

FORM A  
STATEMENT REGARDING THE  
ACQUISITION OF CONTROL OF OR MERGER WITH A CCO

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InterCommunity Health Plans Inc.  
d/b/a InterCommunity Health Network – Coordinated Care Organization  
("InterCommunity CCO"),  
a subsidiary of Samaritan Health Services, Inc ("Samaritan")

By

MultiCare Health System, a Washington non-profit corporation  
("Applicant" or "MultiCare")

Filed with the Oregon Health Authority (OHA)  
Dated: January 9, 2026

Name, Title, address and telephone number of individual to whom notices and correspondence concerning this Statement should be addressed:

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## ITEM 1. METHOD OF ACQUISITION

InterCommunity Health Plans Inc.  
d/b/a InterCommunity Health Network – Coordinated Care Organization  
2300 NW Walnut Boulevard  
Corvallis, OR 97330

This Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (this “Statement”) relates to the proposed acquisition of control by MultiCare Health System, a Washington domiciled nonprofit corporation authorized as a foreign nonprofit corporation in the State of Oregon (“Applicant” or “MultiCare”), of InterCommunity Health Plans Inc., an Oregon domiciled nonprofit corporation (the “InterCommunity CCO” or the “CCO”). InterCommunity CCO is controlled by its sole member Samaritan Health Services, Inc., an Oregon nonprofit corporation (“Samaritan”).

Under the proposed affiliation between Samaritan and MultiCare (the “Affiliation”), MultiCare will become the sole member of Samaritan, and Samaritan will continue to be the member or shareholder, as applicable, of all current Samaritan affiliates. Thus, at closing, MultiCare will become the ultimate corporate parent of InterCommunity CCO. InterCommunity CCO will retain its local board of directors, and, subject to the reserve powers of Samaritan and MultiCare, the powers and composition of such board will not change as a result of this Affiliation.

This Affiliation with MultiCare will provide InterCommunity CCO with the capital, infrastructure, and expertise necessary to address InterCommunity CCO’s most acute needs, including capital support, infrastructure improvements, enhanced population health capabilities, and improved access to health care services for members. Samaritan cannot accomplish any of these on its own. Thus, this Affiliation directly supports the goals of the Oregon Health Authority’s coordinated care program by:

- Expanding access to primary, specialty, and behavioral health services through additional investments in ambulatory services;
- Improving health outcomes, promoting equity and reducing overall cost of care through population health initiatives;
- Enhancing quality via investments in facilities, technology, and clinical integration;
- Supporting affordability through better care coordination and more efficient care delivery; and
- Making the investments necessary to ensure InterCommunity CCO will continue serving Oregonians for generations to come.

The sooner this Affiliation closes, the sooner these benefits can be realized by Oregonians and the communities served by InterCommunity CCO and Samaritan.

Samaritan is an irreplaceable community asset that plays a vital role in maintaining access to care for hundreds of thousands of Oregonians. However, like many health systems and coordinated care organizations, Samaritan has experienced operating losses over the past several years driven by national and regional trends, including workforce shortages, inflationary

pressures, and rising costs of care. Moreover, there are unmet community needs that Samaritan is unable to fully meet without substantial additional investment and specialized expertise, particularly in expanding access to affordable, high-quality ambulatory and specialty services.

Ultimately, Samaritan determined that it cannot continue to meet the health care needs of its community alone. As such, Samaritan undertook a comprehensive process to identify a like-minded partner that will allow Samaritan to reach its full potential. After evaluating multiple potential partners, Samaritan determined that this Affiliation with MultiCare would best advance its mission and strengthen its ability to serve the people of Oregon into the future.

The proposed Affiliation with MultiCare positions Samaritan and InterCommunity CCO to thrive in the years ahead. Through this partnership, Samaritan will gain the capital, tools, and resources necessary to invest in its facilities, people, and communities, ensuring it can continue to deliver exceptional care and expand access to meet the evolving health needs of those it serves.

The primary goals of this Affiliation are to:

- Meet Samaritan’s capital needs in the near term and beyond
- Grow Samaritan’s preeminent position as the regional provider, clinical partner, and employer of choice
- Optimize Samaritan’s clinical and system integration to support high value care through access to innovative resources
- Establish an efficient and effective governance structure that supports Samaritan’s ability to operate fluidly and make decisions based on what is best for the community
- Expand access, improve quality, promote health equity and reduce the cost of health care for all residents of the region
- Sustain a strong culture that allows Samaritan to maintain its operations and build on its proven ability to meet the needs of the community

These goals are not merely aspirations—they are reflected in the structure of this Affiliation and the shared values and strategic vision of those most intimately involved in shaping the combined entity’s future. This Statement describes in detail how the proposed Affiliation furthers each of these goals.

- Addressing Samaritan’s capital needs: As more fully described in Exhibit 1.a.i, Samaritan has acute short- and long-term capital needs that it cannot address on its own, particularly with respect to health plan infrastructure and the physical plant at Good Samaritan Regional Medical Center. This Affiliation addresses these needs through capital support for Samaritan Health Plans, Inc. (“Samaritan Health Plans”) and InterCommunity CCO, together with an unprecedented commitment to invest at least \$700 Million in the Samaritan health system over ten years (the “Capital Commitment”). Samaritan and MultiCare will allocate this Capital Commitment according to a jointly developed capital plan that reflects shared priorities and community needs. InterCommunity CCO’s members’ experience, care quality and care coordination will

improve as a result of the planned investments in Samaritan's facilities and technology infrastructure.

