Oregon Association of Hospitals and Health Systems

Legislative Testimony

Advocating for Oregon's Hospitals & the Patients They Serve

Committee: House Committee on Energy and Environment
Bill: HB 2860
Date: February 26, 2013

Chair Bailey, Vice-Chairs Boone and Johnson, members of the Committee:

I am Andi Easton, associate vice president of government affairs for the Oregon Association of Hospitals and Health Systems. On behalf of Oregon's 58 acute care community hospitals, health care systems and the patients we serve, I would like to thank you for the opportunity to testify in support of House Bill 2860.

Hospitals are open 24 hours a day, seven days a week, 365 days a year – we don't close our doors unless the safety of our patients is at risk. Hospitals must be prepared for not only the patient emergencies that come through our emergency department doors but for environmental emergencies that could affect the delivery of care. **Hospitals must stand ready to care for patients even during natural disasters and other events causing prolonged power outages.**

Hospitals are regulated entities that must abide by federal rules governing not only patient safety and the provision of health services, but by rules governing the standby power systems that keep the lights on when primary power systems falter. At times these regulations—especially ones designed with a different industry in mind—can be problematic for the operation of hospitals in real-world circumstances. This is why I am here before you today.

We are asking this committee to consider exempting hospitals' emergency fuel storage from the Renewable Fuel Standard, as HB 2860 would direct. There are very good reasons for this.

First, you need to understand that biodiesel does not store well for long periods of time. Unlike the storage of fuel for commercial trucks for which this regulation was principally designed, hospitals backup fuel is only rarely and during emergencies. For many hospitals, the back-up power system is a diesel-operated emergency generator. The challenge that hospitals have with biodiesel is that it degrades quickly, like milk. Biodiesel must be used within 90 days of manufacture–not a realistic timeframe for fuel intended to power backup generators. **This short shelf-life means hospitals would have to throw away hundreds of thousands of gallons of fuel each year, wasting money and adding a wrinkle to emergency planning.**

Here's a real-world example:

> PeaceHealth in Eugene has two facilities: River Bend and University District that are together licensed for more than 400 patient beds. Between the two campuses they hold 100,000 gallons of emergency diesel fuel and typically consume a few thousand gallons a year. Fuel storage tanks are normally topped off annually at $3.50 a gallon for diesel. Should PeaceHealth be forced to change to bio-diesel, the cost for fuel alone would be $350,000 every 6-months. This sum does not include the costs associated with retro-fitting these generators and other equipment. That's an expensive proposition at a time when hospitals desperately need to cut costs.

Another concern with the new renewable standard calling for the use of biodiesel is the available supply. Most hospitals are required by federal regulations to keep 96 hours worth of fuel on hand. As you heard in the previous example, a typical urban hospital may hold 100,000 gallons of fuel. Although bio-diesel may be readily available in Oregon, we fear that biodiesel supplies during a long outage may be limited.

We are grateful that we live in the Pacific Northwest where we don't necessarily have the frequency of natural disasters that occur in some other parts of the country. However, we understand it is imperative to stand always ready to face such disasters. Requiring the use of biodiesel in our back-up fuel storage thwarts this goal.

OAHHS and its members encourage you to support HB 2860, a bill that would protect access to patient care and reduce the failure of emergency equipment in times of prolonged power outages.