



Oregon Health Care Landscape

October 20, 2022

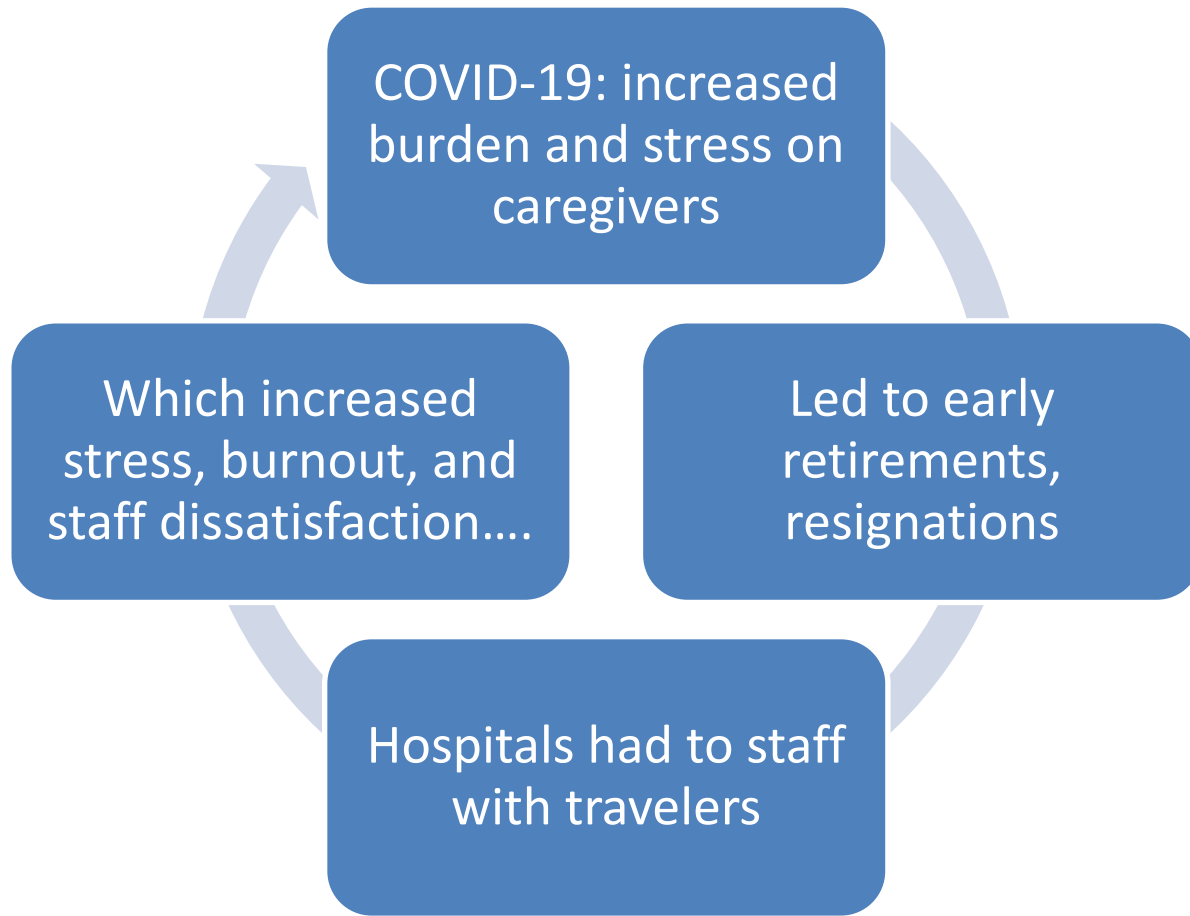
Andi Easton, Vice President of Government Affairs

The only door that is always open....