- *Growing Samaritan's status as the preeminent provider in the region:* At the heart of this Affiliation lies the ambition to strengthen Samaritan's position as the region's foremost provider, clinical partner, and employer. Doing so requires financial stability, ongoing investments in staff and infrastructure, and the development and implementation of tools to improve population health. As described in more detail throughout this notice, Samaritan and MultiCare structured this Affiliation to achieve all these goals and has actionable plans to do so.
- *Optimizing Samaritan's clinical and system integration:* Integral to achieving Samaritan's goals is the optimization of clinical and system integration. As described in more detail in response to Items 4(b), 5 and 13, this Affiliation gives Samaritan the opportunity to expand access to services, especially in the ambulatory and primary care service lines. This will, in turn, enable Samaritan to more seamlessly coordinate care across specialties and sites of service. The targeted investments made possible by this Affiliation will help ensure that individuals receive the right care, at the right time, with the support of cutting-edge medical advancements. Samaritan represents a significant portion of InterCommunity CCO's provider network. This Affiliation's investment in additional ambulatory sites that provide primary, specialty and behavioral health services is an opportunity for InterCommunity CCO to build a more robust ambulatory provider network. This network will help InterCommunity CCO's members gain access to services at ambulatory sites that are less costly, have shorter wait times, offer additional appointment availability relative to inpatient settings, and help keep patients well and avoid unnecessary hospitalization.
- *Establishing an efficient and effective governance structure:* Recognizing the importance of agile and effective decision-making, this Affiliation implements a governance structure that empowers local leadership to act fluidly in the best interests of the community, while giving such leaders access to the capital, expertise, and infrastructure of MultiCare, the Pacific Northwest's leading system of health. The post-closing governance framework, which is described in more detail in response to Item 5(a), will enable Samaritan to respond swiftly to evolving health care needs while maintaining transparency, accountability, and a connection to the communities it serves.
- *Expanding access, improving quality, promoting health equity, and reducing costs:* This Affiliation furthers access, quality, health equity and cost-control by enabling Samaritan to make targeted investments in services and service lines that will, together, give its communities better access to lower-cost, higher-quality care close to home. Samaritan is particularly excited about the planned investments in health plan infrastructure, which are described in more detail in response to Item 4(b). These investments will improve care coordination, reduce overhead costs, and help patients choose the most appropriate and cost-effective care.

- *Sustaining Samaritan's strong culture*: Sustaining a robust organizational culture is vital for Samaritan's long-term success. Samaritan and MultiCare recognize that, for this Affiliation to be successful, they must share a mission, vision, and values, while recognizing and embracing the unique benefits of both institutions' histories and cultures. The past few months of collaboration between MultiCare and Samaritan have demonstrated a strong like-mindedness between the organizations with a focus on communities, local decision-making, health equity, population health, and clinical excellence. The response to Item 6 describes how the parties ensured cultural alignment through due diligence and pre-transaction strategic planning.

Samaritan and MultiCare are entering into this Affiliation to further Samaritan's nonprofit charitable mission and to preserve and expand Samaritan's existing services. As such, post-closing, MultiCare and Samaritan will ensure that Samaritan remains an Oregon nonprofit corporation furthering its existing nonprofit and charitable mission. Furthermore, for a period of not less than three years, Samaritan and MultiCare will take all actions necessary for Samaritan to:

- Continue offering all of Samaritan's existing services as described in Exhibit 1.a.ii,
- Continue operating InterCommunity CCO as a Coordinated Care Organization serving Benton, Lincoln, and Linn counties, subject to the Oregon Health Authority's procurement process and contractual discretion, and
- Continue offering a dual eligible special needs plan, or equivalent product, in Benton, Lincoln, and Linn Counties, subject to the Centers for Medicare and Medicaid Services' procurement process and contractual discretion.

If, due to an unexpected circumstance or situation beyond the parties' control, Samaritan must stop offering any service listed in Exhibits 1.a.ii or terminate the plans described in this paragraph, the parties will do so only upon the approval of both the MultiCare's and Samaritan's boards of directors (respectively, the "MultiCare System Board" and the "Samaritan Board").

MultiCare and Samaritan also intend for this to be a permanent, mutually beneficial Affiliation. As such, MultiCare shall not sell or transfer all or substantially all of Samaritan's assets or interests to a third party or engage in any dissolution of Samaritan or its hospitals for a minimum of seven years following the closing without the prior approval of the Samaritan Board.

As described in Exhibit 1.a.i, this Affiliation is a strategic necessity. Without a partner like MultiCare, Samaritan would need to take immediate steps to reduce its operating losses. This would include selling or winding down its health plans, reducing clinical and administrative staff, and further delaying long-overdue maintenance projects. Thus, this Affiliation is critical to maintaining existing service levels and continuing to meet the evolving health care needs of our communities.

However, financial stability and sustainability for Samaritan is not just about providing financial support to InterCommunity CCO and restoring margins. It is also about ensuring that the community's health care dollars stay in the community. A health system that uses its operating

margin to return profits to investors, or to fund unrelated activities, is neither sustainable nor consistent with the parties' shared charitable mission. Accordingly, MultiCare is committed to re-investing margin from Samaritan's operations into Oregon.

From MultiCare's perspective, this transaction represents a unique opportunity to use its strong balance sheet to materially improve health care delivery in the Pacific Northwest. MultiCare has a proven track record of improving community health through investments in infrastructure, care delivery, and population health. It also recognizes the quality, cost, and access benefits associated with an integrated provider-payer system. Thus, MultiCare considers InterCommunity CCO a critical component of Samaritan's long-term success, and will advance MultiCare's long-term goal of becoming the region's highest value system of health.

Together, these objectives form a holistic blueprint for the transaction, anchoring Samaritan's dedication to innovation, integration, and community-focused care. Guided by the insights and expertise of its stakeholders, Samaritan is excited to partner with MultiCare to advance its mission and serve the region with renewed purpose and vision.

## **ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

MultiCare is located at 820 A Street Tacoma, WA 98402.

MultiCare is a not-for-profit health care organization with 13 hospitals and more than 28,000 team members. MultiCare's roots reach back to 1882, with the founding of its first hospital in Tacoma. More than a century later, MultiCare is still meeting the needs of patients and supporting its communities, from the Puget Sound to the Inland Northwest. MultiCare's story is one of visionary leadership and deep compassion. MultiCare has met the challenges of each age from the Great Depression to World War II to the COVID-19 pandemic with resilience, ingenuity, and teamwork.

