
From: Zachem, Charles (DO)
Sent: Friday, June 12, 2015 8:04 AM
To: KEELING Ryan W * DCBS
Subject: Trillium Community Health Plan comments

Dear Mr. Keeling,

I am a physician and resident of Lane County of the last 18 years, writing to comment on the proposed sale of Trillium to Centene. I write these comments solely as my personal opinion as a private citizen, and I would like to disclose that I am on the Board of Directors of Pacificsource health plans, which could be viewed tacitly as a competitor to Trillium as a declaration of any perceived conflict of interest. I would also disclose that I am not, nor have I ever been a shareholder in Trillium or its subsidiaries.

Now with that out of the way I would like to say that I am not in favor of the sale of Trillium to Centene corporation. My primary objections to this are related to my observation of a disturbing trend in healthcare that I believe is deeply damaging to our healthcare system and our communities. This is the accelerating "Corporatization" of healthcare, where healthcare delivery is increasingly being controlled by large, predominantly for-profit (but also non-profit secular or religiously based) companies based outside our communities and indeed often outside of our state. For example, currently in the Eugene-Springfield area the two hospitals are part of systems with corporate offices outside of Oregon; one in Vancouver, Washington and one in Nashville, Tennessee and the large dialysis provider with whom I interface as a physician is part of a large multi-national corporation headquartered in Germany.

We in this community have seen more and more of the jobs, intellectual capital and consequent tax base exported out of the community as these changes evolved, and now the dollars generated by these businesses here in our communities are increasingly exported to these home offices. One can simply look as an example at what has occurred with Peacehealth over the last 5 years as it migrated to an operating company based in Washington; with their shared-services mega-center in Vancouver and the disruption it has caused in our healthcare community as documented in articles within the Register-Guard newspaper.

This has been a progressive process, along with the corollary threat to our healthcare system; which is the accelerating "bureaucratization" that is occurring with this round of "Healthcare reform". The HITECH act (pushing EHR adoption) and PPACA ("Accountable Care Act") have vastly accelerated this process of government intervention and mandates that have directly led to the process of consolidation in all aspects of healthcare whether it be insurance plans, hospitals or physician groups. Indeed it some of these very issues that Trillium acknowledges are threats to its ongoing existence and prompting the need to sell itself. In addition it has exacerbated a tidal wave

of retirements and departures from our community of physicians leading to the tremendous shortage of physicians in Lane county and consequent marked decreased access to care. I realize that healthcare reform was meant to address the problems of the "cottage industry" aspects of the healthcare system and to help standardize care and reduce variation in care in an effort to make it less costly and with nominally better outcomes. But I would simply say that we are rapidly crossing the Rubicon towards a medical-industrial complex (to paraphrase Eisenhower), that will be led by larger and larger corporations based far away from where care is delivered, with decisions being made by MBA's in a corporate office whom will likely not have a communities interests as their foremost concern.

This end game is the precise opposite of what was intended with the formation of CCO's (Coordinated Care Organization) here in Oregon for the most vulnerable in our society, which was to empower local control and decision-making to allow clear and efficient use of resources. I don't doubt Centene will bring economies of scale and large data and analytics packages to be used after the acquisition, but to what end? They are fundamentally buying an income stream from those contracted lives within Trillium for as long as they have those lives, and they will want to see a return on that investment. Will they make choices for the benefit of our community or to their corporate bottom line? Perhaps they will manage to benefit both, only history will judge the results down the road. Let no one fool themselves, this is a "change of control" acquisition where the loss of local influence and decision-making will occur if not immediately but it will occur. It is another step down the road to loss of choice and local influence in our healthcare community over how, when and where care will be delivered and everyone should have eyes wide open as they go down that road.

Now, I started by saying I am not in favor of the sale of Trillium to Centene as my personal opinion in this comment seeking period. I would like to finish by saying, I also do not believe that the Insurance division should block the sale of a private company to a suitable buyer if it does not violate any anti-trust laws or cause monopolistic relationships. Fundamentally I am a capitalist that believes if this company was created and grown in value the shareholders should be allowed to monetize that value within the legal boundaries governed by the FTC and any other regulatory bodies. But please let us as have no misconceptions about the ramifications of this transaction or other similar. Thank you for allowing this private citizen to express his comments.

Sincerely,

Charles R. Zachem, D. O.
Eugene, Oregon
6/12/15