

Report: Protecting the public interest and promoting health equity in the proposed transaction between Legacy Health and Oregon Health & Science University

Prepared for: [Community First](#)

Campaign: [Our Health, Our Foundation](#)

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Introduction

Oregon community-based organizations (CBOs) can protect the public interest and promote health equity in the proposed acquisition transaction between Legacy Health and Oregon Health and Science University (OHSU), hereinafter referred to as the “Parties.”

Nonprofit organizations exist to help the communities they serve, not make profits for investors. They are private organizations, but because they receive extraordinary public support, including full

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or partial tax exemption, the charitable assets that accumulate in nonprofit organizations are held in trust to advance the charitable purposes for which the nonprofit organization was created.

Nonprofit charitable assets are protected in federal tax law and the laws of many states, including Oregon.² At the federal level, to be organized for the purposes specified in IRS Code Section 501(c)(3), a nonprofit organization’s assets must forever be dedicated to further its charitable purposes. In Oregon, nonprofit public benefit corporations with a charitable purpose must register with the Charitable Activities Section of the Oregon Department of Justice (DOJ). The Oregon Attorney General maintains oversight authority to protect the public’s interest in nonprofit organizations and their charitable assets.

Whenever a hospital acquisition is proposed in which one or more of the Parties is a nonprofit organization, the proposal triggers state regulatory oversight over the transaction. In Oregon, the Oregon Health Authority (OHA) and the Attorney General’s Office (AG) are the primary offices that scrutinize such proposals.

² This Report does not constitute legal advice. Scott Benbow is a trained attorney, but he is not admitted to practice law in the state of Oregon. This Report should not be construed as establishing an attorney-client relationship or practicing law in that jurisdiction. Readers should consult an attorney licensed in Oregon for specific legal advice or representation.

Nonprofit hospitals exist to operate in the public interest, so any major changes could have significant effects on access to care, quality of services, and costs for patients. Moreover, an acquisition often results in the assessment and protection of an existing charitable asset. By conducting an analysis according to state law, OHA and the AG’s office can ensure the proposal is in the public’s best interest and prevent potential negative consequences that could arise from a lack of oversight. Often, charitable assets springing from such transactions are preserved in health conversion foundations.

Significantly, the Parties do not describe this transaction as a “nonprofit conversion.” This is likely because Oregon Revised Statutes cover conversions of for-profit, limited liability, and other profit-making entities, but does not include a law that specifically covers nonprofit conversions. Nevertheless, provisions in state law – especially with regard to the power of the Attorney General to regulate charities – can provide regulators authority to examine this proposal with an eye to protecting charitable assets before and after the transaction. These laws will be described in greater detail below.

Health conversion foundations have proliferated since the 1970s as hospitals, health systems, and health plans have merged, been acquired, or otherwise consolidated. Grantmakers in Health (GIH), which has tracked conversion foundations for almost thirty years, identified in its 2021 “Update From the Field,” 303 conversion foundations in 44 states and the District of Columbia. The combined

value of the assets held by these foundations was almost \$40 billion and has likely grown in the years since the Update was published.

According to GIH, Oregon has two foundations formed from health care conversions: the Northwest Health Foundation³ and the Northwest Osteopathic Medical Foundation.⁴

In the following sections of this Report, you will find information about the proposal under consideration in 2025 by regulators in Oregon, an assessment of the proposal, reasons to join a coalition of CBOs to ensure for Oregon the best possible outcome, suggested action steps a coalition can take, and helpful examples of similar transactions in other states.

A. The proposal between Legacy Health and OHSU

In May 2023, Oregon Health & Science University and Legacy Health announced their intentions to consolidate in a transaction the Parties deem an “acquisition” of Legacy Health by OHSU. In its one-page summary of the proposal, OHA’s Health Care Market Oversight states

³The [Northwest Health Foundation](#) was founded in 1997 in a health plan conversion. Its asset value in 2021 was \$48.6 million. The Foundation “seeks to advance, support and promote health in Oregon and Southwest Washington.”