MultiCare's foundational roots as a community hospital guide its mission to serve those in need, especially vulnerable and underserved populations. Its early operations were deeply rooted in philanthropy and volunteerism, often supported by local churches and civic groups. MultiCare's mission is "partnering for healing and a healthy future," which inspires MultiCare to form connections that help address identified community needs and improve quality of life for our patients and communities. This Affiliation will advance that mission of partnership, and MultiCare is excited to work with Samaritan to deliver a healthier future for Oregonians.

MultiCare offers a comprehensive continuum of care that spans every stage of life—from birth to end-of-life. Below is an overview of our services across the lifespan:

### *Birth & Early Childhood:*

- *Obstetrics & Maternity Care:* Labor and delivery services, prenatal care, and postpartum support.
- *Pediatric Primary Care:* Routine checkups, immunizations, and developmental screenings.

- *Mary Bridge Children’s Hospital*: Specialized pediatric care including neonatal intensive care, pediatric surgery, and emergency services.

#### *Youth & Adolescence:*

- *Behavioral Health Services*: Support for mental health, substance use, and emotional well-being.
- *School-Based Clinics*: Accessible care for students in partnership with local schools.
- *Sports Medicine & Injury Prevention*: Services for active youth and student athletes.

#### *Adulthood:*

- *Primary Care*: Preventive care, chronic disease management, and wellness visits.
- *Specialty Care*: Cardiology, oncology, orthopedics, neurology, and more.
- *Urgent & Emergency Care*: Walk-in clinics and inpatient and outpatient emergency departments.
- *Surgical Services*: Minimally invasive and traditional procedures across specialties in inpatient and ambulatory settings.
- *Women’s Health*: Gynecology, breast health, fertility, and menopause care.

#### *Older Adults & Seniors:*

- *Geriatric Care*: Age-specific primary and specialty care.
- *PACE Program*: All-inclusive care for elderly individuals needing nursing-level support while living in the community.
- *Home Health Services*: Skilled nursing, therapy, and personal care at home.

#### *End-of-Life Care:*

- *Palliative Care*: Holistic support for patients with serious illnesses, focusing on comfort, symptom management, and emotional well-being.
- *Hospice Care*: Compassionate care for terminally ill patients, including pain management, spiritual support, and family counseling.
- *Advance Care Planning*: Guidance on living wills, durable power of attorney, and POLST forms.
- *Death with Dignity Act Support*: MultiCare respects patient rights under Washington’s law, though life-ending medications cannot be administered on-site.

MultiCare provides these services through 13 hospitals and numerous primary, urgent, pediatric and specialty care clinics. Please see Exhibit 2.b for a detailed summary of each of MultiCare’s acute care facilities.

In support of MultiCare’s mission, MultiCare’s vision and strategies are centered around delivering high quality services that communities need, expanding and ensuring access to those services, now and in the future, and a shift to population-based care. Accordingly, MultiCare has developed many innovative clinics, programs, and services designed to improve access to the highest quality care for everyone in the community and support the effective management of disease and population health:

- *Off Campus Emergency Departments*: MultiCare currently operates eight off-campus emergency departments serving communities in Pierce, Thurston, King and Spokane counties in Washington. These 10-bed small emergency department platforms, licensed under MultiCare’s acute care hospitals, have improved access to emergency services in Washington State. Two additional sites are currently in development.
- *MultiCare Behavioral Health Network*: This is the largest behavioral health network in the State of Washington and offers comprehensive behavioral health services to address the behavioral health challenges individuals face throughout their lifetime. Moreover, MultiCare has invested heavily in behavioral health in response to burgeoning community need. Specifically:
  - In 2014, MultiCare and CHI Franciscan (now Virginia Mason Franciscan Health, part of CommonSpirit), formed a joint venture called “Alliance for South Sound Health” to build and operate the new 120-bed behavioral health hospital (“Wellfound Behavioral Health” or “Wellfound”) that addresses the critical need for mental health services in the State of Washington. Wellfound is located at the Allenmore campus.
  - In May 2017, the MultiCare Behavioral Health Network and Navos Hospital, an inpatient behavioral health facility, affiliated to create a stronger system of behavioral health services focused on healing and treating the whole person to meet their physical behavioral needs across both Pierce and King counties. This affiliation created the largest behavioral health provider in Washington State with both outpatient and inpatient treatment facilities, including 70 licensed inpatient beds located in Burien, Washington. MultiCare and Navos are working together to integrate behavioral health, social services and medical care in settings where people already receive medical services, including primary care clinics, mobile outreach clinics, schools, offices and the home.
  - In July 2018, the MultiCare Behavioral Health Network affiliated with Greater Lakes, to further expand its behavioral health capabilities. Greater Lakes brought additional geographic coverage, as well as high-quality outpatient clinics, additional residential treatment capacity and a 16-bed evaluation and treatment center. By adding Greater Lakes as an affiliate, the MultiCare Behavioral Health Network significantly expanded its specialized forensic services, increasing its capacity to serve the behavioral health needs of the community.
- *MultiCare Medical Partners (“MMP”)*: MMP is a division of MultiCare that operates a large multi-specialty practice made up of employed physicians and advanced practice providers. MMP was initially formed in 1995 with a focus on primary care. Over the last 30 years, MMP has grown to include more than 65 medical/surgical specialties and sub-specialties. MMP currently employs approximately 632 providers, including 343 physicians (MD, DO, DPM), 111 physician assistants, 33 certified nurse midwives, and 143 other advanced practice providers. MMP is a cornerstone of MultiCare’s efforts to become the region’s highest value system of health.



- Physicians of Southwest Washington (“PSW”): PSW is MultiCare’s population health enterprise. MultiCare invested in PSW in 2018 and continues to encourage and support ownership by independent practicing physicians in this partnership. PSW was founded more than 30 years ago to support independent community physicians’ ability to provide value based care to their patients. PSW is comprised of MultiCare employed and independent community providers that offer convenient, comprehensive care and services.

