizing the ability of rural hospitals to sustain critical healthcare services and creating unnecessary travel burdens for patients.
- Propose new property taxes on residents of Coos, Curry, and Douglas counties to bail out BAH.

We appreciate your leadership and commitment to protecting local control and accessible healthcare in Southwest Oregon. We ask for your continued support in preserving the integrity of local healthcare districts and ensuring that any solution for BAH does not come at the expense of the residents and hospitals that have successfully managed their own resources.

Please do not hesitate to reach out if you would like to discuss this matter further.

Sincerely,



John Chivers
Chief Executive Officer
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jchivers@luhonline.com

Attachment: UFCW Packet

SAVING THE BAY AREA HOSPITAL AND ENSURING LONG-TERM SUSTAINABILITY

This brief will go through the **three key steps** required to ensure long-term sustainability for the Bay Area Hospital, as well as outline the dangers of rushing into a sale with a private equity firm without exploring all options.



Key Step 1:

Stop the sale to Quorum Health

Quorum Health is **not** the best chance we have of saving BAH.

- ! Keeping BAH open with a shared responsibility model has not been fully explored.
- ! Quorum Health has a history of shutting down local hospitals like BAH.
- ! BAH's Letter of Intent with Quorum all but eliminates local oversight.

Once the Board signs an agreement, our options become much more limited!



Key Step 2:

Pass a Legislative package to give voters a say

An emergency Legislative package would:

- ✓ Expand the BAH District boundaries to reflect its actual user base.
- ✓ Ask local voters if they want to support the hospital with a generous State match.
- ✓ Provide immediate cashflow relief to the Hospital.

Time is running short to meet upcoming election deadlines!



Key Step 3:

Address systemic issues of BAH solvency

After the immediate peril is addressed, we will need to work to address the systemic root causes of BAH's insolvency:

- ✓ Address the pattern of Critical Access facilities taking profitable services.
- ✓ Explore regional service-sharing and cost-cutting models

If a public nonprofit hospital can't stay solvent, a private for-profit one certainly won't.



Key Step 1: Stop the sale to Quorum Health

Even a best-case scenario is not great

Quorum Health is **not** the best chance we have of saving Bay Area Hospital. Even in a best-case scenario, the Letter of Intent the Hospital signed with Quorum provides for the stripping away of services:

“The Definitive Agreement would obligate Lessee to (i) continue to operate the Hospital as a general **acute care** hospital for at least ten (10) years,…”

“the voluntary **discontinuation of any of the Core Services** during such ten (10) year period ... will be subject to ... (iv) **economic feasibility**, all as reasonably determined by the Board of Trustees in good faith.”

“**Lessee will appoint** a local board of trustees for the Hospital (the “**Board of Trustees**”)”

Proposal for Transaction, Dec. 11, 2024
Signed by Brian Moore (BAH) and Chris Harrison (Quorum Health)

Essentially, this document outlines a best-case scenario whereby hospital services are “acute care,” which is defined in ORS 442.470 as providing “**diagnosis and medical or surgical treatment primarily for but not limited to acutely ill patients and accident victims.**”

This is a severe step down from the suite of services that the community is used to. Even if additional services beyond “acute care” are maintained initially, Quorum’s hand-picked “Board of Trustees” has the ability to discontinue any services that are found to be economically unfeasible.

Perhaps most damning, is the fact that the agreement seems to ignore the ongoing mental health needs that the Bay Area Hospital itself identified as a core community need in its 2021 Community Needs Health Assessment:



“In addition to our community’s struggles to effectively care for mental illnesses and substance abuse in youth, there are similar concerns for the same issues in the homeless community, low-income individuals and the elderly.”

2021 Community Health Needs Assessment
Bay Area Hospital

Even a best-case scenario leaves the community’s most pressing needs (as identified by the Bay Area Hospital itself) in the dust, or at best critically vulnerable to cuts by an out of state privately-held corporate parent.

But we might not get to see a best-case scenario...



Download the initial agreement between BAH and Quorum:



Who is Quorum Health?

We’ve heard best-case scenarios, but Quorum’s track record doesn’t really inspire confidence. When Quorum was formed in 2016, it started with 38 hospitals. They’ve since closed all but 12.



“Quorum Healthcare was operating the hospital at the time,” [Mayor] McCall said. “On August 3rd at 8:30 a.m., they came in, had a meeting with the staff there and let us know they were filing bankruptcy and shutting down the hospital. They literally closed off the entrances and the emergency department at 10 a.m.”

