



JOHN A. KITZHABER, MD
Governor

June 6, 2013

Ms. Ruth Bauman
Chair, Board of Directors
Willamette Valley Community Health
2995 Ryan Drive, SE, Suite 200
Salem, Oregon 97304

Dear Ms. Bauman:

Thank you for the opportunity to meet with yourself and some of your Board members earlier this week to discuss the ongoing dispute between Willamette Valley Community Health (WVCH) and Salem Hospital. I very much appreciate all that WVCH is doing to improve the health of the Oregon Health Plan population in Salem and to make the goals of Oregon's health system transformation a reality.

I am aware of the circumstances surrounding the dispute between WVCH and Salem Hospital and have encouraged solving the issue through mediation rather than through legislation or litigation. In that regard I want to thank you for your prompt and positive response to my suggestions regarding a potential mediator.

I believe that mediation of both the past contractual dispute and issues around ongoing collaboration is the best path forward. As we discussed, issues surrounding governance of a CCO were the topic of a long and robust discussion in the legislature and have been put into statute. The governance of your CCO meets the standards as outlined by the legislature and is consistent with the structure of many CCO's around the state.

Finally, you asked about opening up an RFA to another CCO in the area. As I indicated I will not approve an RFA for an additional CCO in the area so long as WVCH can continue to meet its contractual obligations to the state as a CCO. Nor can I allow for any disputes between your organization and Salem Health to impede the work of your CCO in the region to improve health and reduce costs.

It is in everyone's interest to quickly resolve your disputes through mediation so that you can work together toward successful implementation of our health system transformation.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Kitzhaber".

John A. Kitzhaber, M.D.
Governor