⁴The [Northwest Osteopathic Medical Foundation](#) was founded in 1986 in a hospital conversion. Its asset value in 2021 was \$5.6 million. The Foundation is “dedicated to improving access to quality, whole-person healthcare in underserved communities by empowering the next generation of compassionate osteopathic physicians to ensure equitable health care for all.”

concisely, "[OHSU is proposing to buy Legacy.](#)"

Legacy Health describes itself as the "largest local, nonprofit health care system serving Oregon and Southwest Washington."⁵ OHSU is an academic health center organized as a statutory public corporation. If regulators authorize this transaction, the resulting entity would be large; it would form a 10-hospital system with more than 32,000 employees.

Charitable assets that have accumulated over the years in nonprofit Legacy Health must continue to be dedicated to charitable purposes. Neither entity "owns" these charitable assets. Instead, Legacy Health is the steward of the assets and has a legal duty to protect the assets that have been dedicated for public benefit purposes.

In their regulatory filings, Legacy Health and OHSU recognize an obligation to preserve assets in a foundation. Initially, the Parties proposed \$500 million, which was subsequently lowered to \$350 million. The Parties also project the foundation will receive Legacy Health's 50% member interest in PacificSource. Because Legacy acquired its share of PacificSource for \$250 million in 2016 and that asset is likely worth at least that amount now, I will refer to the total as approximately \$600 million throughout this report. If regulators approve the Parties' plan as proposed, the resulting foundation would be among the largest in Oregon. The Parties describe their transaction in simple terms involving a

⁵ This report focuses exclusively on issues and impacts within Oregon, providing an in-depth analysis specific to the state. While some effects may extend into southern Washington, these are incidental and not addressed in detail.

transfer of cash and member interest, but it resembles in all respects a "conversion" of nonprofit Legacy Health. (Indeed, it meets GIH's definition of a conversion quoted on page 6.)

Fortunately, to protect Oregonians' interest in this transaction, regulators will be evaluating the details contained in the Parties' regulatory filings and CBOs should encourage regulators to treat the transaction and decisions about dissolution as a conversion. And **regulators should have the Parties pay for an independent analysis to ensure that the existing or new foundation receives an accurate charitable asset set aside during the transaction.**

It is notable⁶ that the Parties agree a set aside is necessary. If a carefully conducted independent analysis indicates that the charitable asset value is higher than the amount proposed, however, regulators should condition approval of the proposal on a promise by Legacy Health to set aside an amount that matches the charitable asset valuation conclusion reached by the independent analyst.⁷

⁶ In many conversion transactions, the parties have either drastically understated or outright denied any obligation to protect charitable assets during an acquisition. It is commendable that the Parties to this transaction are not denying their obligations.

⁷ The expertise of an independent analyst is critical because conclusions about what does and does not constitute a charitable asset are complex. Generally The full value of a nonprofit organization typically refers to its overall financial worth, encompassing its assets, liabilities, and any other financial metrics that determine its total value on the open market or for accounting purposes. On the other hand, the "charitable asset value" of a nonprofit organization specifically refers to the portion of its assets that are dedicated to its charitable mission. This valuation excludes assets that are not directly tied to the organization's charitable activities or are restricted for other purposes. It's a narrower concept used to assess how much of the nonprofit's resources are available for charitable purposes.

B. Legacy Health and OHSU’s regulatory filings regarding the foundation are premature and inadequate

While the filings by OHSU and Legacy Health provide regulatory details, the initial intentions of the Parties are captured in the Parties’ Exhibit 16, “[A Generational Opportunity to Advance Health Equity in Oregon and Southwest Washington](#),” (see Exhibit 16), hereinafter referred to as the “Brochure.”⁸

The Brochure describes in detail a number of fundamental decisions that have already been made by Legacy Health insiders. The following decisions were made without meaningful, or perhaps any, community input:

1. A declaration that \$500 million will be set aside in a foundation (the Parties proposed this amount, but estimates have fluctuated since the original proposal. As described above, it is likely this amount is closer to \$600 million as of January 2025);
2. A mission, vision, and purpose for the new foundation;
3. An initial governance structure that is

⁸ Legacy Health and OHSU each included this document as Exhibit 16 to their Notice of Material Change Transaction filings. Instead of referring to the document with that long name, this Report borrows the term “Brochure” from the Public Comment about the proposal submitted by Chris Kabel on October 31, 2024. Kabel’s Public Comment and his column in The Oregonian, “[Opinion: Proposed OHSU, Legacy merger could yield a transformative foundation – if it’s set up the right way](#),” (August 18, 2024), provide a thorough review of the proposal’s shortcomings.