PSW is a crucial engine for MultiCare to achieve its vision to be the highest value system of health in the Pacific Northwest. PSW provides administrative management services to large clinically integrated networks that help to align physicians with the health system in a way that enhances quality and reduces the total cost of care. It also provides high-level data analytics to providers that participate with PSW to impact care coordination and care management decisions that produce better outcomes for patients. PSW provides leadership and administrative management services to providers and groups across the region, including MultiCare Connected Care Network, Signal Health, the University of Washington partnership called Embright, Northwest Momentum Health Partners, North Puget Sound CIN, and MultiCare Health Partners.

This high level of provider-patient engagement enables PSW to achieve superior clinical results at a lower cost, all while investing heavily in improving the patient experience. PSW serves the employer, government, and private payer market segments via a replicable model that allows MultiCare and its patients to benefit from its higher quality, lower cost model of care. The relevance of PSW to this transaction is discussed in detail in response to Items 13(A)(i) and (iv).

Please see the pre-closing chart of MultiCare attached as Exhibit 2.c.i, and the post-closing chart of the Affiliation as Exhibit 2.c.ii. There are no court proceedings involving a reorganization or liquidation pending against the parties.

### **ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

MultiCare is a locally governed, nonprofit health care organization guided by a dedicated and diverse board of directors. The MultiCare System Board currently consists of 12 elected directors and two ex-officio, non-voting directors (the Chief Executive Officer of MultiCare and a representative of the MultiCare physician division). The members of the MultiCare System Board serve in a voluntary capacity. Currently, the MultiCare System Board is made up of experts and community leaders with diverse professional backgrounds, including health care, law, finance, and community leadership. Exhibit 3.a.i lists the current membership of the MultiCare System Board. Biographical affidavits are included as Exhibit 3.a.ii.

InterCommunity CCO’s board of directors consists of 12 elected directors (“InterCommunity CCO Board”). Exhibit 3.b lists the current membership of the InterCommunity CCO Board and its officers. No changes to the composition of the InterCommunity CCO Board or officer positions are planned as a part of this Affiliation. The parties anticipate that the same directors

and officers will continue serving InterCommunity CCO post-closing, except for changes in the ordinary course of business.

After the proposed transaction, InterCommunity CCO will not have any relationship that is prohibited by 42 CFR 438.610 or InterCommunity CCO's Health Plan Services Contract with OHA.

#### **ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

**(a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control.**

MultiCare and Samaritan are each mission-driven, non-profit entities. Accordingly, there is no purchase price or other cash consideration associated with this Affiliation. Instead, MultiCare is making commitments to Samaritan regarding the post-closing operations of Samaritan and its affiliates, including InterCommunity CCO. Primary among these is a Capital Commitment designed to address Samaritan's most pressing infrastructure needs and provide the resources necessary to ensure long-term financial sustainability and growth.

Specifically, MultiCare will allocate \$700 Million to Samaritan over ten years for capital and strategic investments in the health care delivery system. Separately, MultiCare is committing to provide Samaritan Health Plans and InterCommunity CCO with any necessary capital infusions. This commitment to Samaritan Health Plans and InterCommunity CCO is in addition to the \$700 Million Capital Commitment. Thus, MultiCare will direct 100% of the Capital Commitment to the Samaritan health delivery system while providing the Samaritan Health Plans and InterCommunity CCO with needed capital. This will allow MultiCare to invest in the health plans independently of the health system's financial results.

As described in more detail in this Statement, Samaritan and MultiCare will allocate the Capital Commitment according to a jointly developed capital plan that reflects shared priorities and community needs. These investments include:

- Renovation and expansion of Good Samaritan Regional Medical Center;
- Recruitment of physicians and advanced practice providers to improve access and expand clinical services;
- Development of new ambulatory and outpatient care locations; and
- Other targeted investments that address identified community health needs.

This framework ensures that every dollar of the Capital Commitment is directed toward strengthening local care delivery, improving patient experience, and supporting long-term community health. Details regarding specific projects and timelines are set forth in the Affiliation Agreement (attached as Exhibit 4.a). Since Samaritan represents a significant portion of InterCommunity CCO's provider network, this jointly developed capital plan to improve Samaritan's facilities, technology and ambulatory infrastructure will directly benefit InterCommunity CCO and its members. Parties expect that InterCommunity CCO's members' experience, care quality and care coordination will improve due to the upgrades to Samaritan's facilities.

MultiCare does not anticipate incurring any debt associated with this transaction. MultiCare has sufficient cash on hand to satisfy Samaritan's immediate capital needs, including any needed recapitalization of InterCommunity CCO and Samaritan Health Plans. Over time, the parties expect that Samaritan, Samaritan Health Plans, and InterCommunity CCO will each achieve positive operating margins, which will enable each entity to fund capital needs from their respective cash flows. However, the Affiliation Agreement contemplates that MultiCare is ultimately responsible for supporting Samaritan Health Plans and InterCommunity CCO.

**(b) Explain the criteria used in determining the nature and amount of such consideration.**

A primary goal of this transaction is to meet Samaritan's near-term capital needs, especially those related to Samaritan Health plan and InterCommunity CCO. Accordingly, the Affiliation Agreement guarantees that Samaritan will have access to such capital.

First, the Affiliation Agreement specifically contemplates that MultiCare will be responsible for providing risk-based capital to, and funding the operating losses and capital needs of, Samaritan Health Plans and InterCommunity CCO. Second, MultiCare is making a \$700 Million Capital Commitment that will enable Samaritan to modernize facilities, strengthen infrastructure, and expand access to high-quality, affordable care.

Over the past several months, Samaritan and MultiCare have worked collaboratively to identify short- and long-term spending priorities for the combined organization, which helped the parties determine how to deploy MultiCare's Capital Commitment in a manner that will best support Samaritan's turnaround, including stabilization of Samaritan Health Plans and InterCommunity CCO. These priorities are described below and incorporated into the Affiliation Agreement as part of the joint capital plan framework (attached as Exhibit 4.a).

