



Sent By Electronic Mail

March 13, 2025

The Honorable David Brock Smith  
Oregon State Senate  
900 Court Street, NE, S-316  
Salem, Oregon 97301

The Honorable Court Boice  
Oregon House of Representatives  
900 Court Street, NE, H-476  
Salem, Oregon 97301

RE: Opposition to the Proposal of The United Food and Commercial Workers Local 555 for an Expansion of Bay Area Hospital District Boundaries and Proposed Tax Levy on Affected Residents of Douglas, Coos, and Curry Counties

Dear Senator Smith and Representative Boice:

We, the Chairman of the Board of the Southern Coos Health District and the Chief Executive Officer of the Southern Coos Hospital & Health Center, write today to state the strong opposition of our entire Board of Directors for the recently published "3-Step Plan" offered by the United Food and Commercial Workers (UFCW) Local 555, which would have the effect of systemically destroying access to local health care in the rural communities of Reedsport, Coquille, Bandon, Gold Beach, Brookings and each of our surrounding areas. As you are aware, the UFCW proposal is for expansion of the Bay Area Hospital District boundaries to encompass the entire Southern Oregon Coast, and to place a tax levy on the ballot for the May 2025 Special Election for the residents living within the expanded boundary lines.

We do want to make it clear that we, at Southern Coos Health District, are extremely supportive of Bay Area Hospital (BAH) and we do realize that the residents of our area rely upon its existence for referral level hospital services that are not provided by our critical access hospital, for the safety and quality of life for the residents of Bandon and its surrounding areas. We do not agree, however, that the answer to solving BAH's path to survival is to (1) create an expanded BAH District without the consent of the residents of the affected districts; (2) to re-direct the taxing support of our district residents; and (3) to create a plan to strip our local hospital of whatever services that Bay Area Hospital deems necessary to ensure its own survival.

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We are extremely concerned that the answer, proposed by UFCW Local 555, to Bay Area Hospital's survival is to create a Southern Oregon Coastal Health District without the consent of the homeowners and taxpayers that live in the region, and to levy a tax on our residents when they are already subject to property taxes to support their own local hospital.

Step 3 of the "Plan" is, perhaps, the most distressing to our Board of Directors and Leadership Team at Southern Coos Hospital and Health Center. It states that the third goal is to "address systemic issues of BAH solvency," and to "address the pattern of Critical Access Hospital facilities taking profitable services," and, finally, to "explore regional service sharing and cost-cutting models." What this plan fails to realize is that Critical Access Hospitals are the frailest of all hospitals in our U.S. health care system. These hospitals receive 101% of the cost to provide services to the Medicare and Medicaid populations. In Bandon, that is 80% of our patient population. The only way that Southern Coos Hospital & Health Center is able to modernize our electronic health record system, maintain our 25-year old hospital facilities, attract and retain the highest quality of health care staff and to keep our doors open, is to offer services that generate a positive margin, which serves to offset the costs of needed services that do not generate a positive margin. Without those few profitable services, critical access hospitals like Southern Coos Hospital & Health Center are doomed to close. The UFCW proposal is to strip critical access hospitals on the Southern Oregon coast of profitable services in order to stabilize Bay Area Hospital.

Being a Critical Access Hospital is not immunity from closing. According to an October 2024 report by the Federal Health Resources & Services Administration (HRSA), between 2010 and 2021, 138 rural hospitals closed with a third (45) of the hospitals being critical access hospitals.

As representatives of our 21-bed critical access hospital in Bandon and the population that we serve, we urge our elected representatives to help Bay Area Hospital, and all of our Oregon rural hospitals, by addressing the true root cause of hospital insolvency, including inadequate payments from major health care service payers, such as the State's Medicaid plan, Medicare Advantage plans and private insurance plans. While Bay Area Hospital has been reducing their costs and becoming more efficient over the past 2 years, hospital payments have fallen further and continue to decline.

The Board of Directors and executive leadership of Bay Area Hospital should be commended for their due diligence and for doing what is necessary to protect access to quality health care on the Southern Oregon Coast. Through their efforts, they have identified a National company, Quorum Healthcare, which has stepped up to take the challenge that many other healthcare systems refuse to take. The threat of rural hospital closures is real. Just last month (February 2025) the Center for Healthcare Quality and Payment Reform reported that "more than 700 rural hospitals, one-third of all rural hospitals in the Country, are at risk of closing because of serious financial problems that they are experiencing. Over 300 of these rural hospitals are at immediate risk of closing due to the severity of their financial problems."

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We appreciate the great support and leadership that you have shown in protecting and helping to build up our local health care system on the Southern Oregon coast. We know you well enough to know that you will not risk the health and viability of our critical access hospitals in Coos, Curry, and Douglas counties, and we thank you for your continued support. If you have any questions about how the UFCW plan will negatively impact our rural communities, please do not hesitate to contact either of us at any time.

Sincerely,



Tom Bedell  
Chairman of the Board of Directors  
Southern Coos Health District



Raymond T. Hino, MPA, FACHE  
Chief Executive Officer  
Southern Coos Hospital & Health Center

- c. Troy Cribbins, Chair, Bay Area Health District Board of Directors
- Brian Moore, CEO, Bay Area Health District
- Virginia Williams, CEO, Curry Health District
- John Chivers, CEO, Lower Umpqua Health District
- Jeff Lang, CEO, Coquille Valley Health District
- Mary Schamehorn, Mayor, City of Bandon
- The World Newspaper
- Coquille Valley Sentinel
- Port Orford News
- Rebecca Hultberg, President, Hospital Association of Oregon
- Robert Duehmig, Director, Oregon Office of Rural Health
- Governor Tina Kotek