- not independent of OHSU and Legacy Health;
4. An initial Board of Trustees consisting only of Legacy Health and OHSU appointees; and
5. A goal of future community participation on the Board, with community members chosen by the members of the initial Board of Trustees.

While the Brochure does describe eventual community input, such input should have been part of the process from the outset. In fact, best practices from conversion foundations created across the country suggest that community involvement should inform many of the decisions already made by Legacy Health and OHSU.

The Brochure implies that decisions described therein are final, yet none of its conclusions have been authorized by state regulators.

With Legacy Health and OHSU intending to consummate this transaction in 2025, now is the time for CBOs to get involved.

C. Join [Community First Campaign: Our Health, Our Foundation](#) to shape where nonprofit dollars go and how they get spent

Conversion transaction proposals are dense, fraught with complexity, and occasionally very positive for the health needs of people in the community. The companies planning to consolidate often have large teams of lawyers and public relations specialists pushing their points of view. But CBOs, working together, can ensure that decisions made by state regulators are in the best interests of the public. The vehicle for this work in Oregon is the [Community First Campaign](#).

Oregon CBOs concerned with equitable health care and foundation good governance should be concerned about the proposed transaction and the eventual disposition of the charitable assets. Because the public has participated in creating the value of nonprofit Legacy Health, the public has a stake in (1) whether the transaction is in the public interest, and, if so, (2) what will happen to the nonprofit assets following the transaction. It appears that about \$600 million will be available for a fund in an existing foundation(s) or a new health foundation, so input from Oregon health leaders is vital.

Between 1997 and 2006, Consumer Reports and Community Catalyst developed best practices for CBOs and other stakeholders to get involved in conversion transactions as well as the creation and ongoing operation

of health conversion foundations. I was part of a team of attorneys located in Boston and San Francisco who advocated for properly valued charitable assets and the creation of strong foundations during conversion transactions.

An important part of our work was serving the needs of coalitions of CBOs in states undergoing health conversion transactions. The findings of my bicoastal team, which were informed by active CBOs and health leaders, can serve as a roadmap for a coalition in Oregon to follow.

In our publication "[Building and Maintaining Strong Foundations: Creating Community Responsive Philanthropy in Nonprofit Conversions](#)," my team members and I offered a guide for communities facing hospital transactions like the one proposed by Legacy Health and OHSU.

First, a guiding principle and a preliminary recommendation: **To ensure accountability and community involvement, decisions about the disposition of charitable assets should be free from the influence of the corporations that are consolidating.** In the context of the Legacy Health-OHSU proposal, **CBOs should forcefully advocate that regulators reject portions of the regulatory filings seeking to establish a foundation as described in the Brochure.**

With the principle and recommendation in mind, CBOs can advocate at each of the following three phases of the process: **(1) regulatory oversight phase, (2) planning process phase, and (3) community input and ongoing accountable practices phase.**

1. CBOs should demand rigorous **regulatory oversight** throughout the process.
 - a. The Office of the Attorney General (AG) oversees charitable activities to ensure compliance with state laws governing nonprofit organizations including Legacy Health. Under common law legal principles, nonprofit assets may not be deflected from their original nonprofit mission when the nonprofit merges with another nonprofit, is acquired by another corporate entity, or converts to a different corporate status. Oregon law appears to be unclear on exactly how the Attorney General should use its authority. Absent specific statutory guidance, the AG's office should scrutinize the transaction with an eye to protecting the assets in the nonprofit sector. ORS Section 65.484 (1) grants the Attorney General power to give or withhold consent over a merger between a nonprofit organization (like Legacy Health) and a statutory public corporation (like OHSU). Importantly, the Parties have designated their proposal as an "acquisition," rather than a "merger." But the AG's office may be able to argue that, for the purposes of AG oversight, the two types of transactions are interchangeable.
 - b. Because the law gives the Attorney General power to consent but does not spell out how the office should treat Parties with these characteristics, advocates should encourage the AG to adopt guidelines for the disposition of the charitable assets that resemble the remaining aspects of the law. It may be able to rely on mergers involving

