

Health Care Market Oversight (HCMO) Program Notice of Material Change Transaction

The applicant must complete and submit this notice of proposed material change transaction to hcmo.info@oha.oregon.gov.

One important role of the Health Care Market Oversight Program is to notify the community and people living in Oregon when entities propose a material change transaction. This document will be published and serve as the public notice. If requested under public records laws, OHA will disclose all versions of this document received. Contact program staff with any questions or to request technical assistance at hcmo.info@oha.oregon.gov.

Note: if any entity involved in the proposed transaction has associated National Provider Identifiers (NPIs), complete and submit the NPI form.

I. General Information about the Transaction and Entities

1. Provide the name, title, organization, and email address of the individual completing this form on behalf of the applicant.

Name	
Title	
Organization	
Email Address	

Provide a mailing address for OHA to send a physical copy of the final order.

Name	
Address	
Unit/ number	
City	
State	
Zip	

2. What type of material change transaction is the applicant proposing¹?

<input type="checkbox"/> Merger	<input type="checkbox"/> Contract	<input type="checkbox"/> Other (specify) _____
<input type="checkbox"/> Acquisition	<input type="checkbox"/> Affiliation	

3. What is the proposed effective date of the material change transaction?

The bankruptcy emergence is currently scheduled for **October 31, 2023** subject to court approval, as described further in this notice.

¹ Please see OAR 409-070-0010 for definitions of transactions subject to review.

4. Briefly describe the applicant completing this notice.

Describe the notifying applicant's business (including business lines or segments), ownership type (corporation, partnership, limited liability corporation, etc.), governance and operational structure (including ownership of or by a health care entity), annual revenues, and geographic areas of operation. For health care entities, also include provider type (hospital, physician group, etc.), facilities owned or operated, service lines, number of staff, geographic service area(s), and capacity or patients served in Oregon (e.g., number of licensed beds, number of patients, quantity of services provided annually). Include the mailing address, website(s), and Federal Tax ID(s) of the applicant.

Envision Healthcare Corporation ("Envision") is a management services provider for entities that deliver physician and advanced practice provider services through its Envision Physician Services division, primarily in the areas of emergency and hospitalist medicine, anesthesiology, radiology/teleradiology and neonatology. Envision's other division, AMSURG, is a leader in ambulatory surgical care and it holds ownership in more than 250 surgery centers, directly or indirectly, in 41 states and the District of Columbia, with medical specialties ranging from gastroenterology to ophthalmology and orthopedics.

The health care entities in Oregon that are the subject of this notice are ambulatory surgical centers ("ASCs") under the AMSURG division, which are operated as joint ventures by certain Envision subsidiaries and individual physicians. Additional details about each ASC are listed below.

Envision's FEIN is 62-1493316, current mailing address is 1A Burton Hills Boulevard, Nashville, TN 37215 and website can be found at <https://www.envisionhealth.com/>

The annual net revenues of Envision in Oregon was \$2,248,000 in 2022.

5. Describe all other entities involved in the proposed transaction.

For each entity, describe the entity's business (including business lines or segments), ownership type (corporation, partnership, limited liability corporation, etc.), governance and operational structure (including ownership of or by a health care entity), annual revenues, and geographic areas of operation. For health care entities, also include provider type (hospital, physician group, etc.), facilities owned or operated, service lines, number of staff, geographic service area(s), and capacity or patients served in Oregon (e.g., number of licensed beds, number of patients, quantity of services provided annually). Include the mailing address, website(s), and Federal Tax ID(s) of entities involved in the proposed transaction. Limit the response to 500 words per entity described.

The entities involved in the transaction are the five ASCs (collectively, the "Providers") identified below, each of which is indirectly owned by Envision. The geographic service area for each Provider is the city in which it is located, along with the surrounding community in the state of Oregon.

The Salem OR Ophthalmology ASC, LLC (FEIN: 20-3802500; ASC Lic. No. 07-1574) Medicaid, Medicare and Commercial
Address: 1330 Commercial St SE, Salem, OR 97302; Website: <https://salemeyesurgery.com/> 22 staff; 5,575 patient cases annually
2022 Net Revenue: \$5,991,875

Doctors Park Surgery Center, LLC (FEIN: 01-0668275; ASC Lic. No. 07-1616) Medicaid, Medicare and Commercial
Address: 2090 Northeast Wyatt Court, Suite 102, Bend, OR 97701-7691; Website: <https://doctorsparksc.com/> 17 staff; 3,350 patient cases annually
2022 Net Revenue: \$3,738,611

Cascade Endoscopy Center, LLC (FEIN: 93-1331197; ASC Lic. No. 07-1552) Medicaid, Medicare and Commercial
Address: 1007 Harlow Rd #110, Springfield, OR 97477; Website: <https://cascadeendocenter.com/> 17 staff; 1,800 patient cases annually
2022 Net Revenue: \$2,483,580

Bend Surgery Center, LLC (FEIN: 91-1772048; ASC Lic. No. 07-1634) Medicaid, Medicare and Commercial
Address: 1342 NE Medical Center Dr. Suite 170, Bend, Oregon 97701-3730; Website: <https://www.bendsurgery.com/> 158 staff; 15,000 patient cases annually
2022 Net Revenue: \$36,449,231

South Portland Surgical Center, LLC (FEIN: 80-0461691 ASC Lic. No. 07-1638) Medicare and Commercial
Address: 6370 Southwest Borland Road, Suite 100, Tualatin, OR 97062-9768; Website: <https://southportlandsurgicalcenter.com/> 31 staff; 2,700 patient cases annually
2022 Net Revenue: \$11,047,384

Ambulatory TopCo, LLC ("New Owner") is a newly formed entity that will become the new upstream, indirect owner of each Provider (see additional information in Item 6). New Owner is a Delaware limited liability company with FEIN 93-3788804. New Owner is managed by a Board of Managers that has authority to oversee the business and affairs of New Owner and to do all things necessary to manage the business of New Owner. However, New Owner does not have any direct ability to appoint or change the management or operations of any Provider.

