

Oregon's economic reality

Impacts on health care, business and beyond

Pressures today reflect very real shifts happening across Oregon's business landscape, and health care is disproportionately at the mercy of these shifts.



Understanding the context and staying informed can help us navigate these precarious times together.



Oregon's economic state of emergency

Oregon Business & Industry (OBI) has declared an economic state of emergency. In late 2025, Moody's announced Oregon is in a recession or at high risk of a recession.

According to OBI's metrics, Oregon is the seventh most regulated state in the nation for businesses. Health care is no exception. In fact, hospitals in Oregon are three-times more regulated than the U.S. median, according to the OBI data.

Our goal is simple: protect care delivery today, while ensuring long term sustainability for all the communities we serve.

Rural hospitals are especially at risk



Various policies are contributing to the strain, but rural hospitals are

acutely susceptible to these pressures. Rural hospitals, like Asante's, receive lower reimbursement and operate on thinner margins while still providing the same quality of care as their urban counterparts.

A less diverse payer mix means a vast majority of patients served in rural communities are covered by government programs like Medicare and Medicaid, or are uninsured/self-pay, which pay significantly less than the cost of services provided.

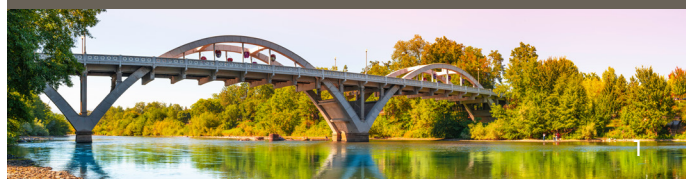
Why this matters

Lower reimbursement, higher regulatory burdens and increased economic pressures are leading to thinner or negative operating margins across the health care industry, and ultimately, diverting funds away from ensuring access to care in our communities.

Key Facts

from Oregon Business & Industry Economic Emergency Declaration.

- Moody's declared that **Oregon is in a recession or at a high-risk for recession.**
- Oregon's **GDP growth lags** the U.S. GDP growth.
- **Unemployment rate** has increased to **5.2%**.
- Oregon is losing thousands of jobs. Recent reports show a **nearly 25,000 loss** from July 2024 to July 2025 and an **18,300 loss** from August 2024 to August 2025.
- Oregon is enduring a **historic wave of mass layoffs.**
- The west CPI continues to outpace the national average.
- Oregon **lost 25,000 private and public sector jobs** last year.
- Oregon's state **total effective business tax burden increased by 33%** between 2019 and 2023.
- Oregon has fallen dramatically from 7th (2019) to 35 (2026) in the Tax Foundation's State Tax Competitiveness Index and **ranks second worst for corporate taxation.**
- Oregon is the **seventh most regulated state. Hospitals are 3x more regulated** than the U.S. median.
- **Population growth rate** is among the lowest in the country, and for several years, there has been a net loss of income tax paying residents in the state
- Oregon has dropped to **39th in CNBC's ranking of America's Top States for Business**, falling 22 places in less than 10 years, including a fall of 11 places in 2024.



Regulatory burden

Recent regulations passed in Salem are not functioning as expected. Instead of supporting its original purpose, several impactful pieces of new legislation have introduced inefficiencies, resulting in various negative impacts—from delays to new fees and penalties. This diverts funds away from our local communities' health care resources and into government coffers, ultimately undermining the very objectives the regulations were designed to achieve.

Oregon Hospital Staffing Law

Asante supports safe staffing and does not oppose statutory ratios.

Regulatory burden: (a) even if all ratios are followed, the law permits uncapped, daily penalties of \$5,000 if nurse staffing committees don't approve plans, with no recourse built into the law if external decision-makers refuse to reach an agreement; (b) Oregon Health Authority (OHA) is not implementing the law in a manner consistent with the legislature's intent and (c) OHA is invalidating unanimously approved plans on technicalities and declaring others unenforceable. Of note: only the hospitals are penalized for not reaching agreement, not the unions.

Financial impact: Increased administrative burden, without an offset from OHA, plus millions in penalties - dollars that leave the community, going to government in Salem.

Presumptive Charity

Requires hospitals to presumptively screen patients for eligibility for charity care, whether they want it or not.

Regulatory burden: (a) forces hospitals



to screen patients, without their consent; (b) existing "screening tools" are unreliable, forcing a manual process and (c) no OHA offset for an unfunded mandate.

Financial impact: \$1 million per month.

Health Care Market Oversight Program (HCMO)

A new, complicated process where every health care business transaction that is over a specific threshold, is reviewed by OHA before it's allowed to proceed.

Regulatory Burden: (a) OHA rarely adheres to legislatively intended time frames, putting transactions at risk; (b) OHA hires an outsourced, global law firm to review transactions, without providing any transparency - at per hour rates between \$550-\$1,550 that hospitals must pay and (c) deprives providers the ability to sell practices and hampers distressed health care entities from receiving lifelines.

Financial impact: Tens-to-hundreds of thousands of dollars per transaction in additional fees and reimbursement of OHA's legal fees. None of which improves patient outcomes.

OHA has floated new rules from the recent Rules Advisory Committee on this legislation seek to increase some fees upwards of 700%. The proposed rules also seek to add new five-figure fees for OHA to conduct follow-up

analysis after one, two and five years.

Licensing Fees

Increase in annual licensing fees.

Regulatory burden:

Half of hospitals across Oregon have negative margins, and many others operate on narrow margins. Significant increases in annual fees are creating further strain in a contracting economy.

Financial impact: 400% increase in annual hospital licensing fees.

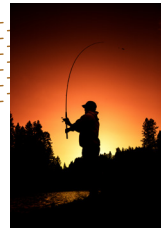
Cost Growth Target (SB 889)

Pre-pandemic law that punishes health care systems if they are unable to control costs, even when cost drivers are outside their control.

Regulatory burden (a) ignores post-pandemic inflationary pressures on health care systems; (b) creates significant burden on hospitals to justify costs that track national trends and (c) imposes burdensome performance improvement plans and percent of revenue penalties on health care systems.

National impacts

Recent legislation at the national level is expected to compound impacts and reduce insurance coverage and Medicaid funding as we move forward.



Continued focus and informed action is the preventative care that is critical to our communities and sustained ability to provide essential health services for all.