the transfer of nonprofit assets to ensure: the transfer is for **fair market value (FMV)** and the proposed use of the proceeds is consistent with **charitable trust obligations**, and is in the **public interest**. Regarding FMV, the Attorney General should engage the service of an independent valuation expert to assess the value of the charitable asset. ORS Section 65.484(1)(d)(A) requires the merging nonprofit organization to be treated as if it is dissolving and it must convey fair market value of the assets to another nonprofit organization even if it is not, in fact, dissolving (as is the case here). And, the Attorney General must approve the transaction if it is consistent with the purposes of the nonprofit or is otherwise in the public interest. ORS Section 65.484(3). In the face of imperfect state law that does not speak directly to an acquisition, advocates can help shape how the Attorney General's office examines this transaction.

- c. CBOs, advocates, and regulators wishing to find an analogy to this transaction can look to Virginia. The [Culpeper Wellness Foundation](#) was established when the University of Virginia became the sole owner of nonprofit Culpeper Regional Hospital. GIH considers the deal in Virginia to have been a conversion and defines health care conversion foundations quite broadly: "Foundations created when nonprofit health care organizations convert to for-profit status; foundations created through the transfer of assets from a nonprofit organization to a for-profit company or another nonprofit organization; and foundations that receive additional assets from the

- conversion, sale, lease, or other form of transaction involving a nonprofit health care organization.”
- d. OHA’s Health Care Market Oversight Program will also review the proposal. It is convening a **Community Review Board** for this transaction that will help OHA understand how the deal could affect people and communities in Oregon and will make a recommendation about whether OHA should approve. A coalition could offer nominees with knowledge of the health needs of Oregonians as potential members of this Board. OHA also maintains an [excellent website](#) devoted to informing the public about this transaction. CBOs with perspectives on the transaction can submit public comments.
 - i. “Public input helps us understand how this deal could help or harm people in your community,” states OHA’s Health Care Market Oversight. Print and share the [one-page overview](#), which includes details on the transaction, the public review process, and instructions for accessing alternate formats free of charge.
 - e. Together, the AG and OHA should impose conditions on the transfer. For example, if the amount offered in this transaction, \$600 million, is less than FMV, the regulators could require an increase in that offer as a condition for approval. Determining FMV is no small task. In Montana recently, the Attorney General disclosed in a public filing that the independent valuation experts and his staff had “spent hundreds of hours” determining FMV in a conversion transaction.
 - f. If the regulators conclude they lack the authority to impose a FMV valuation on the Parties, the Attorney General nevertheless can set forth conditions for the resulting asset transfer to an existing foundation(s) or to a new foundation. It is significant that the regulators have no obligation to accept the foundation as proposed by the Parties. CBOs can advocate for rejection of the Parties’ proposed foundation as described in the Brochure, and implementation of an open and more accountable process with necessary and proper community involvement.
 2. If the regulatory officials are poised to approve the proposal and do not accept the Parties’ Brochure, CBOs can advocate for meaningful participation in the planning process by insisting the perspectives and expertise of consumers and health care advocates are included. Nearly simultaneous with the approval, **the Attorney General should appoint a Planning Committee to lead the process** that will result in a comprehensive recommendation about the disposition of the assets. Oregon law does not specify the steps to be followed, so the Attorney General should establish a process that will result in meaningful decisions. Bearing in mind the original charitable intent of Legacy Health,⁹ the Planning Committee must determine where to place the assets. Among the choices are one or more existing

⁹ Legacy Health states, “(o)ur mission is good health for our people, our patients, our communities and our world. Above all, we will do the right thing.” Upon incorporation, it is likely Legacy Health had a different, but related, mission statement. Regulators should ask Legacy Health to provide its original mission along with significant changes that were made to the statement over the years. This will help the Planning Committee begin to formulate a meaningful mission statement for a fund in an existing foundation(s) or a new foundation.

foundations (preferably one with a strong track record in health equity), a new foundation, or a new donor-advised fund at a community foundation.

