

PROVIDERS

OHSU, Legacy Health's 10-hospital, \$8B merger is no more

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Oregon Health & Science University

Legacy Health

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Two of Portland, Oregon's major providers have called off a plan to combine into a 10-hospital integrated health system.

Oregon Health & Science University (OHSU) and Legacy Health had announced their merger in August 2023 (<https://www.fiercehealthcare.com/providers/ohsu-absorb-struggling-legacy-health-form-10-hospital-system>), which would have included a roughly \$1 billion, 10-year commitment from OHSU into primary- and community-based service investments.

The entity would have yielded the metro area's largest employer with over 32,000 staff members and more than 100 locations. The organizations reported nearly \$8 billion in total operating revenues during their 2024 fiscal years.

However, Monday, the organizations announced a mutual agreement to terminate the deal.

"After careful consideration of the evolving operating environment, the organizations have determined that the best way to meet the needs of the communities they serve is to move forward as individual organizations," according to a joint statement released by the systems. "OHSU and Legacy will remain focused on each health system's individual strategic objectives, with the goal of remaining well-positioned to continue supporting their people, patients and communities."

The merger had been supported by the Oregon Nurses Association and other labor groups, which said they were "disappointed with their decision" and had believed the combination "would lead to better working conditions for frontline caregivers and high standards for patient care."

Conversely, a community review advisory board convened as part of the deal's regulatory review [unanimously recommended against approving the deal](https://www.opb.org/article/2025/04/16/oregon-health-science-university-ohsu-merger-legacy-health-hospitals/) (<https://www.opb.org/article/2025/04/16/oregon-health-science-university-ohsu-merger-legacy-health-hospitals/>) last month, citing likely increases to cost of care.

The transaction would have left OHSU as the parent entity of Legacy, which in the months ahead of the deal announcement [had been blunt](https://www.legacyhealth.org/about/news-and-media-for-the-media/news-releases/2023/6-News-Releases/securing-our-legacy) (<https://www.legacyhealth.org/about/news-and-media-for-the-media/news-releases/2023/6-News-Releases/securing-our-legacy>) about its tough financial situation.

In fiscal year 2023, Legacy had logged a \$171.7 million operating loss (-6.6% operating margin) and a \$245.8 million net loss. That picture has somewhat improved in the time since, with Legacy reporting a \$16.5 million operating income (0.6% operating margin) and \$229.8 million net gain during fiscal year 2024 (<https://www.oregon.gov/oha/HPA/ANALYTICS/HospitalDocuments/FY24%20AFS%20Legacy%20Health%20System%20Legacy%20Emanuel%20Med%20C> (ended March 31, 2024).

In an FAQ, (<https://www.legacyhealth.org/-/media/Files/PDF/Our-Legacy/AboutLegacy/PatientFAQ.pdf>) the organization acknowledged ongoing cost challenges but said it will be able to survive on its own with a "strong" balance sheet, favorable recent updates from rating agencies S&P and Moody's and about \$150 million of financial improvement in fiscal year 2025.

Meanwhile, OHSU, which runs the state's only academic medical center, has seen its financial situation deteriorate. Compared to an adjusted operating income of about \$55 million (1.2% operating income) in fiscal year 2023, it notched a \$97.4 million adjusted operating loss (-1.9% operating margin) for fiscal year 2024 (ended June 30, 2024). OHSU cut [more than 500 positions](https://www.wweek.com/news/2024/06/06/ohsu-to-layoff-more-than-500-workers-as-costs-outpace-revenue/) (<https://www.wweek.com/news/2024/06/06/ohsu-to-layoff-more-than-500-workers-as-costs-outpace-revenue/>) in 2024 to reduce costs and is reportedly (<https://www.opb.org/article/2025/05/05/ohsu-legacy-merger/#:~:text=OHSU%20and%20Legacy%20Health%20have,on%20upgrades%20to%20Legacy's%20facilities.>) projecting a \$95 million loss for the current fiscal year.

Legacy, in its FAQ, said it "has a clear path forward as an independent organization" but said its board could eventually "decide to identify a strategic partner that is aligned with Legacy's not-for-profit and community-based mission."

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