Oregon budget crisis leads to closure of three hospitals

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The announcement January 23 of plans to close Lane County Psychiatric Hospital (LCPH) brings to three the number of hospitals closed or planning to close in the state of Oregon within the last two weeks.

Portland's Woodland Park Hospital on the city's northeast side and Eastmoreland Hospital on the southwest side were closed January 14 and 15 by for-profit corporate owner, Nashville, Tennessee-based Symphony Healthcare.

The abrupt closure of the two hospitals has left unpaid workers and vendors as well as displaced patients in its wake.

Citing "deteriorating financial conditions," Symphony's CEO Ken Perry claimed that the lack of contracts with Regence Blue Cross Blue Shield and Providence Health Plans prevented a patient volume "sufficient to support the facilities with needed revenue to pay the bills." According to Perry, Woodland Park ended 2003 with a $3.5 million deficit while Eastmoreland lost $1.9 million.

Though Woodland Park has 202 beds, for the last year only 28 to 40 were occupied at any one time. Many of these beds were contracted to the state.

After last year's failure of tax increase proposal Measure 28, Oregon's Medicare program, Oregon Health Plan (OHP), reduced compensation levels and tightened eligibility requirements. This has resulted in a larger pool of uninsured going without medical care or using emergency room service for their medical needs. The CEO of Legacy Health System, Bob Pilari, stated that Legacy's costs for charity care have quadrupled in the last 18 months. According to Perry, Woodland Park wrote off about $6 million in indigent and charitable costs for 2003.

The almost 500 workers who lost their jobs in the shutdowns have not been paid for the last three weeks due to the refusal of Symphony's lender to issue new loans. In addition, workers accuse Symphony of not crediting their 401(k) retirement accounts with money deducted from their paychecks. Others have said that unemployment taxes and employee health insurance claims were not paid.

Since the closure, several workers have filed a class action lawsuit under the federal Worker Adjustment and Retraining Notification Act. This law supposedly restricts the ability of businesses over a certain size to close their doors without first giving adequate notification to their employees. It requires employers with more than 100 workers to provide 60 days notice before closing a work site with greater than 50 workers. Of course, there is a proviso excluding employers from this act due to "unforeseen business circumstances."

With a declining patient base, Woodland Park and Eastmoreland found themselves providing care to a greater percentage of uninsured and Medicare patients. These clients made up 30 percent of Woodland Park's business in 2003, said Perry.

Of particular loss to the community are the beds, about 30 between the two hospitals, provided for mentally ill patients. Woodland Park's psychiatric unit, with 22 beds, has been described as its most active operation. It was one of few hospitals that contracted with the state and county to accept mentally ill patients.

According to James MacLeod of the state's Office of Mental Health and Addiction Services, "The loss of those inpatient beds is a significant loss to the system."

Eastmoreland Hospital had provided eight beds for the elderly mentally ill. These patients present a combination of age and illness that places greater demands on health care workers. The units left that are dedicated to this type of care are located in Salem, 40 miles to the south and Forest Grove, 25 miles to the west, exacerbating the difficulties facing these patients if indeed there are any beds available for them in these locations.

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Many of these patients will now find themselves forced to use emergency rooms ill-prepared for mental health issues or sent some distance to other counties to obtain help.

Ownership of Woodland Park and Eastmoreland has changed hands four times within the last ten years. All the buyers were from either Texas or Tennessee. Symphony purchased the two hospitals in March 2002. Negotiations are currently taking place to sell the facilities to two groups of doctors who have indicated they would reopen with curtailed operations.

Announced January 23 with an effective date of March 31, the shuttering of LCPH, described as the "first regional acute facility of its kind in the state," will wipe out 42 jobs and 12 beds.

The director for Oregon's Health and Human Services, Rob Rockstroh, described the closure as "...largely the result of a precipitous decline in hospital revenue after the state reduced OHP mental health benefits in the wake of Measure 28's defeat in February 2003."

Since the measure's defeat, the hospital, with an annual budget of $2.9 million, has accumulated a deficit of $800,000. As with Woodland and Eastmoreland, LCPH was often unable to collect payments due to its service being directed to low-income or indigent patients.

Oregon has been harder hit by the 2001 recession than many other states, at one point leading the nation with 8.2 percent unemployed. December 2003 showed unemployment at 7.2 percent, with total unemployed almost 2,000 less than a year ago. But the figures also show total employment at 600 less than a year ago, meaning that many of the jobless have become discouraged or have exhausted unemployment benefits and are therefore no longer counted.

It is obvious that the impact of Oregon's budget crisis on health care will be borne by those without the resources to obtain alternate services—the working class, poor and homeless—forcing them to suffer through illnesses without any medical care or, with the mentally ill, condemned to a half-existence.

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