

April 24, 2025

RE: Why UFCW's "Shared Responsibility Plan" Will Not Work for Bay Area Hospital or Our Region

To our community members,

On behalf of Bay Area Hospital, we want to express our sincere appreciation for your ongoing attention to the financial challenges facing hospitals in Oregon – and especially those serving rural communities like ours on the South Coast.

Beginning last month, a proposal from United Food and Commercial Workers Local 555 was circulated seeking to stop our current partnership process and instead create an entirely new multi-county health district, forcing a property tax vote on residents across three counties, and redirecting profitable services from nearby Critical Access Hospitals to Bay Area Hospital.

We understand this idea may appear well-intentioned on the surface. However, we write today to make it absolutely clear: this plan is **not** viable, **not** supported by other local hospitals or public officials, and would ultimately do more harm than good.

Here's why this plan won't work:

1. It creates a new tax and government structure without voter consent.

The UFCW plan would redraw district boundaries and impose a new taxing authority across Coos, Curry and Douglas counties – all without giving residents a say in whether such a district should exist in the first place. While the union says the tax itself would be on the ballot, the structure creating the district wouldn't be. That's fundamentally undemocratic and would likely generate backlash and legal challenges.

2. There's no guarantee a tax levy would pass.

Recent tax measures in our area, including those for public safety and new community resources, have failed by wide margins. The Bay Area Hospital Board studied district voters' interest in a new tax, and there was only marginal interest at best. To suggest that residents from outside our hospital's district – many of whom already pay a tax to support their local hospital – would vote to raise their taxes to fund Bay Area Hospital is simply unrealistic. Without guaranteed funding, the plan collapses.

3. The proposal destabilizes the entire region's health care system.

The plan would forcibly shift profitable services away from smaller, financially stable Critical Access Hospitals in towns like Bandon, Coquille, and Gold Beach – jeopardizing their ability to stay open. As Southern Coos Hospital stated, this would "systemically destroy access to local health care" in rural communities that depend on those services for survival. The proposal would try to fix one hospital's challenges by weakening others, which is not a solution.

4. The proposal wasn't built with any local collaboration.

Unlike our process, UFCW's plan was created in a vacuum. They did not speak with our board, leadership, or community partners. Instead, they made sweeping assumptions and claimed to speak for

the region without talking to those who live and work here. Yet their proposal affects every hospital district in the region. That's not collaboration – it's overreach.

5. It ignores the true root cause of Bay Area Hospital's financial distress.

In the first three quarters of 2024, Bay Area Hospital had the **worst insurance payor mix in the entire state** – with 85% government and just 13% commercial. That means we rely heavily on Medicaid and Medicare, which do not reimburse us enough to cover rising costs. We made a \$55 million turnaround in just two years, but our expenses continue to outpace government reimbursement. The union plan will not help with this overarching problem, which is likely to continue and can only be addressed by state and federal governments.

6. A vetted, tax-free solution is already underway.

We've signed a nonbinding Letter of Intent with Quorum Health – a partner ready to invest the capital, operating expertise and recruitment support Bay Area Hospital could benefit from **without raising local taxes**. This potential partnership would keep care local, preserve jobs and strengthen our long-term stability. We're now working to refine the structure to best support Bay Area Hospital and the community, which adds time to the process but ensures we're doing the right thing. In other words, why burden residents with a new levy when a fully vetted investment is on the table that can help us maintain – and grow – services for the South Coast?

Unlike the union's plan, our process has involved community outreach, public meetings, stakeholder engagement and careful evaluation of potential partners. It's a serious effort with a clear path forward.

We appreciate the attention this matter is receiving, and we know the desire to help is genuine. But this plan puts too much at risk and distracts from real, achievable solutions already in progress. We remain focused on keeping Bay Area Hospital strong and available for the patients and families who rely on us every day.

Thank you for your ongoing support.

Sincerely,

Brian Moore
President and CEO
Bay Area Hospital

Troy Cribbins
Chair, Board of Directors
Bay Area Hospital District