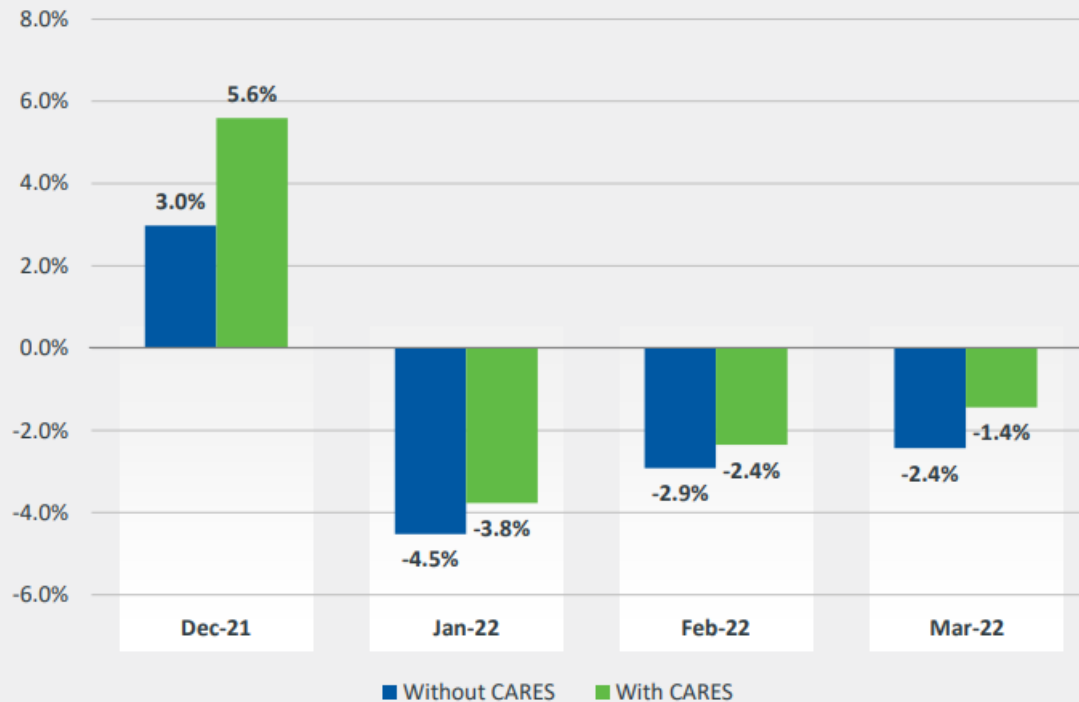
COVID-19 Impacts

- Highlighted and exacerbated existing problems
 - Behavioral health
 - Post-acute care
 - Workforce
 - Public health
- Impacts on hospital finances



Pandemic staffing: a vicious cycle

Median Hospital YTD Operating Margin Index*

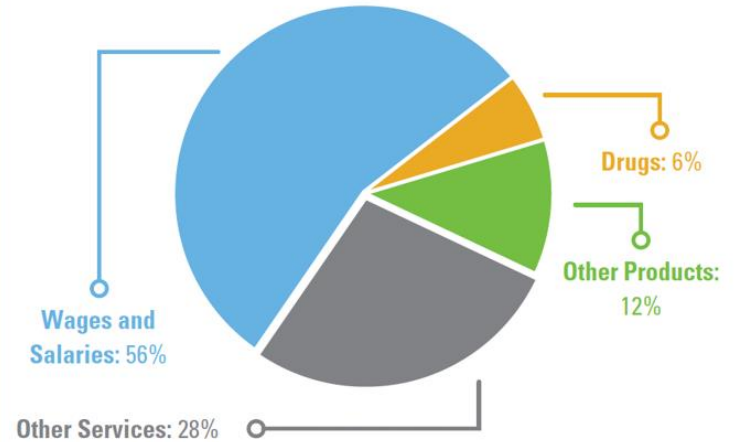


National picture: a combination of expense, volume, and revenue pressures led to steep margin declines so far in 2022.



Many factors affect the cost of care.

Employee wages and benefits constitute the largest percentage of costs for inpatient hospital services.