- Stabilizing the Samaritan Health Plans and InterCommunity CCO: Full details about Samaritan's need related to stabilizing the Samaritan Health Plans and InterCommunity CCO are provided in Exhibit 1.a.i.
- Deferred Maintenance: The Capital Commitment will fund a substantial investment in deferred maintenance. Samaritan's financial difficulties have prevented it from fully funding the routine and ongoing capital needs of the health system. In 2022, Samaritan completed a facilities conditions assessment for the hospitals they own and operate. Between 2022 and 2024, Samaritan was unable to fund 19%, 40% and 36% of necessary maintenance, respectively. Between 2025 and 2027, Samaritan projects accumulating more than \$57 Million in deferred maintenance, which is on top of routine capital outlays. Simply put, Samaritan's lack of operating margin makes it impossible for Samaritan to fund the necessary maintenance of its existing facilities. This will, over time, lead to a steady deterioration of Samaritan's physical plant, which (a) reduces patient volumes, (b) prevents Samaritan from offering certain modern care modalities, (c) reduces patient satisfaction, and (d) makes it more difficult to recruit and retain physicians. Investments in Samaritan's facilities will improve the patient experience of InterCommunity CCO members who receive care at Samaritan.

- *Replacement of Aging Clinical Equipment:* In addition to maintaining the physical plant of the hospitals, the Capital Commitment will support the ongoing replacement of essential clinical equipment across Samaritan facilities. Much of Samaritan's existing clinical equipment is nearing the end of its useful life, including advanced imaging technologies such as MRIs, CT scanners, catheterization labs, ultrasounds, X-ray units, and nuclear medicine cameras. Samaritan also must replace core clinical assets like patient monitors, pharmacy automation cabinets, and hospital beds. To fund these replacement and maintenance projects, Samaritan will require approximately \$30 Million over the next 3 years. This Affiliation guarantees that Samaritan will have the capital necessary to accomplish these projects while also investing in service line expansion and improvement. Samaritan's patients, including InterCommunity CCO's members, will directly benefit from the upgraded clinical equipment and technology.
- *Facility Expansion and Level II Trauma Center Support:* Good Samaritan Regional Medical Center is the region's only Level II trauma center and faces significant facility constraints and infrastructure risk. In 2024, Samaritan retained an independent space-planning firm to assess current and projected inpatient bed needs and develop solutions to address deferred maintenance and capacity limitations. The study determined that, to meet projected demand over the next decade, Good Samaritan Regional Medical Center will require at least 35 additional inpatient beds and substantial modernization of aging systems. In 2024, the hospital reached high census levels on 274 days, with the emergency department at capacity 68 days, leading to the cancellation or rescheduling of 90 surgical cases due to bed shortages. Additionally, capacity limitations forced Good Samaritan Regional Medical Center to decline more than 700 patient transfer requests, which meant that patients either could not access the most appropriate care, or had to seek care outside their home communities. Improvements to Good Samaritan Regional Medical Center will help InterCommunity CCO's members access timely and high quality inpatient care.

Samaritan evaluated multiple options to address these issues, including remodeling the existing facility and constructing a replacement hospital. At a minimum, the existing hospital building will require new electrical and plumbing lines to avoid catastrophic failure. Additionally, Good Samaritan Regional Medical Center will also need to expand its capacity through the development of a new, connected building to the current hospital to house operating rooms, laboratory, and inpatient beds among other services. This new construction would enhance patient throughput, improve patient experience, allow for an improved experience for residents rotating through the facility, and support retention of Level II Trauma Center status.

As part of the Capital Commitment, MultiCare will allocate funding for the evaluation, architectural design, and planning, permitting, and other pre-construction costs associated with this project. Construction is expected to commence approximately four to six years post-closing. These upgrades are vital to improving the resilience of Good Samaritan Regional Medical Center and meeting the current and future needs of the community.

- *Technology and Infrastructure Investments*: For a discussion of the technology and infrastructure investments enabled by this Affiliation, please see the response to Item 13(A)(i).
- *Expansion of Ambulatory Services Capacity*: Leveraging MultiCare's successful ambulatory models, Samaritan will expand outpatient access to meet community demand, reduce total cost of care, and minimize the need for patients to travel outside the region. Planned projects include:
  - One off-campus emergency department in or near the Albany market;
  - One to two ambulatory surgery centers in or near Corvallis and Albany;
  - Six to eight urgent care centers across Samaritan's service area, based on patient demand;
  - Four to eight outpatient rehabilitation centers throughout the service region; and
  - One to two outpatient imaging centers to expand diagnostic access.

These ambulatory investments will improve access, enhance patient convenience, and create a more balanced system of care between inpatient and outpatient settings.

- *Capital Planning and Governance*: The Capital Commitment plan has been a central focus of the due diligence and transaction development process. The priorities outlined above reflect the parties' shared understanding of Samaritan's future needs based on current information and planning assumptions.

Since Samaritan represents a significant portion of InterCommunity CCO's provider network, this jointly developed capital plan to improve Samaritan's facilities, technology and ambulatory infrastructure will directly benefit InterCommunity CCO and its members. All capital decisions will remain subject to approval by both the Samaritan Board and MultiCare System Board, ensuring that investments are responsive to community needs, aligned with strategic goals, and consistent with sound financial stewardship.

**(c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.**

Not applicable.

## **ITEM 5. FUTURE PLANS OF CCO**

This Affiliation is structured to maintain and enhance the existing infrastructure supporting Samaritan Health Plans and InterCommunity CCO, not replace it. As such, MultiCare does not have any plans to declare an extraordinary dividend, to liquidate InterCommunity CCO, or to sell InterCommunity CCO's assets to or merge it with another organization. Additionally, MultiCare does not have any plans to make material changes to the business operations or corporate structure or management of InterCommunity CCO, except as specifically described in this notice.

**1) Changes of service, service area, management, reinsurance or other contractual agreements**

**a. Changes to Management**

MultiCare's philosophy is that health systems operate best when they are attuned to the needs of local communities, with strategic development and operational decision-making heavily tilted towards local knowledge and expertise. Thus, Samaritan will be the cornerstone of MultiCare's new "Oregon" region with a regional leader reporting directly to the MultiCare President. The regional leader will participate on the CEO & Presidents Council for MultiCare, which will ensure that the leader is well-connected with best practices and key thinking within the other MultiCare regions. However, the regional leader is expected to tailor these best practices and philosophies to the Oregon region without a direct top-down approach.

