

EXECUTIVE SUMMARY

Radia-MRG Transaction Review

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support statewide goals related to cost, equity, access, and quality. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company should proceed. On January 31, 2023 OHA acknowledged receipt of a complete [Notice of Material Change Transaction](#) (“notice”) from Radia Inc, P.S. (“Radia”), a physician-owned radiology practice group based in the state of Washington.

Proposed Transaction

Through this transaction, Radia will acquire Medford Radiological Group, PC (“MRG”). MRG is a physician-owned radiology practice primarily serving patients in the Medford, Ashland, and Grants Pass areas of southern Oregon. In 2022, MRG provided diagnostic and interventional radiology services for more than 125,000 patients. The transaction will make MRG a direct subsidiary of Radia, and MRG physicians will become Radia employees.

OHA’s Review

OHA conducted a preliminary review of the proposed transaction to assess the likely impact of the transaction across four domains: cost, access, quality, and equity. During the review, OHA reviewed documents filed, gathered background information about the companies involved, analyzed claims and other relevant data, and issued requests for additional information from Radia. OHA held a 14-day public comment period but did not receive any public comments.

Key Findings



Cost

This transaction will not lead to any significant consolidation within the market for radiology services in Oregon. However, given Radia’s presence in Washington state, OHA has some concerns about potential price increases resulting from consolidation in radiology services across the Oregon and Washington markets. Such price increases are unlikely provided that the combined entity does not contract jointly for services in Washington and Oregon, which the entities stated they do not intend to do. OHA’s follow-up reviews will assess any impacts of the transaction on prices for MRG services.



Access

OHA does not have concerns about reductions in access to care resulting from this transaction. Provided that Radia maintains existing MRG contracts with hospitals, CCOs, and thirty-party payers, which the entities stated they intend to do, OHA does not expect the transaction to reduce access to radiology or associated procedures in Oregon. The entities anticipate that the transaction will increase access to radiology services, particularly sub-specialty diagnostic services. OHA will assess in follow-up reviews whether these benefits materialize.

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Quality

OHA does not have significant concerns about the impact on quality of care for this transaction. The transaction has the potential to maintain or improve quality of care for radiology patients in Oregon. Both Radia and MRG have a generally positive track record on delivering high quality care. Access to a larger network of specialized radiologists may improve patients' prognoses and clinical outcomes. OHA will monitor key patient experience and other quality indicators in follow-up reviews.



Equity

OHA does not have specific concerns about equity for this transaction. While there may be existing disparities in access to radiology services in the region, the proposed transaction is unlikely to exacerbate any issues and has the potential to improve access to subspecialty radiology services for underserved communities in southern Oregon.

Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction, with conditions, on March 9, 2023.** (See the [Preliminary Review Order](#) and [Review Report](#) for more details.) OHA's decision was based on the following criteria:

- **The transaction is unlikely to substantially reduce access to affordable health care in Oregon.** The proposed transaction will not lead to any significant consolidation within the market for radiology services in Oregon, because Radia currently provides very few services to Oregon patients. The entities stated that they do not intend to negotiate joint contracts covering services in both Oregon and Washington and that they expect to maintain MRG's existing contracts with hospitals and third-party payers, including Coordinated Care Organizations. Radia and MRG anticipate that the proposed transaction will increase access to radiology services in southern Oregon.
- **The transaction is not likely to substantially alter the delivery of health care in Oregon.** OHA estimates, based on information provided in the notice, that Radia's services account for less than 1% of radiology services delivered annually to Oregon patients. Most of these services are provided under an agreement with MRG. Residents of MRG's service area in southern Oregon currently access radiology services from more than 25 providers. The entities stated that they intend to retain MRG's existing contracts with hospitals and third-party payers, including Coordinated Care Organizations, and anticipate that all current MRG physicians will continue to practice in MRG's service area.

This transaction is approved subject to the following conditions:

1. The entities will adhere to the representations made in the notice and subsequent filings with OHA, including but not limited to the following:
 - a. The entities intend to retain MRG's existing contracts with hospitals and third-party payers, including Coordinated Care Organizations.
 - b. The entities do not intend to negotiate joint contracts across the Oregon and Washington markets.
 - c. Former MRG physicians will be represented on Radia's board of directors for at least three years following the closing.

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2. The entities must submit an annual report to OHA demonstrating compliance with conditions 1a-c. The first such report will be due to OHA 10 months following the close of the transaction. Subsequent reports will be due at 12-month intervals from the date of the first report. Each report must be based on the template provided by OHA as Exhibit A to the Preliminary Review Order.
3. These conditions will remain in effect for five years from the transaction closing date.

OHA will monitor the impact of the transaction and compliance with conditions by conducting follow up analyses one year, two years, and five years after transaction closes. During these reviews, OHA will analyze the impact of the transaction on quality of care, access to care, affordability, and health equity, specifically following up on concerns or observations noted in the Findings & Potential Impacts section of the Review Report.

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