Not the Road to Recovery

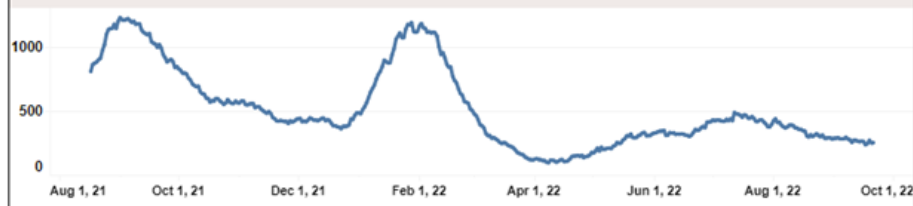
Q2 2022 Median Operating Margin and Median Total Margin dropped to **levels lower than experienced during pandemic lockdown conditions in 2020.**

Labor up 19% over last four quarters, labor up 26% since 2019

65% of hospitals with negative Operating Margins



Current Suspected and Confirmed COVID Patients

Suspected
and
Confirmed
Covid
Patients

252

Difference
from
Yesterday

3

Boarding *

Total
Boarding

264

Difference
from
Yesterday

41

Patient Discharge Delays *

Total Patient
Discharge
Delays

484

Difference
from
Yesterday

12

Source: Oregon Hospital Capacity web system (HOSCAP)

apprise
HEALTH INSIGHTS

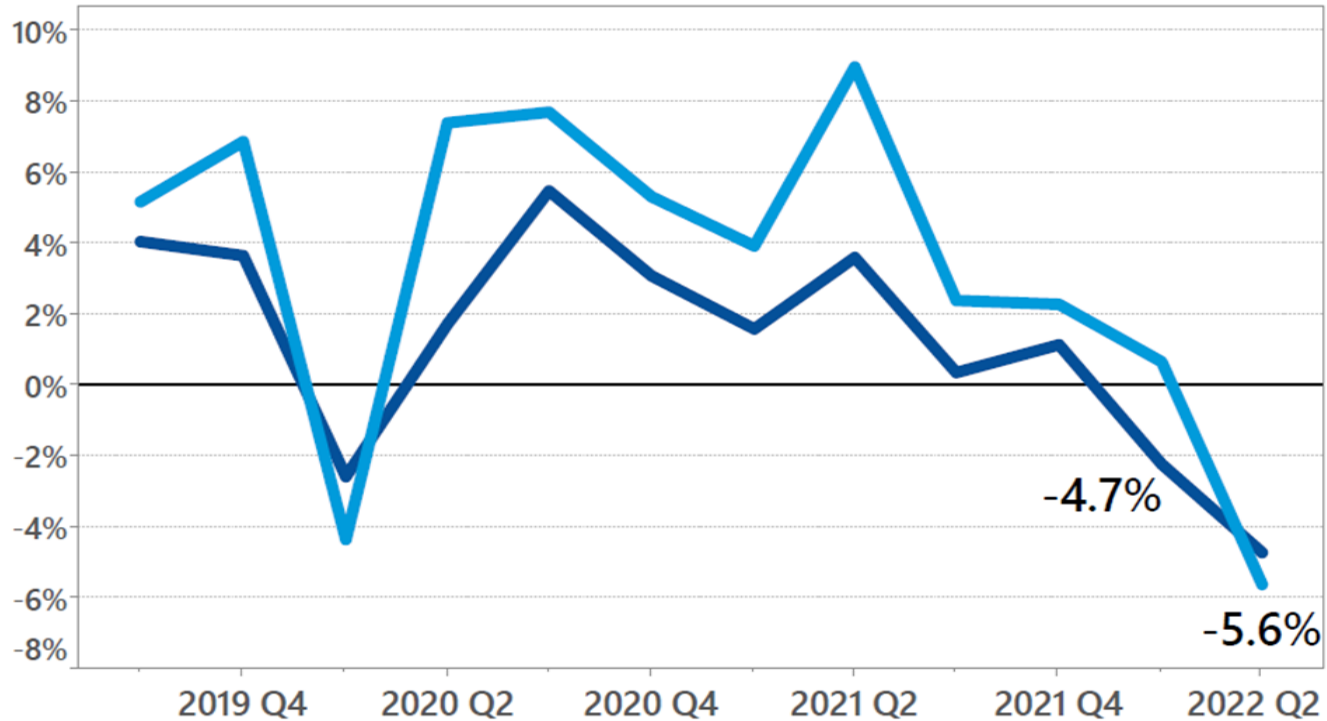
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Discharge delays:

- Beds not available for others in the community who need care
- Patients are in care settings that don't meet their needs
- Patients need support (such as housing)

