

February 8, 2023

Public Comment on 006 Adventist-MCMC Transaction

Oregon Federation of Nurses & Health Professionals

The Oregon Federation of Nurses and Health Professionals has analyzed the proposed transaction of Mid-Columbia Medical Center into the Adventist network in Oregon and urges the Oregon Health Authority to conduct a comprehensive review. It is quite clear that the parties involved have failed to reach the conditions required for approval upon completion of the preliminary review. There is a potential adverse impact on cost, access to care and quality of care for the Columbia River Gorge community.

Oregon Statutory and Rule Guidance is quite clear on the grounds upon which to approve a transaction following a preliminary review. Specifically, per ORS 415.501 (6):

“(a) If the transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction; or

(b) If the authority determines that the transaction does not have the potential to have a negative impact on access to affordable health care in this state or the transaction is likely to meet the criteria in subsection (9) of this section.”¹

Regarding the first criteria, neither party asserts that the proposed affiliation is urgently necessary (i.e., needed to be completed in less than six months) to maintain the solvency of Mid-Columbia Medical Center.

Regarding the second, we believe that there is sufficient reason to be concerned about “negative impact on access to affordable health care in the state,” and that given the submitted information, one cannot determine if the proposed affiliation is “likely” to meet the criteria in subsection (9).

Potential Adverse Impact on Cost

Regarding assessing the potential for adverse impacts on cost, and based on current and past practices of Adventist, “an increase in total health care expenditures for the entities or the state” seems likely. As documented by Good Jobs First, other Seventh-day Adventist hospital affiliates have paid over \$80 million to settle False Claims Act violations,² including allegations of defrauding the Medicare and Medicaid programs. Defrauding a state’s public insurance programs raises overall costs to a state and its taxpayers.

¹ <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/HCMO-Criteria-for-Comprehensive-Review.pdf>, page 3

² <https://violationtracker.goodjobsfirst.org>

Seventh-day Adventist hospital affiliates appear to be regionally divided across the country and operating under similar relationships to the Seventh-day Adventist Church. While legally separate, they operate in a way that they could be considered the same organization. The settlements include Adventist Health system (the southeastern hospital arm of the Seventh-day Adventist Church) paying \$115 million to settle a False Claims Act allegation with the U.S. Department of Justice in 2015 and an additional \$65 million to the U.S. Department of Justice since 2000 alone.³

Potential Adverse Impact on Access to Care

Regarding access to care, the proposed material change is likely to result in “a reduction in availability of services.”⁴ The applicant’s filings fail to mention the suspension of its Celilo Cancer Center services, which was announced on Jan. 28⁴ after the filings were submitted, effective on Feb. 28.⁵ This service suspension eliminates critical chemotherapy and immunotherapy infusions. It has been reported that the future of the Cancer Center will not be determined until after MCMC’s transaction with Adventist is finalized, leaving the decision to Adventist.⁶ This suspension, and potential ultimate closure, will result in patients having to travel upward of two hours each way to access care in Portland or Bend. The failure to include this important service reduction in the application to the Oregon Authority impugns the integrity of the rest of the application.

One important indicator of access to care for patients is the level of charity care a hospital spends. Currently, MCMC provides a higher percentage of charity care and uncompensated care than Adventist in Portland.⁷ Aligning MCMC’s charity care spending with other Adventist hospitals in Oregon would significantly harm low-income Columbia Gorge Valley patients’ access to care.

Potential Adverse Impact on Quality of Care

Regarding assessing the proposed material change’s impact on quality of care, it is likely that there will be “a worsening of performance on quality measures related to patient experience.”⁸ On multiple occasions, hospitals have seen declining patient care metrics after being acquired by Adventist Health. This includes Rideout Memorial Hospital, Tulare Regional Medical Center and Delano Hospital. In each case, Leapfrog safety ratings fell or Medicaid-based reimbursement diminishments were imposed due to increases in excess rehospitalizations and/or increases in hospital-acquired conditions. The most stark of these reports was covered extensively in the *Sacramento Business Journal*, which touches on how patient revenues increased at Rideout post-acquisitions, even as patient metrics foundered.⁹

³ Ibid.

⁴ Ibid.

