Independent health news for Oregon and SW Washington

the Lund Report

Shortages of funds but not of issues marked Oregon health care in 2024

With health care undergoing rapid transformation, officials and lawmakers have struggled to keep up as ripple effects hit patients, providers and members of the public

Portland, Oregon. | SHUTTERSTOCK

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This article has been updated to incorporate additional reporting.

In 2024 the dizzying pace of change in health care showed no signs of slowing in Oregon and southwest Washington.

The year's headlines in The Lund Report reflected the continuing rapid transformation of health care, with ripple effects that hit patients, workers, advocates, state policymakers, hospitals, pharmacies, health plans and other industry players.

Money — the pursuit of it and the lack of it — drove many of the issues hitting the region and its care systems.

Another dominant theme? Even large entities feel they need to become bigger just to survive. That was one of the arguments that nonprofit CareOregon, the largest care administrator for people of low income in the state, had made in its yearlong quest to merge with SCAN Group —a rapidly growing Medicare Advantage insurer based in California — that came to a head early in 2024.

Leaders of the two organizations argued the merger would help keep Oregon's Medicaid system primarily served by nonprofit insurers. But in February they pulled the merger application after state lawyers shared plans to pan the idea for reasons that only became clear after the fact — which included questions about money.

The decision put the high-profile connections of the brand-new director of the Oregon Health Authority, Sejal Hathi, in the spotlight as she informed Gov. Tina Kotek of her recusal based on her longtime friendship with SCAN CEO Sachin Jain, a prominent voice in national health care circles.

Lawmakers tackled some issues, not others

With a short session of the Legislature launching in February, it appeared Oregon lawmakers would tackle a variety of pressing issues. And they did, albeit the session's most high-profile move — reversing a portion of Measure 110, Oregon's decriminalization of drugs like meth and fentanyl— sparked controversy as well as a debate about overdoses and other statistics.

Then, suddenly, legislative leadership shut down suddenly a week early— despite major health care legislation still on the table. Among the casualties, funding for school-based health centers and a bill that would have eased the siting of residential treatment facilities, a major issue facing the state.

Perhaps the most prominent bill to die, one that drew national attention and opposition, would have established new rules intended to curb the influence of corporations on the practice of medicine. It was subjected to death by process, as former Gov. John Kitzhaber observed.

Like many of the bills that died, issues raised around the corporate medicine bill continued to surface throughout the year, as private equity-backed firms and other large industry players continued to swallow medical clinics or partner with them. With its chief sponsor, Rep. Ben Bowman, now in a house leadership position, a

revised version of the bill is expected to return in 2025.

Meanwhile, experts and others highlighted the increasing role of administrative burdens in making cost-effective primary care less available and less sustainable, helping drive corporate takeovers. The administrative tasks of fighting insurers were cited by Hands On Medicine, a longtime clinic in Northeast Portland, in calling it quits in the middle of the year despite 18 years of priding itself on compassionate care.

Health care worker safety was the focus of another bill that died. The issue continued to surface all year, including in a lawsuit filed over a string of seemingly inexplicable lapses cited by lawyers that appeared to contribute to the death of Bobby Smallwood, a security guard at Legacy Good Samaritan.

In contrast, more progress was made in the wake of a fine levied on Cascadia Health over safety lapses that contributed to the death of behavioral health worker Haley Rogers. The concerns sparked by that tragedy spurred a slew of proposed reforms intended to protect behavioral health workers from having to work alone in potentially dangerous situations.

Behavioral health crisis dominated

Lawmakers followed through on Kotek's priority of increasing funding to address the state's behavioral health crisis. But Kotek's push for the session left largely untouched the issues of fragmentation and inefficiency identified by an expert roundtable set up by Kotek's wife, Amee Kotek Wilson — who'd quietly been deputized as a de facto member of the governor's staff. In the wake of the controversy over Wilson's role, some feared that her office, which already had lacked focus on behavioral health, would lose even more.

But Kotek quietly moved on other issues related to behavioral health, including pressuring Oregon Health Plan care organizations to pony up $25 million for related needs. She also tackled hospital reimbursements following PeaceHealth's closure in late 2023 of its University District in Eugene.

The health system's decision sparked concern not only over ambulance response times and patient care, but over the fate of a behavioral health unit on site. In response, Kotek pushed state officials to increase reimbursement levels that had hospitals increasingly questioning the cost of inpatient psychiatric care. PeaceHealth cited her involvement when announcing a new 96-bed behavioral health hospital planned for nearby Springfield.

Still questions, fueled by a continuing series of reports, over whether the state needed to do more to integrate care and make things work better lingered.

Prevention efforts languish

One issue that failed to get much attention from state leaders over the year was Oregon's dismal record when it comes to equipping vulnerable kids in Oregon with tools to prevent addiction later in life.

Though legislators did take action to try to stem a surge of youth overdoses that followed years of underspending on prevention, most public school districts still do little to employ science-based addiction prevention programs as required by state law, according to a six-month investigation spearheaded by The Lund Report with the University of Oregon Catalyst Journalism Project and Oregon Public Broadcasting.