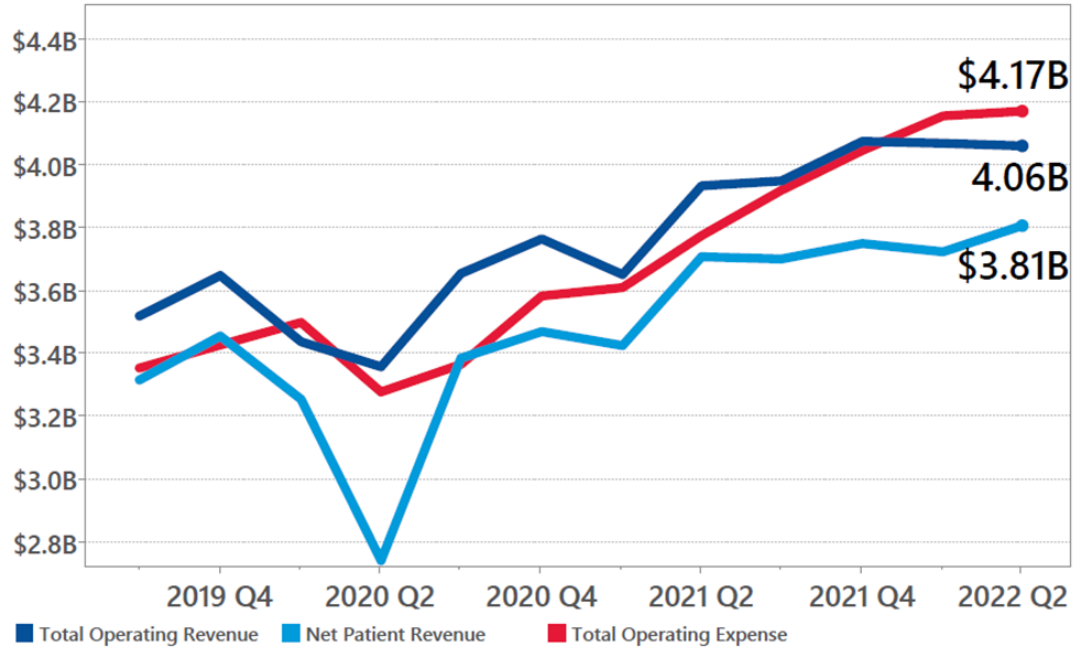
Median Operating Margin vs Median Total Margin



Content is Preliminary and Embargoed until 09/30/2022

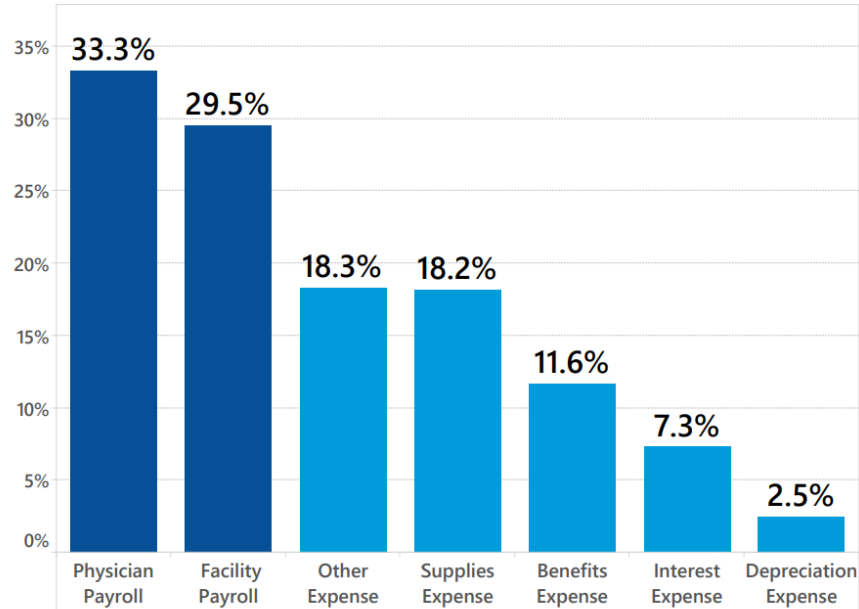
The New “Normal”

Revenue vs Expenses



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Hospital Expenses (Percent Change since Q1 2019)



Hospital expenses have grown dramatically in multiple areas since 2019.