- a. If it is planning to recommend a new fund in an existing foundation(s) or the creation of a new foundation, the Planning Committee must define the mission and governance structure of whichever type of entity will receive the funds. Chaired by a respected community leader, the Planning Committee should represent the demographic and geographic diversity of the population the foundation will serve. Experts in public health, philanthropy, and community development would provide additional perspectives as members of the Planning Committee.
- b. In "[Building and Maintaining Strong Foundations](#)," we recommended a sample set of goals for the Planning Committee:
 - i. Discuss and reach preliminary conclusions about the nature, scope, mission, and governance of the new foundation. **Invite experts** who can provide background that enables Planning Committee members to evaluate a variety of foundation options.
 - ii. Advocate for a strong and compelling **mission statement**. Consider hiring a consultant who has experience guiding nonprofit leaders through the process of drafting or revising mission statements and establishing governance structures.
 - iii. Ensure the **Planning Committee is entirely independent** of the Parties, will have the appropriate

expertise and experience, and will be reflective and representative of the **diversity of the community served**.

- iv. Advocate for a **Board selection process** that is deliberate, open, accessible to health care consumers and the broader public, and free of any conflict of interest.
 - v. Insist on an **organizational structure** that is open and accountable to the public, coupled with practices that offer opportunities for community input and ongoing meaningful community involvement.
 - vi. Relying on the expertise of lawyers in the AG's office, draft articles of incorporation and bylaws that reflect the consensus of the Planning Committee on important governance issues.
3. Establishing either a strong fund in an existing foundation(s) or a new foundation creates a framework for the most important phase: The **community input and ongoing accountable practices phase**.
- a. Community input should be a cornerstone of the foundation's decision-making processes, achieved through public forums, surveys, and other participatory methods that welcome diverse voices to shape foundation priorities. The Planning Committee could choose either to require Board members to engage in meaningful forms of community outreach or, as some foundations have done, create a community advisory committee (CAC)¹⁰ to

¹⁰ If the Planning Committee decides to create a CAC, it should clearly define the committee's responsibilities in

report to the Board on community health needs. More information can be found in [Building and Maintaining Strong Foundations](#).

- b. To ensure transparency and public trust, the Board of either the new fund in an existing foundation(s) or the new foundation should adopt robust governance policies, including clear conflict-of-interest provisions for Board and staff members, annual independent financial audits, whistle-blower guidelines, and mechanisms for public reporting.
- c. To maintain its relevance and effectiveness, the new fund or new foundation must regularly evaluate its mission, programs, and outcomes through community-driven feedback. By engaging local organizations and experts in health equity, the fund or foundation can adapt to evolving needs while fostering long-term partnerships. This ongoing collaboration will strengthen its accountability and impact.
- d. Coupled with a strong governance framework, these community-input practices will position the fund or foundation to honor its mission and serve as an enduring model of responsive and equitable philanthropy.

D. Exemplary foundation-creation processes from around the country

Community involvement in decisions about

relation to the Board, the latter of which should retain all fiduciary obligations.

the disposition of charitable assets is essential. Indeed, in foundation-creation projects around the country, colleagues of mine at Consumer Reports and I worked alongside regulators and CBOs to build strong health foundations.

1. [Foundation for a Healthy Kentucky: Regulators can help Planning Committees shape new health foundations.](#)

In Kentucky, the Office of the Attorney General was essential in protecting charitable assets in the sale of the Blue Cross and Blue Shield company in the state and fostering the creation of a strong and accountable health foundation. It led a process that exemplified careful analysis, open decision-making, and foundation best practices.