⁵ <https://mcmc.net/celilo-cancer-center-update>

⁶ <https://www.bizjournals.com/portland/news/2023/02/02/rural-hospital-oncology-mid-columbia.html>

⁷ <https://oregonhospitalguide.org/hospitals/mid-columbia-medical-center/#financial-utilization>

⁸ <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/HCMO-Criteria-for-Comprehensive-Review.pdf>, page 3

⁹ <https://www.bizjournals.com/sacramento/news/2019/11/27/adventist-health-hospitals-safetyratings-sag.html>

After acquiring Rideout Memorial Hospital in Marysville, Calif., Adventist Health sees patient safety measures decline while profits soar:

As the *Sacramento Business Journal* reports:

“About 20 months after bringing Rideout into the fold, safety ratings for the hospital continue to be the lowest in the region, according to the most recent assessment by The Leapfrog Group, a nonprofit watchdog for the health care industry. The hospital received a ‘D’ grade in the most recent assessment. Rideout’s rating dropped from a ‘C’ in spring 2018, to a ‘D’ that the hospital has maintained since fall 2018. In fall 2016, Rideout was the only facility in the region to receive an ‘F’ grade out of 19 hospitals within a 50-mile radius of Sacramento. ...

“At the same time, patient revenue and patient visits have jumped since the acquisition, according to data from the Office of Statewide Health Planning and Development. In the third quarter, net patient revenue was \$107.2 million, up 13% from a year earlier. Rideout’s total number of patient days rose from 12,572 to 13,786. In the two years since the acquisition, quarterly net patient revenue has risen about 20%, according to data filed with OSHPD.”¹⁰

Adventist Health purchases Delano Hospital, Leapfrog patient safety ratings plummet:

In September 2020, Adventist Health completed its acquisition of Delano Hospital in Delano, Calif.¹¹ In the year following the acquisition, Adventist Health Delano maintained an A grade with the Leapfrog hospital safety survey for both halves of the year. In 2022, that grade fell to a C, with blood leakage and blood infection scores nearly twice the state average.

In addition to a decline in patient satisfaction, readmission-based penalties spiked at Delano in the wake of the Adventist acquisition. In the three years prior to the Adventist acquisition, Delano saw readmission-based Medicaid reimbursement penalties of .5 percent in 2018, no penalty in 2019, and a 0.04 percent penalty in 2020. In 2021, the readmission-based Medicaid penalty leapt to 0.33 percent, growing to 0.42 percent in 2022, before leveling back to 0.11 percent in 2023.¹²

Following its acquisition by Adventist Health, Tulare Regional Medical Center sees Medicaid reimbursement penalties for hospital-acquired conditions:

In May 2019, Tulare Regional Medical Center was acquired by Adventist Health.¹³ Following the acquisition, Tulare Regional Medical Center began receiving Medicaid reimbursement penalties for 1 percent of Medicaid payments due to the imposition of patient safety penalties.

¹⁰ Ibid.

¹¹ <https://www.kget.com/news/local-news/delano-hospital-now-part-of-adventist-health-network>

¹² <https://khn.org/news/hospital-penalties>

¹³ <https://thesungazette.com/article/news/2019/05/01/tulare-hospital-officially-part-of-adventisthealth>

Additionally, the hospital went from having no readmission-based penalties in 2020 (the first year in which they were eligible), to having small Medicaid reimbursement diminishments for excess rehospitalizations.

Majority of Adventist Health hospitals have faced readmission-based penalties:

Under the Affordable Care Act, hospitals can face penalties of up to 3 percent on their Medicare reimbursements for failing to prevent readmission. Data on 18 Adventist hospitals exists for eight years (144 possible years). On only 25 of those 144 years, the nonexempt hospitals received no penalty.¹⁴

Potential Adverse Impact on Equity

MCMC is a critical healthcare provider for an underserved rural community of roughly 75,000 people.¹⁵ The potential adverse impact on access, quality and cost of the proposed transaction will have an outsized impact on the rural residents in MCMC's service area. With few other healthcare options within a two-hour radius, patients will have to pay more and/or travel farther for care. This may lead to lower health outcomes.

For the reasons outlined above, the Oregon Federation of Nurses and Health Professionals strongly believes that the proposed MCMC-Adventist transaction fails to meet the required conditions for approval following the preliminary review. We believe it is in the interest of patients and the state to conduct a comprehensive review to gather more information and input to determine if the proposed transaction will have an adverse impact.

Questions or requests for additional information should be directed to David Stylianou, national representative of AFT Nurses and Health Professionals, at dstylian@aft.org.

Sincerely,



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¹⁴ <https://khn.org/news/hospital-penalties>

¹⁵ <https://www.fs.usda.gov/main/crgnsa/about-forest/about-area#:~:text=The%20Columbia%20River%20Gorge%20is,two%20states%20and%20six%20counties>