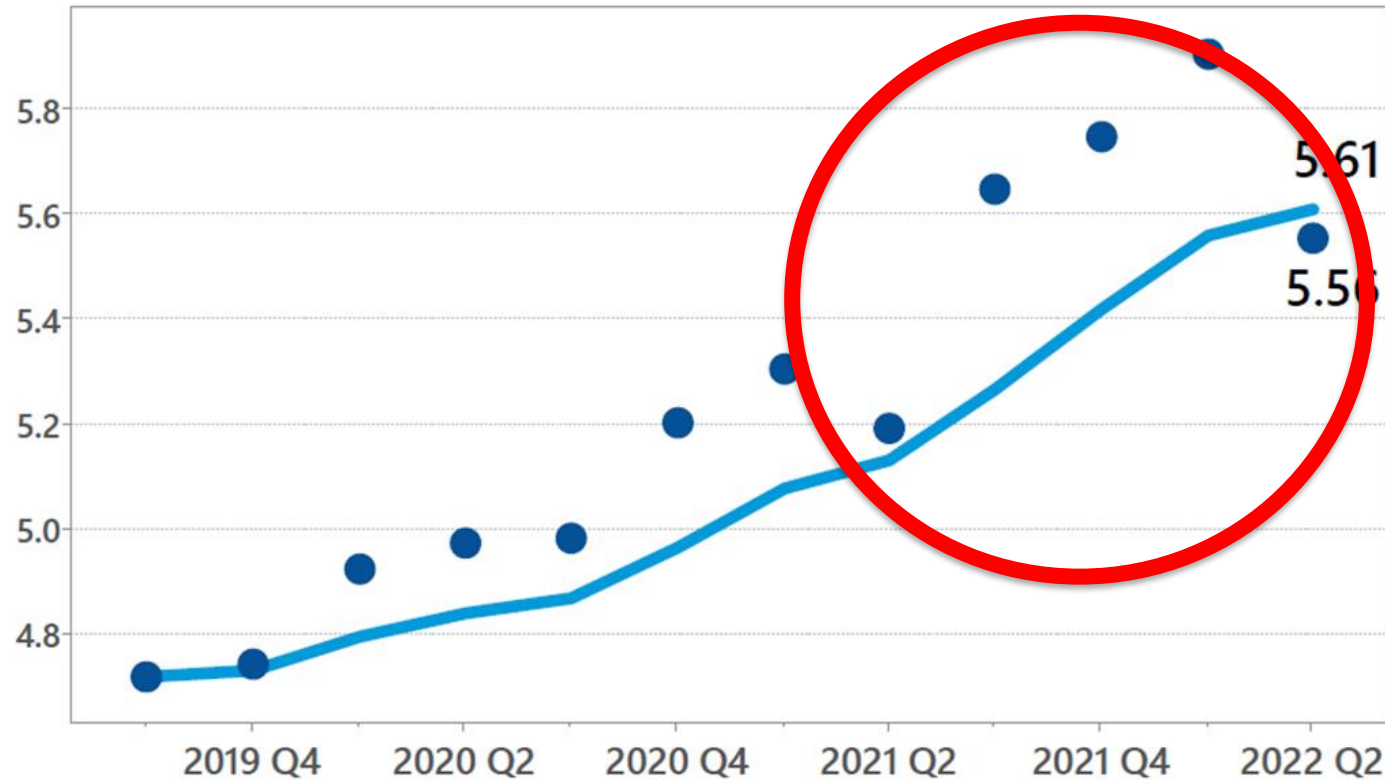
Public Policy Effect on Financials

Median Operating Margin by Facility Type		
Year	DRG Hospitals	Rural Hospitals
2021	-0.3%	5.5%
2020	1.7%	6.5%
2019	4.9%	4.4%

Rural hospitals may fare better because of public payment methodology. Longer lengths of stay and delayed community placement for patients had a negative impact on DRG hospital financial performance.



