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December 19, 2025

Dear Legislators:

Thank you for your letter expressing support for the specialty Advanced Practice Providers (APPs) at Legacy hospitals and clinics. We deeply appreciate your concern for the health and well-being of Oregonians, and we share your commitment to maintaining high-quality care across our communities, especially during these challenging times.

As you highlighted, APPs are indeed a cornerstone of our healthcare system, and their contributions to patient care are invaluable. Legacy Health has always been committed to bargaining in good faith to reach a mutually agreeable contract with our APPs. Prior to the strike, we met with their bargaining committee over 30 times to try to come to an agreement. On Nov. 20, when Legacy gave the bargaining unit its best and final offer, we made it clear that bargaining could continue, however, if ONA issued a strike notice, bargaining would need to pause so that Legacy could focus on patient care contingency planning. Instead of taking a market-competitive offer to its members, ONA chose to stop bargaining and issue a strike notice.

At the union's request, Legacy immediately agreed to federal mediation. Mediation sessions have continued this week, including two additional sessions, and during this process ONA has now brought forward a proposal, which they had not done since Nov. 7. Negotiations are ongoing, and Legacy remains actively engaged in mediation and committed to reaching a mutually agreeable resolution as quickly as possible.

However, as we continue to work toward a resolution that ensures our ability to provide essential services, it is important to also acknowledge the broader context within which these negotiations are taking place. Legacy Health plays a vital role in delivering care to the Medicaid and underserved populations in Oregon with nearly 30% of our patients relying on the Oregon Health Plan (OHP). Unfortunately, the financial landscape of our healthcare system is facing increasing pressure. Over the past three years, Medicaid reimbursement has not increased in a way that keeps pace with rising labor, supply, and compliance costs.

In response to these financial pressures, Legacy has worked diligently to improve our financial standing through a variety of internal measures. We have made significant efforts to reduce costs without compromising on the quality of care, including leader pay cuts and the difficult decision to eliminate over 200 positions across all levels of the organization during the same timeframe. We have also remained focused on improving operational efficiency and strengthening supply chain

management. These efforts have helped stabilize our finances in the short term, but they are not enough to address the long-term sustainability of our health system.

While we have made improvements, we are on track to lose more than \$35 million this year due to insufficient reimbursement and increasing labor and supply costs. These financial realities limit what we can sustainably commit to without risking service reductions, delayed investments, or facility closures.

Our financial challenges have been further exacerbated by state mandates such as nurse staffing ratios and presumptive financial assistance eligibility, which collectively increase our operating costs by over \$75 million annually. We support the intent behind these policies and share the goal of improving workforce stability and patient access. However, in practice, they represent unfunded mandates that safety-net health systems have been required to absorb without corresponding reimbursement.

In addition, the potential impacts of H.R. 1 extend beyond Medicaid reimbursement alone. Taken together, these changes would reduce Medicaid reimbursement while also increasing the number of uninsured and self-pay patients, driven by coverage losses and eligibility changes. The resulting shift in payer mix would further widen the gap between the cost of care and reimbursement. The combined effect is both lower reimbursement and a growing self-pay population, placing additional strain on safety-net providers like Legacy. Based on current estimates, these changes could reduce Legacy's available resources by approximately \$100 million annually, further constraining our ability to sustain services and fund compensation at the top of the market.

While we continue to negotiate in good faith with APPs, our financial realities limit the extent to which we can meet all salary demands. Our philosophy throughout this process remains unchanged: to reach a fair and market-aligned agreement that supports our employees and the long-term stability of our organization. Legacy Health has offered a competitive average 10% pay increase for all adult specialty advanced practice providers, which is in line with regional and national data. That means:

- First-year APPs would be offered a salary range of between \$151,500 to \$165,000, depending on position.
- A provider with 10 years of experience would begin at between \$180,000 and \$196,000, depending on position.
- The most experienced APPs would earn between \$197,500 and \$215,000, depending on position.

These rates place Legacy within the upper range of the market, particularly among nonprofit and safety-net health systems. The union's counter-positions, however, seek 20 to 30% increases that would require Legacy to match the very top of the market - a level that is not financially sustainable given our payer mix and reimbursement constraints.

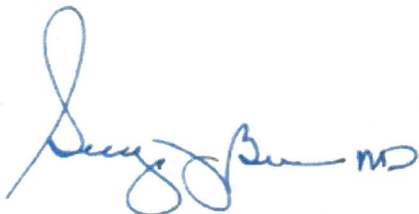
Each health system operates within a different financial ecosystem. Legacy's compensation decisions must reflect market data, internal equity, and what is fiscally responsible given that nearly 70% of our patient population relies on government reimbursements that do not cover the full cost of care.

In the face of these challenges, we are doing everything we can to prioritize patient care and ensure continuity of services. We have activated contingency plans to maintain care during the strike, and we continue to offer competitive compensation that reflects both market data and the unique financial constraints of our organization. However, further demands on an already strained health system could force us into making even more difficult decisions such as reducing services or closing facilities which would directly impact the communities that rely on us the most.

I invite you and your colleagues to join us in addressing the root causes of the financial instability facing our healthcare system. We must all work together and find solutions to ensure that funding for Medicaid and other essential services reflects the actual cost of care and supports both healthcare providers and patients. Legacy is committed to being part of the solution and we would appreciate the opportunity to collaborate with state leaders, healthcare advocates, and other stakeholders to find a path forward that ensures quality care for all Oregonians, including the most vulnerable.

We welcome the opportunity to have a direct dialogue and appreciate your support in ensuring that Oregon's healthcare system remains accessible, sustainable, and equitable for all.

Sincerely,

A handwritten signature in blue ink, appearing to read "George J. Brown MD". The signature is fluid and cursive, with the "MD" at the end being more distinct.

George J. Brown, MD, FACP  
President and Chief Executive Officer