The parties expect that the CEO of Samaritan at closing, as selected by the pre-closing Samaritan Board, will be the first regional leader appointed by MultiCare post-closing. Samaritan will also retain its existing management team, who will be primarily responsible, in collaboration with MultiCare leaders, for integration efforts at Samaritan. Additionally, MultiCare intends to preserve the current InterCommunity CCO Board and management with the goal of empowering them to improve InterCommunity CCO with access to additional capital, technology, and population health management resources. Post-closing, the Affiliation's governance will reflect a deeply rooted spirit of collaboration that includes and empowers current board members and leaders of Samaritan and InterCommunity CCO.

Post-closing, local health plan leadership will no longer report to leaders at the Samaritan health care delivery system. Instead, the health plan leaders will report through the population health infrastructure of MultiCare. This revised reporting structure reflects the fact that the health plan operations are distinct from health system operations and rely on different types of expertise. MultiCare's leadership team brings extensive experience in health care management, medical management, medical economics, finance, analytics, quality, coding, compliance, operations, provider network management, and customer service. This expertise will be embedded into the health plan's governance and execution model. Members of the leadership team at PSW and MultiCare have served as Plan President, Chief Financial Officer, and Vice President of Provider Networks at health plans. In addition, members of the leadership and management team have direct experience at health plans or first tier downstream entities in functions that include operations, compliance, sales and marketing, medical management, care management, and quality and clinical value.

The revised reporting structure for Samaritan Health Plans and InterCommunity CCO also reflects the fact that their finances will be independent of the Samaritan health care delivery system. MultiCare is committed to keeping Samaritan Health Plans and InterCommunity CCO capitalized as required, regardless of the Samaritan health system's financial performance and independent of the \$700 Million Capital Commitment. Thus, this organizational and accounting structure is a strategic enabler of value-based care. It will allow the health plan to benefit from MultiCare's extensive population health expertise and infrastructure, including its long-standing success managing over 400,000 patients in risk-based contracts. Moreover, by aligning

governance, contracting, and clinical operations across its enterprise networks, InterCommunity CCO and Samaritan Health Plans will benefit from a scalable, resilient model that supports financial sustainability, clinical excellence, improved patient outcomes, and cost control.

b. Changes to services and service area

Samaritan and MultiCare do not anticipate making any changes to InterCommunity CCO's services, service area, management agreements or reinsurance, outside those made in the ordinary course of business. Specifically, as part of this Affiliation, MultiCare has committed to continue operating InterCommunity CCO as a Coordinated Care Organization serving Benton, Lincoln, and Linn counties, subject to the Oregon Health Authority's procurement process and contractual discretion. This commitment reflects both MultiCare's strong desire to preserve InterCommunity CCO as a line of business, and the risk of service reductions if this Affiliation does not close. Currently, there is an intercompany Management and Administrative Services Agreement between Samaritan Health Services and InterCommunity CCO. This agreement will likely be terminated to reflect the new organizational structure, as described above.

Samaritan Health Plans and InterCommunity CCO occupy an especially challenging position—together they have large enough scale to require sophisticated infrastructure for optimal service, yet not the scale necessary to support the significant, ongoing investments in personnel, technology, and process modernization that competitive performance demands. With a covered population of approximately 100,000 lives, achieving the efficiencies needed to sustain high service levels for both members and plan funders is becoming increasingly difficult. The urgency of this situation is further heightened by adverse trends in Medicare Advantage and regional health care economics, all of which threaten the ongoing viability of Samaritan's health plan operations.

Ultimately, ongoing health plan financial losses could threaten the viability of hospital and medical group operations, and could force Samaritan to further reduce or divest of its health plan products, including InterCommunity CCO. This would displace thousands of members and disrupt continuity of care with their existing providers. It also creates uncertainty for providers and patients alike, increasing administrative burden, disrupting referral patterns, and undermining integrated care delivery.

If Samaritan is forced to further scale back or exit health plan operations, it would take steps to mitigate disruption, including:

- Member Transition Support – Ensuring timely, accurate communication and robust support to help members select new coverage with minimal disruption.
- Provider Engagement – Working closely with providers to manage continuity of care for patients in active treatment, including honoring existing authorizations and supporting transitions.
- Collaboration with State and Community Partners – Coordinating with the Oregon Health Authority, CCOs, and other payers to ensure community providers continue to have payer options and that Medicaid and Medicare populations are not left without access to coverage.

- **Transparency in Communications** – Proactively addressing community concerns regarding governance, long-term commitment, and integration with delivery system operations to sustain trust.

However, this Affiliation is designed to prevent exactly this outcome. MultiCare is committed to Samaritan’s health plan operations. As noted above, MultiCare will recapitalize InterCommunity CCO and Samaritan Health Plans as needed. Importantly, any such recapitalization is separate from, and in addition to, the \$700 million Capital Commitment for the health system. This frees the health system to devote the Capital Commitment to the highest value investments in care delivery. It also gives the health plan the investments it needs to implement a financial stabilization plan.

Thus, as soon as this Affiliation closes, Samaritan will have the opportunity to expand services across the health system and health plans, which will directly benefit InterCommunity CCO and its members. Although all spending decisions are subject to approval by the post-closing boards, the parties intend to expand services in the following areas:

- **Primary Care:** To achieve Samaritan’s long-term clinical and cost-related goals, Samaritan must improve its population health capabilities. Comprehensive primary care is the cornerstone of any population health management strategy. Thus, Samaritan intends to invest in expanding its primary care service offerings. This investment will strengthen the system’s “front door,” making all of Samaritan’s services more accessible. It also greatly improves Samaritan’s ability to manage the care of high-cost, high-needs individuals, who account for a disproportionate share of overall spending. By better managing chronic diseases, Samaritan can improve outcomes and reduce costs by ensuring that patients receive the right care at the right time from the highest-value provider.
- **Care Coordination and Population Health Management:** As noted above, Samaritan can achieve its long-term goals only if it improves its population health capabilities. This is true for both the health plan and the health system. On the health plan side, InterCommunity CCO must improve its ability to manage care for its members, as such care management is the foundation of the CCO program’s philosophy. At the health system, Samaritan’s cost control efforts depend on its ability to proactively coordinate care for high-needs individuals. MultiCare’s population health arm, PSW, is a national leader in care management, care coordination, utilization management, and data analytics. It currently has at-risk contracts with over 400,000 covered lives. Samaritan is excited to leverage these capabilities in the Oregon market.
- **Ambulatory Services Expansion:** As described in more detail in response to Item 4.b, Samaritan plans to use the Capital Commitment to invest heavily in expanding its ambulatory footprint. This service expansion will likely include an off-campus emergency department, ASCs, urgent care centers, outpatient rehab centers and imaging centers. Such investments will expand the number and type of ambulatory services available in the community, which studies show are more accessible, lower cost, and more popular with patients.