- The Office of the Attorney General **ensured legal compliance and accountability.** The office aligned the foundation with state and federal laws governing charitable organizations and aimed for the highest standards of public accountability.
- The AG **formed a diverse Planning Committee**, which included consumers, health care advocates, health care professionals, and academics to provide a wide range of perspectives and expertise. Not one of the Planning Committee members was affiliated with either party to the transaction.
- The AG **delegated key decisions to the Committee**, and authorized it to handle critical tasks, such as drafting the mission statement,¹¹ articles of

¹¹ The Mission of the Foundation for a Healthy Kentucky is “Addressing the unmet health needs of Kentuckians by developing and influencing policy, improving access to care, reducing health risks and disparities, and promoting health equity.”

incorporation, and by-laws, while ensuring proper guidance and support from the AG's office.

- The AG **provided staff support** to facilitate the planning process with substantial staff resources to assist the committee in its work.
- The AG **fostered an inclusive Board selection process** by authorizing the Planning Committee to recommend a deliberate, open, and accessible process for choosing the foundation's initial Board members, ensuring representation of health care consumers and the broader public.

A review of the [Foundation for a Health Kentucky's](#) grantmaking reveals the enormous accomplishments of this foundation since it was incorporated in 2001.

2. [The Missouri Foundation for Health](#): Build diversity and community voices into the foundation from the beginning.

In the conversion of the Blue Cross and Blue Shield company in Missouri, the Governor and the Attorney General were actively involved in the process. The resulting Missouri Foundation for Health (MFH) was created in 2000.

The Missouri Governor and Attorney General appointed a 13-member public nominating committee to represent diverse communities within the Foundation's 84-town service area.

Attorneys from Consumer Reports worked alongside state regulators and some of the practices followed by the Kentucky AG were also followed in Missouri. After crafting a

powerful mission statement,¹² the Planning Committee recommended by-laws that would help to advance health equity:

- **The by-laws require diverse Board representation:** Board members must possess expertise in health care access for the underserved, public health, or other specific community health needs (e.g., women, children, the elderly, minorities). The Board, collectively, must reflect Missouri's gender, racial, cultural, geographic, and ethnic diversity.

Each year, the [Missouri Foundation for Health](#) invests \$45 million in nonprofit health initiatives that help people in the State.

3. [Dogwood Health Trust](#): Even without adequate legislation, a capable regulator can protect the public interest.

In 2019, for-profit HCA Healthcare bought nonprofit Mission Health Systems, which served 18 counties in western North Carolina.¹³ The Attorney General was constrained by an [imperfect state law](#) that did not permit the office to block harmful hospital mergers before they were consummated. The Attorney General's Office, recognizing its limited authority to review such transactions, nevertheless imposed conditions on the sale and the characteristics of the Dogwood Health Trust.

With pressure from the Attorney General,

¹² The Mission of the Missouri Foundation for Health is "To eliminate underlying causes of health inequities, transform systems, and enable individuals and communities to thrive."

¹³ In 2019, Consumer Reports and Community Catalyst were no longer engaged in the conversion project, so they did not participate in any aspect of this transaction or foundation-creation process.

the Parties agreed to revise the purchase agreement in a manner that required (1) HCA affiliated hospitals to remain open for at least five years, and (2) the Dogwood Health Trust to attract Board membership that better represented the full diversity of the region.

Formalizing its agreement¹⁴ with the Attorney General, the Dogwood Health Trust promised, with clear deadlines, to have a Board that is “fully and fairly representative of western North Carolina, across all dimensions, including ethnic, gender, and geographic dimensions.”

Committing to a clear and permanent break from HCA, Dogwood declared that it “recognizes that its independence is critical. For that reason, the Dogwood Board will not include any member who is an employee of or who has a material business relationship with HCA. Finally, immediately following the closing of HCA’s acquisition of Mission’s assets, the Dogwood Board will not include any member who is a member of the Mission Board.”

North Carolina’s example should give regulators in Oregon some comfort in places where the law is silent on a portion of the process.

4. [Montana Health Foundation](#): Get an independent valuation of Fair Market Value.

Unlike North Carolina, the State of Montana enacted a [robust conversion statute](#) in the early 2000s.¹⁵ When

¹⁴ “Agreement with the Office of the Attorney General,” January 14, 2019, signed by Janice Brumit (Board Chair) and the Attorney General’s office. Download the [“commitment letter”](#) for additional details.