6. Briefly describe the nature and objectives of the proposed material change transaction, including any changes in ownership, governance, or operational structure, any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services).

The Providers identified in Item 5 are indirect subsidiaries of Envision. On May 15, 2023, Envision and certain of its wholly owned subsidiaries filed for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 1011532 in the Bankruptcy Court for the Southern District of Texas. In connection with this bankruptcy, the existing lenders of certain Envision entities, who have funded and financed the operations of the Providers, will assume indirect ownership and control of the Providers subject to the approval of a plan of reorganization and emergence from bankruptcy (the “Restructuring”). While the exact post-emergence structure is subject to court approval, the ownership change will occur on or above the great-great-grandparent level of the Providers, where New Owner will become a new indirect owner with respect to each Provider. As noted above, New Owner is a *newly formed* legal entity comprised of the existing Envision lenders and accordingly, will not have any revenue at the time of closing. To summarize, the Restructuring will have no impact on the operational structure or the governance of the Providers which are the Oregon entities and will not change any of the Providers' operations. The Restructuring will simply result in New Owner being added to the Providers' ownership structure several levels above the Providers. A pre and post organizational structure chart is attached for your reference.

The Restructuring will enable Envision and the Providers to continue operating its business and provide support to critical partners, including clinicians, hospitals, vendors and suppliers. Envision and the Providers remain dedicated to delivering outstanding patient care and advancing operational excellence.

A link to the public website (<https://restructuring.ra.kroll.com/Envision/Home-DocketInfo>) includes all of the bankruptcy court filings which provide greater detail regarding the financial arrangements contemplated, all of which are contingent on the bankruptcy emergence currently scheduled for October 31, 2023 and subject to court approval.

7. Briefly describe any anticipated operational or management changes resulting from the transaction, including changes in health care services offered, staffing changes, new investments or other initiatives, implementation of new policies and procedures, and organizational structure changes. Include a description of the transaction's impact on the financial stability of any entity involved in the transaction.

We do not expect any operational or management changes with respect to the Providers as a result of this transaction. All of the management arrangements held by the Providers will stay the same and there will be no changes to the scope of services offered or to the types of insurance accepted. The purpose of the Restructuring is to allow the Providers to carry on the same operations as they are today without any changes or impact to quality of care or reduction of services to the community. Given that the Restructuring will allow Envision to reduce its debt and strengthen capital structure, this provides the necessary foundation for the Providers to continue to have the resources necessary to delivery high quality patient care.

II. Impact from the Proposed Transaction

8. Describe the expected impact – increase, decrease, or no change – of the proposed transaction on access to affordable health care in Oregon. Explain your answer.

We do not expect the transaction will have an impact on patient access to affordable health care in Oregon. In fact, the purpose of the transaction is to ensure that the Providers can continue to deliver health care services without interruption. As noted above, the transaction is not expected to change the operations, scope of services or policies or procedures of any of the Providers. Furthermore, the transaction will not result in any changes to existing payor arrangements or Medicare and Medicaid enrollments as it relates to any Provider.

9. Explain how, if at all, the proposed transaction will:
 - a. improve health outcomes for residents of this state.

The transaction will allow the Providers to continue offering the same high quality health care services to residents of Oregon.

- b. benefit the public good by reducing the growth in patient costs. (If the transaction will not reduce the growth in patient costs, explain why the proposed transaction is in the best interest of the public.)

The transaction is in the best interest of the public because it will allow the Providers to continue to deliver health care services to the community.

- c. benefit the public good by increasing access to services for medically underserved populations.

The transaction will allow the Providers to continue serving the community, including individuals who are part of medically underserved populations.

- d. benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services.

The transaction will allow the Providers to continue serving the community.

10. Will the proposed transaction result in a decrease in competition? If no, please explain. If yes, describe any anticompetitive effects that may result from the proposed transaction.

No. Given that the transaction is only intended to allow the Providers to continue providing the same scope of services, this will not have any impact on competition.

11. Indicate the date and nature of any applications, forms, notices, or other materials you have submitted regarding the proposed material change to any other state or federal agency. *Indicate the date and nature of any other applications, forms, notices, or other materials provided to other state or federal agencies relative to the proposed material change, including but not limited to the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.*

Envision has submitted filings to the Bankruptcy Court as described under Item 3. Additionally, on October 4, 2023, Envision submitted to Oregon Health Authority a request for emergency review due to the nature of the bankruptcy proceedings, but on October 10, 2023, OHA advised Envision that it did not meet the criteria for such review. As a result, Envision is submitting this Notice of Material Change notification instead.

12. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

III. Signature

Certification and attestation are not required. The electronic signature below should be the name entered in Question #1 and an individual who can sign on behalf of the applicant.

Electronic Signature Anthony Del Rio Date _____