Average Length of Stay (ALOS)





Political Environment

Framing the 2022 Election

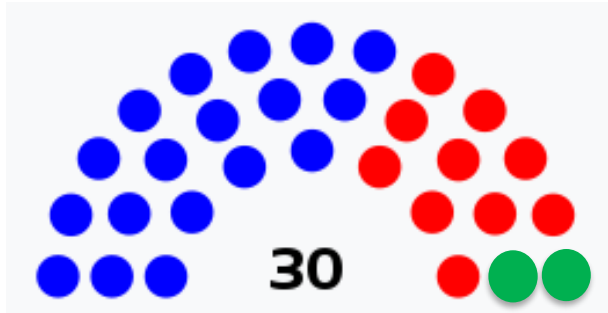
National Conversations

- Biden's midterm
- Inflation/economy
- War in Ukraine
- Roe v. Wade (Dobb's) decision

Oregon Conversations

- Polling shows strong 'wrong direction'
- Homelessness
- Cost of living
- Crime
- Health care/COVID-19
- Education

2021/2022 Senate



- Democrats 18
- Republicans 10
- Independent 2



Peter Courtney (D-Salem)
Senate President



Rob Wagner (D- Lake Oswego)
Senate Majority Leader



Tim Knopp (R-Bend)
Minority Leader

2021/2022 House



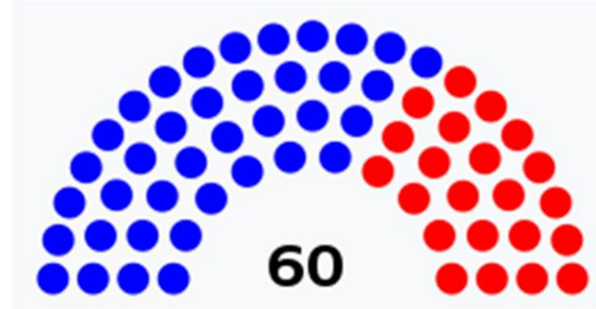
Dan Rayfield (D- Corvallis)
Speaker of the House **(new)**



Julie Fahey (D- Eugene)
Majority Leader **(new)**



Vikki Breese Iverson (R- Prineville)
Minority Leader **(new)**



● Democrats 37

● Republicans 23

Governor's Race

- Three-way race between Speaker Tina Kotek (D), Representative Christine Drazan (R) and Senator Betsy Johnson (NA)
 - Based on polls, voter registration numbers and history, **Speaker Kotek is favorite**
- Rep. Drazan is competitive
 - Republican Governor's Association spotlighted Oregon
 - National political pundits shifting "Toss up"
- Senator Johnson is a viable competitor
 - Public polling shows her competitive with Drazan in capturing NAVs
 - At the outset, Senator Johnson had consistently outraised Kotek and Drazan

Legislative Elections

Historic Legislative Turnover:

- More than one-third will be sworn in before the 2023 Legislative Session.
- Nearly 20 legislators have only served a single term in office.

Diverse Class of Legislators:

- More health care professionals running for office
- Greater diversity prioritizing BIPOC and equity issues

GOP/DEM Makeup:

- House Republicans may overperform due to a dissatisfied electorate
- Senate Republicans have a greater opportunity to bring more balance to the upper chamber

What's at Stake for Hospitals?

- First true executive transition since 2010 (Kitzhaber)
- Governor appoints, with Senate confirmation, agency directors (eg. OHA, ODHS, DCBS)
- Significant regulatory authority in "new" leadership
- Significant legislative turnover and “brain drain”
- New legislative leadership brings new legislative agendas, process and approach not seen in over 10 years