Together, these initiatives will create a more accessible, modern, and resilient health system for the communities Samaritan serves—ensuring that care remains local, coordinated, and sustainable for decades to come.

c. Changes to Contractual Relationships:

Samaritan leaders will have significant influence to set the pace and scope of integration. However, the parties have already discussed the ways in which this Affiliation can leverage shared technology, consolidate vendors, and reduce redundant processes to enhance efficiency where possible. Significantly, leaders of all centralized shared services will continue to have dotted line reporting to the operational leaders within each of MultiCare’s regions, and this will be true of Oregon. This reporting structure ensures that the providers of shared services are accountable to regional leaders, and that regional leaders are empowered to tailor shared services to the unique needs of each region.

Although the parties are in the early stages of integration planning, Samaritan has identified several key ways in which it can use shared services to improve the efficiency and sophistication of back-office operations. As described in response to Item 13(B) below, Samaritan is already pursuing certain outsourcing strategies to reduce overhead, promote efficiency and leverage expertise. This Affiliation allows Samaritan to pursue a “shared services” strategy in lieu of outsourcing, which has many of the same benefits, but will keep more back-office services in the community.

Additionally, Samaritan believes it can benefit from consolidating its supply chain function. Samaritan can join MultiCare’s group purchasing organization (“GPO”), standardize purchasing forms, consolidate print services, and renegotiate external pricing contracts. This supply chain optimization is expected to deliver \$3.36 Million in margin improvement in fiscal year 2026, with annual savings potential between \$3 Million and \$5 Million thereafter. MultiCare can also assist with Samaritan’s treasury function, reducing the cost of capital and improving Samaritan’s cashflow management and investment returns.

Samaritan has long acknowledged that its information services and technology spend is above industry averages and must be reduced. Experience with implementing shared services arrangements at Overlake suggests that this Affiliation could yield approximately \$17 Million in annual savings from the IT function alone. Samaritan will reap additional savings by consolidating and combining software and services contracts. Though the speed by which Samaritan can implement this consolidation effort will depend on the timing and cost of terminating existing contracts, Samaritan expects to yield savings of approximately 15% to 20% on overall software and service spend. Finally, Samaritan currently maintains between 500 and 600 software applications, which is approximately 30% higher than industry averages for institutions of Samaritan’s size. Samaritan looks forward to operational and efficiency gains tied to rationalizing and consolidating its software stack.

Please also see Exhibit 1.a.i for a discussion of MultiCare’s population health capabilities.

## **2) Tax consequences that are material to the CCOs financial condition**

Samaritan and MultiCare are each non-profit, 501(c)(3) tax exempt entities. As such, this transaction will not change the tax treatment of Samaritan or any of its affiliated entities.

## **3) Any plans to move offices or operations of the acquired CCO**

This Affiliation is structured to maintain and enhance the existing infrastructure supporting Samaritan Health Plans and InterCommunity CCO, not replace it. As noted above, Samaritan must find a partner to stabilize its health plan finances. Other transaction partners interested in the health system would have required Samaritan to spin off its health plan to another buyer. Any such buyer would almost certainly have sought to control costs by integrating Samaritan's health plan operations into its own, which would mean transitioning health plan operations to a corporate parent located outside the community, or even out-of-state.

MultiCare, on the other hand, is committed to keeping InterCommunity CCO and Samaritan Health Plans imbedded in the communities they serve. This ensures that InterCommunity CCO continues to fulfil the CCO program's goal to have locally administered health plans for Oregon Health Plan enrollees.

Accordingly, there are no plans to move the offices or operations of InterCommunity CCO. As described above, the parties will pursue shared services arrangements, especially in the areas of IT, supply chain, and revenue cycle management. Samaritan Health Plans and InterCommunity CCO will benefit from PSW's population health and care management expertise, as described in Exhibit 1.a.i. However, health plan operations will remain where they are today.

## **4) Changes to the InterCommunity CCO's workforce**

Samaritan has had to undertake significant and impactful steps to reduce operating losses while maintaining, as much as possible, existing services, service levels, and community services. Over the past year, Samaritan has eliminated approximately 230 FTEs and consolidated select leadership roles to reduce administrative overhead and improve efficiency. While these changes have been effective at reducing operating losses, they have not achieved and will not produce a sustainable operating margin, nor have they given Samaritan the capital to fully fund existing capital needs, including those of InterCommunity CCO.

As such, if this transaction does not close, Samaritan would have to make further changes to its operating model to achieve financial sustainability, which could limit the scope of services and programs offered and constrain future growth and investment in its workforce. Changes in programs and services would likely translate to a smaller workforce. This Affiliation presents an alternate path for Samaritan and the communities it serves. Samaritan and MultiCare expect that the Capital Commitment, together with MultiCare's commitment to continue operating InterCommunity CCO, will allow Samaritan to sustain current patient-facing employment levels while creating new positions as services, sites, and capabilities expand.

Ultimately, the parties believe that this transaction will, if anything, help preserve InterCommunity CCO's workforce by ensuring that it continues operating within its existing service area.

## **5) Changes to corporate governance of the acquired CCO**

Immediately post-closing, the then-current Samaritan Board will remain in place, as will the respective boards of directors of all direct and indirect subsidiaries of Samaritan that had boards of directors pre-closing, including InterCommunity CCO. This continuity of leadership will ensure that the integration and ongoing operations of Samaritan and its subsidiaries are informed by the institutional knowledge held by the community members that currently serve on such boards.

