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Oregon Public Health denies approval for hospital in St. Helens

Oregon Public Health found the proposed hospital had a limited range of services, would not significantly improve primary care in the area, and had questionable financial solvency

After careful consideration, a proposed order was issued to the Columbia Health District (CHD) today by Oregon Public Health denying the district a Certificate of Need for a 12-bed hospital to be located at 35311 Millard Road, St. Helens, Oregon.

“The state’s review of this project found it to be financially marginal. The district failed to establish the need for this facility or show it is the most effective and least costly alternative,” said Grant Higginson, M.D., MPH, Oregon Public Health Office of Community Health and Health Planning.

The order issued today is a proposed order. Any affected party who takes exception to the proposed order may request the Department of Human Services, Public Health Division, hold an informal hearing. If no request for a hearing is received by Sept. 30, the proposed order will automatically become final. After a final order is issued there will be the opportunity to request a contested case hearing.

The estimated capital expenditure for this facility is \$24.5 million – about \$45 million when interest is included. This would be a substantial investment by local residents since the funding comes from a tax levy approved in 2004. Financial analysis of the project

found the fiscal solvency of the proposed CHD hospital to be a concern, and that it was very unlikely residents of the health district would see any significant cost savings.

It was found that as proposed, the facility would offer an extremely limited range of services with no surgery or maternity services. All surgical patients and most elective patients would continue to receive their services elsewhere, primarily in Portland. Ambulances would not transport patients requiring urgent or emergent specialty care to this facility. Consequently, patients suffering time-sensitive conditions such as possible strokes or heart attacks, surgical abdominal pain or giving birth and patients experiencing a wide variety of other complaints would bypass this facility in favor of nearby facilities in Portland and Longview.

Columbia Health District attempted to address the issue of improved access to primary care by adding a rural health clinic as part of the proposed hospital's portfolio of services. However, Legacy Health System representatives indicated that if this project were approved they would close their urgent care center in St. Helens. Consequently, the state's review determined that there would not be an increase in access to primary care services. According to Office of Rural Health statistics, only 56 percent of the need for primary care visits is met in the St. Helens service area. In issuing this proposed order, public health officials urged the health district to take a fresh look at alternatives in order to secure enhanced primary and urgent care services for its residents.

Under the Oregon Certificate of Need law, Columbia Health District was required to seek state approval of this project because it involves the development of a new hospital. The purpose of the law is to see that health services are adequately distributed in the state without unnecessary duplication of services or excessive cost to patients. The process for examining such requests includes consultations from a financial analyst, a senior state epidemiologist, a licensed architect, legal counsel and a project coordinator who also is an attorney.

History of the Certificate of Need request

Last October, after careful consideration and two public hearings, Oregon Public Health issued a proposed order denying a Certificate of Need for this project. The Columbia Health District subsequently decided to amend its application by adding additional services and significantly revising its financial projections. Public Health officials agreed to accept the amendment with the condition that the application process return to the "incomplete" application stage, thus allowing the state agency to request additional information, declare the application complete, hold an additional public meeting and issue a new proposed order. The applicant agreed to this process and on Jan., 15, 2010, the department withdrew its proposed order. The application was determined to be complete on May 27, 2010, and another review began the following day. On June 23, 2010, the department held a public meeting on the amended application in St. Helens.

For further information about this project, please contact Jana Fussell, Certificate of Need Coordinator, Oregon Public Health, (971) 673-1108.

A copy of the proposed order is posted on the Certificate of Need Program's website at www.oregon.gov/DHS/ph/hsp/certneed/index.shtml.

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