Oregon Health Care Policy

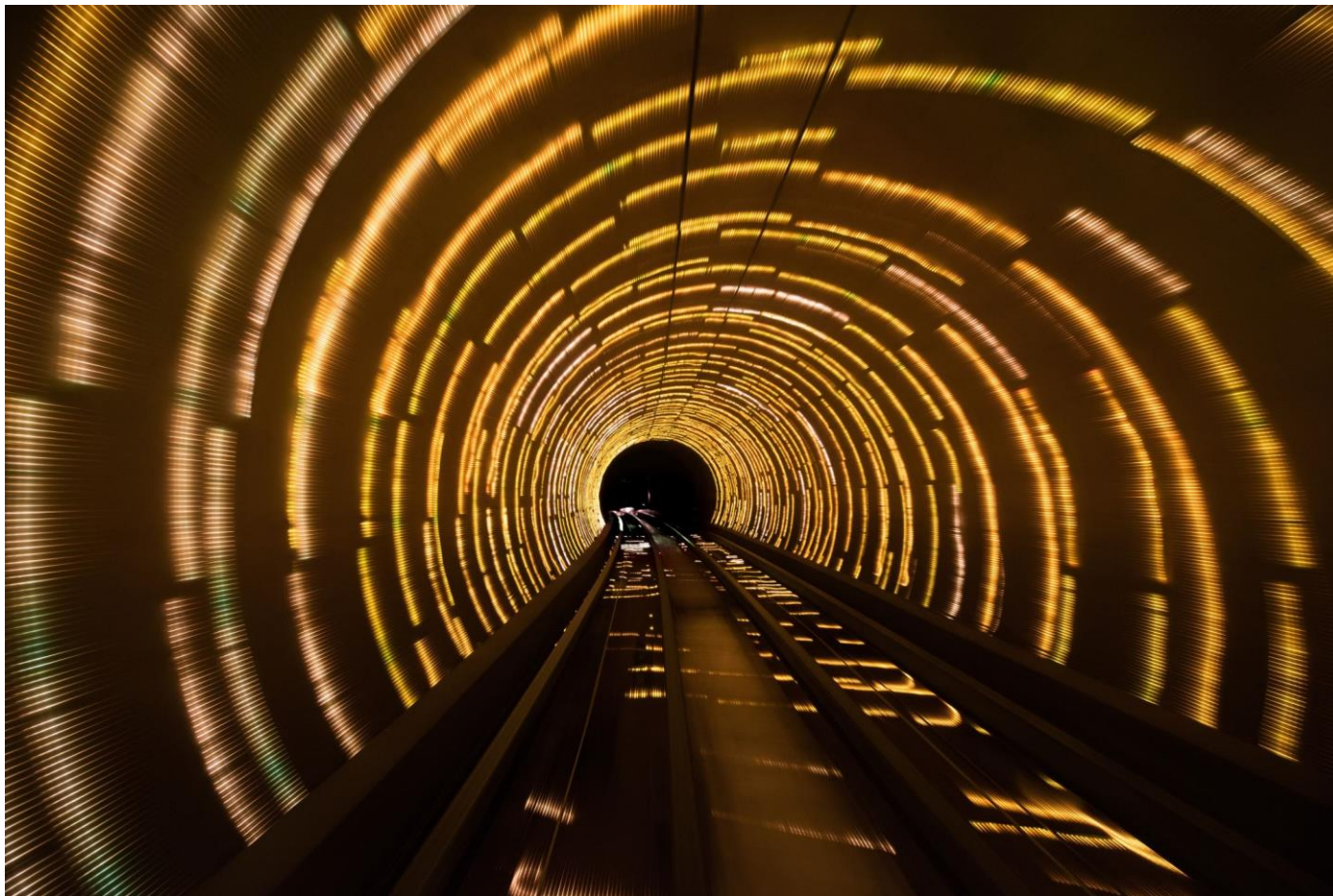


Key Health Care Policy Issues

- Cost growth target & value-based payment
- Hospital and health system recovery:
 - Workforce and financial stability
- Behavioral health investments & system changes
- Workforce policy:
 - Nurse staff ratios, expansion of staffing committees
- Continuing efforts to modernize public health and EMS

Priorities for Hospitals

- Hospital financial stability
- Workforce supports, retention, and recruitment to support patient care
- Policy efforts throughout the continuum of care for patients to “free” up the system



How Can You Lead?

- Your community values and will listen to your voice on issues that effect their care
- Hospitals are seen as part of the solution; be a problem solver
- Your staff, especially your front line staff, are your best assets

A photograph of a man with a beard holding a young child with long hair. The child is sleeping peacefully against the man's chest. The entire image is covered with a semi-transparent blue filter. On the left side, the text "Thank You Questions?" is written in a white, serif font.

**Thank You
Questions?**