2024 story about the sudden closure of Martin General Hospital in Williamston, NC



In addition to turning a profit by cutting services, Quorum was **sued by the State of New Mexico** for:

- ✗ Abruptly ceasing to provide certain services that were advertised as still being provided,
- ✗ Illegally over-charging patients and insurers, including \$26,000/hour “non-admission” care and tripling co-pay charges,
- ✗ Running a hospital without proper oversight after its Medical Exec. Committee resigned en masse,
- ✗ In addition to numerous health code violations.

Head to [SaveBayAreaHospital.org](https://www.savebayareahospital.org) to read more about Quorum Health:









Key Step 2:

Pass a Legislative package to give voters a say

A legislative package is currently being drafted by Legislative Counsel in Salem. If passed, the Legislation would provide the region's voters a chance to buoy the Hospital with a combination of local and state funds. The package includes the following elements:

- 
Expand the Bay Area Hospital District boundaries.
 One of the primary concerns stakeholders continue to struggle with is that the Bay Area Hospital District does not accurately reflect the BAH constituency. BAH is surrounded by four Critical Access Hospitals that refer in to BAH and are able to make use of its infrastructure to clear their own beds, but provide no support. The Legislative package being prepared would statutorily draw a new BAH District boundary that accurately reflects the true constituency of the Hospital.
- 
Place a levy on the ballot in the new District.
 Once the District is redrawn, the legislation would place an option on the May 2025 ballot for residents to approve a 5-year levy supporting the Hospital with \$20 million that would be made available as an advance to the Hospital by the State (see "cashflow"). The cost would be about 48 cents per \$1,000 of assessed value, or about \$7 per month to the average homeowner.
- 
Provide State matching funds.
 If the levy is approved, the State would match \$27 million to the local \$20 million, payable from the 2026 Lottery Bond capacity reserved for economic development projects.
- 
Immediate cashflow provision.
 In order to make the funds immediately available upon passage of the levy, the State will structure a short-term interagency loan from unused Unclaimed Property funds, to be repaid from levy receipts and Lottery Bond income (nominal interest rates are worked in to the calculations).

The package could be amended to provide the \$10 million earmarked in in SB 1000, whether or not the levy passed. This could help mitigate any adverse action would be taken by the Hospital's creditors. *(On its own, SB 1000 wouldn't make any money available until July of 2025.)*

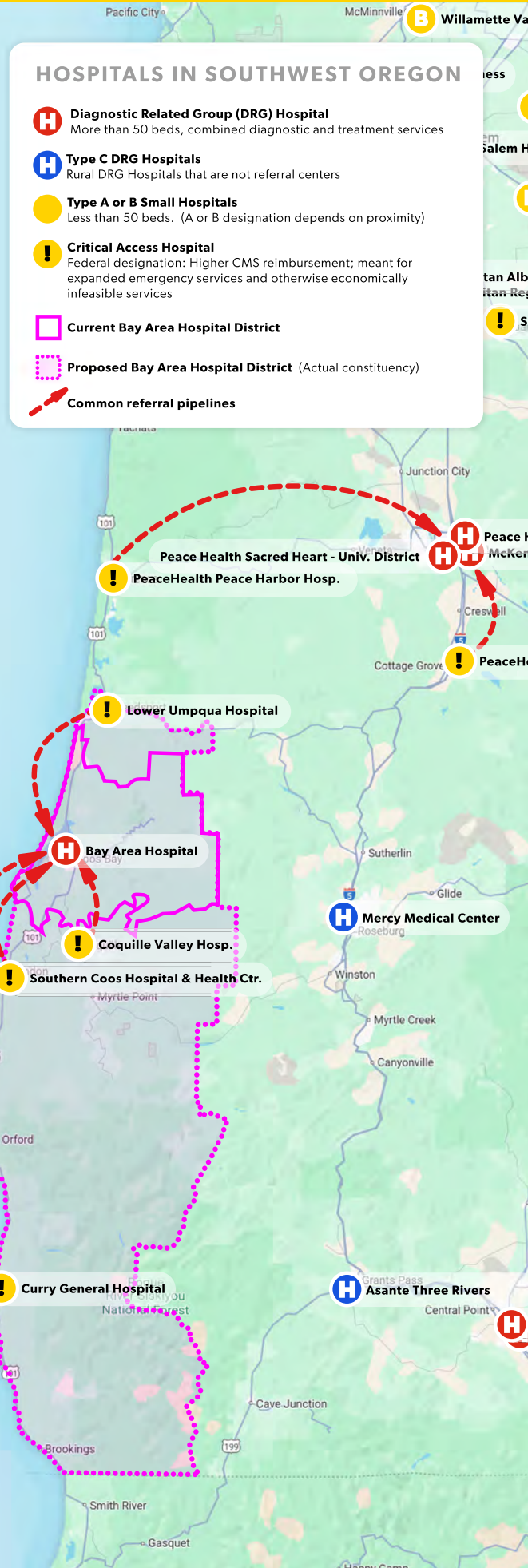
In order to reasonably make the ballot, this package would have to be passed and signed before the end of March.