¹⁵ Using model legislation developed by Consumer Reports and Community Catalyst, Montana enacted, Mont. Code Ann. Sections 50-4-701 *et seq.* The Foundation was created after Consumer Reports ceased its project. I appreciate the background provided by Kelley Hubbard, who worked on

Illinois-based nonprofit Health Care Service Corporation (HCSC) acquired nonprofit Blue Cross and Blue Shield of Montana (BCBSM), state law dictated precisely how state regulators, while reviewing the proposed transaction, should treat the charitable assets.

The Montana [“Attorney General’s Order Conditionally Approving the Proposed Transaction”](#) succinctly applies Montana law requiring an independent valuation of the charitable assets to be set aside in a new health foundation.

It is important to recognize that the Parties to a transaction may offer a much lower valuation than an independent analyst. In this case, HCSC and BCBSM valued the assets at \$17.6 million. Applying state law, the Attorney General retained independent experts who valued the assets at more than twice what the parties proposed. Ultimately, HCSC paid \$40.2 million for BCBSM. And, as mentioned earlier, the FMV took AG staff members and independent experts “hundreds of hours” to complete. The costs associated with independent valuations should be covered by companies intending to merge.

Montana’s example reminds Oregon CBOs and regulators that comprehensive independent valuations are very much in the public interest. Moreover, they are worth the time and expense involved.

Additionally, Oregon CBOs may want to advocate for a comprehensive nonprofit conversion law so that Oregon regulators have the same clarity Montana regulators enjoyed. Consumer Reports and Community Catalyst drafted [model conversion legislation](#) that Oregon could consider adopting.

the transaction and foundation as an Assistant Attorney General.

Conclusion

The proposal between Legacy Health and OHSU represents a pivotal moment for health care in Oregon. The potential consolidation of these two health care entities raises significant questions about the value of the charitable assets, health care access, and the preservation of the public interest. Ensuring that it benefits the communities these organizations serve requires robust regulatory scrutiny and active community participation. Past experiences with health conversion transactions provide valuable lessons for navigating this complex process.

A critical aspect is the approximately \$600 million foundation proposed by the Parties. While Legacy Health and OHSU have outlined preliminary plans, the lack of meaningful community involvement and the possibility of undervaluing these assets warrant heightened attention. State regulators must engage independent valuation experts to assess the fair market value of the assets and ensure that the foundation's governance is inclusive and representative of Oregon's diverse communities. By learning from successful examples like the Foundation for a Healthy Kentucky (foundation-creation process) and the Montana Health Foundation (FMV), Oregon can establish a foundation that aligns with best practices in health equity and community-driven philanthropy.

A coalition of committed CBOs is essential to a fair process in Oregon and the catalyst for this effort is the [Community First Campaign](#). The coalition can advocate for health equity, transparency, fairness, and community engagement at every stage. From demanding rigorous oversight by the

Oregon Health Authority and Attorney General to participating in the planning process for the foundation, CBOs and the Community First Campaign have the power to influence decisions that will shape Oregon's health care landscape for years to come. Their involvement ensures that the voices of those most impacted by health inequities are heard and reflected in decisions rendered by regulators.

Oregon regulators have the authority to reject inadequate proposals and insist on a foundation that is endowed with full charitable-asset FMV, independent, well-governed, and accountable to the public. The inclusion of diverse perspectives—ranging from public health experts to community leaders—will enhance the fund or foundation's ability to address Oregon's many health care challenges. Furthermore, by requiring clear and enforceable commitments from Legacy Health and OHSU, regulators can secure long-term benefits for Oregon residents.

Finally, the Legacy Health-OHSU transaction has the potential to create a transformative new health foundation or further fund an existing foundation(s) with a track record, but achieving this vision requires vigilance, advocacy, and collaboration. By applying lessons from other states, leveraging regulatory authority, and fostering strong community involvement, Oregon can ensure that decisions about the disposition of the nonprofit assets prioritize the public interest.