Nor does state bureaucracy do much to help districts meet that law or provide accountability when they don't, in contrast to how other states approach their obligations in the area. Instead, in the absence of a robust state youth prevention strategy, parents, teachers and state coordinated care organizations have tried to fill gaps.

Meanwhile, fatal overdoses have continued their climb in Oregon, driven by a variety of factors.

State hospital litigation sparks blowback

Long-running litigation over the criminalization of people experiencing mental illness continues to

help keep a bevy of high-powered attorneys well-employed.

Specifically, federal court oversight of the state's largest psychiatric institution, the Oregon State Hospital, has become more and more assertive, with federal magistrates having to step in and settle disputes involving individual patients as a federal order placing time limits on discharges has stressed local governments with uncertain results for the patients it is supposed to help.

Not only that, but health systems have become fed up with the situation, saying Oregon is leaning on their hospitals to provide free board to psychiatric patients, rather than provide the treatment that is expected of the state by various federal laws. After taking their case to a federal appeals court, they've filed a new complaint that aims to force the state to invest more in behavioral health, similar to a scenario that's played out in Washington state. And now patient groups are joining in.

A federal judge has made it clear she's watching the Legislature to see if it will take action, and is open to holding the state in contempt.

Safety concerns flourish

The fight over how to get more people into the Oregon State Hospital might seem odd in light of a string of outside reports and lawsuits faulting the state for failing to ensure a culture of safety for

patients at the Salem-based institution and its sister campus in Junction City.

In May, a federal report found that state hospital management had failed to protect patients from assault and also authorized the distribution of condoms to patients despite the fact that they lack the legal ability to give consent.

Then the state quietly spent $1 million in June to settle two suits involving alleged sexual harassment at the state hospital. One accused management of "tacitly approving inappropriate relationships between staff" and current and former patients. In October, a recording from an internal state staff meeting showed that the state was spending $60 million on unbudgeted temps and other hires to fulfill federally mandated safety changes at the state hospital, contributing to a $260 million hole in the agency's general fund spending.

Meanwhile, the number of women suing a Salem medical laboratory grew to ten, saying in separate lawsuits that they were subjected to unnecessary, debilitating and damaging chemotherapy due to faulty lab tests that falsely claimed they had an aggressive form of breast cancer.

But no patient safety issue compares to what's happened at Asante Health's Rogue Regional Medical Center in Medford. There, prosecutors and multiple lawsuits have accused a nurse of swapping fentanyl with tapwater, allegedly causing dozens of infections, many of them reportedly followed by

death. The former Asante nurse has claimed innocence, but lawsuits over the situation keep mounting.

Low-income Oregonians' coverage in flux

The state has been implementing new rules and benefits for the Medicaid-funded Oregon Health Plan, which covers people with incomes close to the federal poverty level. But some industry observers and former state officials are concerned the state should seek new reforms and may be moving the program — once considered among the nation's most innovative — in the wrong direction.

One casualty of the Kotek administration: the 28-year-old system the state had used to prioritize cost-effective services using experts in evidence-based care. Agency management under her predecessor, former Gov. Kate Brown, had said the list would be moved but preserved following questions from federal officials. Administrators, however, now claim the program has to go and promised a public process to replace the old system, but so far have held no public hearings while formulating a new program behind closed doors.

Top agency officials have vowed the next round of changes to the Oregon Health Plan, slated for 2027, will bring more accountability for the regional coordinated care organizations with which it contracts to oversee care for members of the plan. But at the same time, while relying on the care

entities to pay enough to support providers, state officials have cut funding.

Hathi, the head of the Oregon Health Authority, has brought in other former federal officials to help oversee the agency, even while seeking more funds to address the agency's longstanding reputation for dysfunction and silos.

Conflict over drug prices, pharmacies

Early in the year lawmakers approved bills meant to address rising prescription drug costs while occasionally endorsing measures that experts and federal officials say would lead to higher drug prices, not curb them.

Meanwhile, as part of a national campaign, pharmaceutical manufacturers have stepped up attacks on a state plan to adopt price caps for certain higher-priced drugs. A top state bureaucrat lashed out at the campaign, calling it "chicken little"the-sky-is-falling claims made by the companies and patient-group allies they often fund. One member of a volunteer panel in charge of crafting the plan predicted a "hornet's nest" ahead.

Meanwhile, independent pharmacies are increasingly going out of business, sparking efforts to reform the companies used by health insurers to curb drug prices. Pharmacists themselves, including some in Oregon, are increasingly referring to their working conditions as more like fast food

than health care. And pharmacy workers in greater Portland are organizing.

Earlier this year federal attorneys joined with the state Department of Justice to oppose the merger of Kroger and Albertsons, in part due to concerns about access to pharmacy services — an effort that appears to have been successful.

Squeezed, hospitals cut

Drug prices, along with lagging insurance reimbursements and the need to board patients who don't need care are among the factors cited by hospitals who continue to report mixed financial results.