Q. The Hospital says "A local option levy was explored," and that it wasn't viable. Is that true?

A. Not really. BAH's research said that "59% of voters polled would support a levy of no more than \$100," Alone that wouldn't be enough, **but they did not explore the ideas of expanding the District and getting matching funds from the State.**

Q. BAH says that Measure 50 set the permanent tax rate to zero and cannot be changed. Is that true?

A. It's not true. Measure 50 sets limits "... unless the new or additional fee, tax, assessment or other charge is approved by voters." (Or Const. Art. XI, Sec 11.)





Key Step 3:

Address systemic issues of insolvency (longer-term)

After the immediate peril is addressed, we will need to work to address the systemic root causes of BAH's current insolvency. Some of these are matters of improving internal efficiencies, while others will involve healthcare delivery dynamics that need to be addressed on a regional level.

The key point, though, is that **Bay Area Hospital can be solvent without a sale to a private equity firm.** Many other rural hospitals have made this model work.

Many nonprofit or publicly-owned hospitals engage in business ventures or investments to support their financial health. They might own stakes in for-profit companies, operate revenue-generating services (like specialty clinics or surgery centers), or partner with private entities for financial sustainability.

In the case of Bay Area Hospital, however, the surrounding Critical Access Hospitals are able to more easily assume revenue-generating services such as cardiac or urology services. This is partly due to their advantageous Medicare/Medicaid reimbursement rates as CAHs, as well as their ability to easily create capacity by referring out low-revenue cases to Bay Area Hospital. Addressing this dynamic will require a regional perspective of shared responsibilities within that system.

Further, the BAH Board stresses Quorum Health's ability to save costs by coordinating and sharing services between BAH and McKenzie-Willamette Medical Center in Springfield. But there is nothing stopping BAH from leveraging the same kind of savings through a regional healthcare network.

These solutions exist, but will not be able to be explored if the Quorum sale goes through!

Case Study: Mercy Medical

Mercy Medical Center in Roseburg, Oregon, has demonstrated notable financial performance in recent years. In 2023, the hospital reported revenues of \$277 million against expenses of \$251 million, resulting in a surplus of \$26 million.

Several factors contribute to this financial outcome:

- ✔ **Service Expansion:** The hospital has broadened its range of inpatient and outpatient services, attracting a larger patient base and increasing revenue streams.
- ✔ **Operational Efficiency:** Implementing cost-control measures and optimizing resource utilization have helped manage expenses effectively.
- ✔ **Affiliation Benefits:** As part of the CommonSpirit Health network, Mercy Medical Center leverages shared resources and best practices, enhancing operational efficiency.
- ✔ **Community Engagement:** A strong focus on community health needs has fostered patient trust and loyalty, contributing to sustained service demand.

Mercy Medical Center also holds a 50% ownership stake in a coordinated care organization (CCO) serving Oregon Health Plan members.

This CCO's net assets increased from \$20 million at the end of 2019 to \$36 million by the end of 2022. This growth has resulted in dividend distributions to its owners, which include Mercy Medical Center.



Take Action NOW:

Weigh in to support saving coastal healthcare!

The BAH Board of Directors has said that the Quorum sale is urgent because ***"The bank is allowing us additional time right now because we have clear evidence of a solution to our financial difficulties"***.

OK, so let's provide the Board and the Bank with more clear evidence of a solution: Passing this Legislative package!



Click here to urge your local lawmakers to ACT NOW before it's too late!



www.ufcw555.us/savebah