To cope with red ink, many hospitals have cut services such as maternity wards or even entire hospitals, as PeaceHealth did in Eugene. Others have sought to both cut and find a buyer or partner. Still others have been accused of skimping on charity care or of billing improprieties, claims the state Department of Justice investigated regarding Providence Health

Among the worst performers financially has been Bay Area Hospital in Coos Bay. It recently struck a tentative deal with Quorum Health, a private equity-backed Tennessee company, to operate it.

Staffing levels drive advocacy

Hospital staffing cuts and working conditions have driven burnout and an exodus from hospital care

for many nurses in Oregon, leading to passage of a law setting minimum staffing levels.

But rather than fixing the problem, the law remains a point of contention. And the Oregon Nurses Association has been pushing hospitals to put staffing levels into their labor contracts.

The union has been criticizing Providence over the law since days after its main provisions went into effect. Those criticisms led to a three-day strike in June, followed by a strike notice covering eight hospitals for whom a walkout is scheduled to begin Jan. 10.

OHSU faces its own problems

Oregon Health & Science University hasn't alienated the nurses union to the extent Providence has. But that doesn't mean it's doing better.

Long a rival of Providence, the public teaching hospital and health system has proposed taking over nonprofit Legacy Health to form a major hospital chain that would dominate greater Portland.

But while portraying the proposed merger as beneficial to the state and to Legacy — and as far better than having the smaller system swallowed by an outside chain — OHSU has increasingly faced questions over whether it can tend to its own house.

Facing scathing lawsuits and outside reports, President Danny Jacobs' sudden retirement in October caused Gov. Tina Kotek to step in and exert influence on the independent OHSU board, effectively shunting aside its quick pick of a successor to Jacobs in favor of a national search.

Perhaps the biggest blow was the resignation of star cancer researcher Brian Druker, who has been integral to the university's rise, went public with his concerns that OHSU has lost its way.

Meanwhile, prominent Oregonians have begun coming out against the merger, including many members of the health care community.

Merger frenzy

The proposed OHSU-Legacy merger is again putting an obscure state office in the news.

The Health Care Market Oversight was created by the Legislature to oversee large health care mergers, while addressing concerns of cost, access and working conditions.

The program has been a sore spot for hospitals and so far hasn't been covering its costs as hoped. But the oversight program has provided Oregonians with unprecedented visibility into continuing consolidation in health care, including UnitedHealth's takeover of the Corvallis Clinic chain, the Santiam hospital's merger with Samaritan and many others.

Meanwhile, the public and decisionmakers keep seeing new evidence elsewhere of how market power can undermine competition. That includes the battle over cardiac care in Salem or PacificSource's decision to pull out of Washington state, citing the entrenched players there.

No sector of health care has escaped the consolidation trend. But private equity and for-profit firms are increasingly taking over nursing homes, hospice and home care in Oregon, with independents struggling to survive. U.S. Rep. Earl Blumenauer, a Portland Democrat who recently retired from a long history in elected office, cited the need to reform hospice law to protect good care.

Hathi plots new course

Hathi, the health authority director, has said she intends to promote transparency and trust at the agency while also revamping its efforts to tackle health inequities in the state.

She stumbled early in her handling of the firing of the agency's longtime equity director, Leann Johnson, who'd been critical of agency management. Only later did it come out that Johnson's unit had overseen repeated and extreme delays of investigations of discrimination complaints, contrary to state guidance.

Since then, Hathi's promoted a new strategic plan intended to report on different agency programs

with an eye toward aligning them and promoting equity improvements.

The agency she heads has faced other challenges on equity as well, rejecting criticisms by prominent industry physicians that state rules are hurting access to health care interpreters and making only slow progress on recommendations by its independent ombuds office to eliminate barriers to care and increase equity.

Now Hathi is facing something her own managers clearly didn't expect: a new Trump administration, which could disrupt the flow of federal funding and access to care for marginalized populations.

Signs of hope?

State officials report progress in addressing health care licensing delays that arose during the pandemic, fueling provider shortages.

Meanwhile, the only state to make affordable health care a constitutional right, Oregon this year launched a universal health governance board tasked with formulating a plan to make universal health coverage a reality.

In July, officials launched a new program to offer free coverage to the working poor, seen as one step closer to universal coverage. And more recently a state survey used new methodology to assert the state had reached a new record of 97% coverage.

That said, coverage is costing more and offering less, according to the state. And it's unclear where the universal health effort is headed following the resignation of a board member seen as crucial to its prospects for success.

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Comments

Submitted by Michael Ralph … on Wed, 01/29/2025 - 09:29 Permalink

Wow, after reading this well thought out summary by the editor of the Lund Report, I am exhausted and now understand why being part of dentistry is such a low priority. As one of the small CCO's told me, "Yes, I would like to see dental better, but we have much bigger fish to fry!" Having been in Medicaid dental since almost the beginning, dental has always been an afterthought and here in this article not surprisingly, it isn't even mentioned. I cannot tell you how many times groups would talk about physical health & behavioral health in the CCO integration process and not mention oral health. Quite frankly, most CCO's do not know how to manage oral health and the DCO delivery network. Delving into the reason for my opinion about this would take much more space that is provided here. Maybe someday this can be done, but I have my doubts since OHP oral health is less