Post-closing, MultiCare will become the sole member of Samaritan. As the sole member, MultiCare will hold those reserved powers with respect to Samaritan and its affiliates that are traditionally held by a nonprofit member. However, MultiCare and Samaritan both recognize that this Affiliation will succeed only if it empowers local leaders who reflect and respond to community voices and needs. Accordingly, Samaritan and MultiCare have created a hybrid governance framework that emphasizes collaboration between the MultiCare System Board, the Samaritan Board, and the boards of Samaritan's affiliates, including InterCommunity CCO.

After the closing, the oversight of the affairs of InterCommunity CCO will remain with its local Board of Directors, subject only to the reserve powers stated in its bylaws. To preserve continuity and local governance, the then-current InterCommunity CCO Board will remain in place post-closing. The post-closing budgeting process for InterCommunity CCO exemplifies the collaborative approach to governance. InterCommunity CCO's leadership will develop and draft Samaritan's annual capital and operating budget. This proposed budget will then be reviewed and approved by each of the following : (i) the InterCommunity CCO Board, (ii) MultiCare's management, and (iii) the MultiCare System Board. If the MultiCare System Board does not approve the budget for any reason, the process described above restarts. Thus, InterCommunity CCO's local leadership will continue to craft InterCommunity CCO's operating budget, which then must be approved by both the InterCommunity CCO Board and the MultiCare System Board before becoming final.

## **6) Documents regarding future plans of the CCO**

The Affiliation Agreement detailing the terms and conditions of the Affiliation, including MultiCare's commitment to capitalize InterCommunity CCO and Samaritan Health Plans is attached hereto as Exhibit 4.a. Also, the Letter of Intent signed by the parties to the Affiliation is attached as Exhibit 5.b.i. There are no employment agreements with respect to InterCommunity CCO related to this Affiliation because MultiCare intends to preserve existing employment relationships post-closing. Also, there is no flowchart showing a transfer of funds because as discussed above MultiCare will fund the Capital Commitment using cash on hand and working capital of MultiCare and its affiliates. Please see the information contained in this filing, as well as the HCMO Notice and associated exhibits, for additional information on the parties' integration plans.

## ITEM 6. VOTING SECURITIES TO BE ACQUIRED

As discussed in response to Item 1, under this Affiliation, MultiCare will become the sole member of Samaritan, while Samaritan will continue to be the member or shareholder, as applicable, of all Samaritan affiliates, including InterCommunity CCO. This means MultiCare will be the indirect ultimate parent of InterCommunity CCO. That being said, as detailed in response to Item 5(a), subject to MultiCare's reserve powers, the Samaritan Board will retain authority over Samaritan's governance, operations, and business, including the exercise of Samaritan's reserve powers of its direct subsidiaries, including InterCommunity CCO.

The terms of this Affiliation are a product of extensive diligence of and negotiation between Samaritan and MultiCare. Parties believe the proposed terms of the Affiliation as detailed in the Affiliation Agreement (see Exhibit 4.a) are fair and reasonable.

Due to the significant financial challenges Samaritan faced in 2024, the ongoing headwinds impacting the health care industry, and the substantial infrastructure investments required at Good Samaritan Regional Medical Center, Samaritan Health Plans and InterCommunity CCO—coupled with Samaritan's limited ability to fund or secure financing for these needs—Samaritan's Board determined that remaining independent is not a viable strategy.

Therefore, the Samaritan Board retained Juniper Advisory ("Juniper"), a national advisory firm specializing in nonprofit health care partnerships, to conduct a comprehensive, market-based process to identify and evaluate the full range of potential partners and transaction structures available to Samaritan. Additional detail regarding these factors is provided in Exhibit 6.a.i. The process began with the establishment of clear goals and objectives. In February 2025, Juniper conducted interviews with all members of the Samaritan Board and senior leadership to define the system's primary objectives—criteria that would guide the evaluation of both continued independence and potential partnership alternatives. These Board-approved objectives are described in detail in response to Item 1 and included in the Samaritan Board materials attached as Exhibit 6.a.ii.

To ensure a structured and objective process, the Samaritan Board appointed a Selection Steering Committee composed of Samaritan Board representatives and senior leaders. The Selection Steering Committee met regularly, including before each Samaritan Board meeting, to review materials, analyze proposals, and provide recommendations to the full Samaritan Board. In February 2025, the Selection Steering Committee approved Juniper's recommended competitive solicitation process, designed to identify potential partners aligned with Samaritan's mission, values, and long-term objectives. This approach—consistent with industry best practices—was intended to ensure transparency, fairness, and the best possible outcome for the communities Samaritan serves.

With the process approved, Juniper approached 38 organizations (32 nonprofit and 6 investor-owned), representing a mix of local, regional and national systems. The specific outreach list and objectives are outlined in the February 24, 2025, Samaritan Board materials (Exhibit 6.a.ii). Of the 38 organizations contacted, 18 executed confidentiality agreements and received access to detailed materials, including:

- A comprehensive data room with corporate, financial, operational, and clinical information;
- A 28-page informational memorandum outlining Samaritan’s history, structure, services, and opportunities; and
- An instruction letter requesting first-round proposals aligned to Samaritan’s evaluation criteria.

These documents are enclosed as Exhibit 6.a.i.

From these 18 initial candidate organizations, seven submitted proposals. The Selection Steering Committee reviewed all seven on April 24, 2025, evaluating each against the Board’s established objectives, including governance, culture, capital, quality, operations, and financial sustainability. Following this review, four finalists were selected for further exploration and discussion.

At the April 28, 2025, Board meeting, the full Board reviewed the proposals and the Selection Steering Committee’s findings, as reflected in Exhibit 6.a.iii. The Board voted unanimously to advance the evaluation of strategic options and to begin Phase Two of the process with the four finalists.

Phase Two, initiated in May 2025, included a deeper evaluation of each finalist through:

- Submission of final written proposals addressing capital investment, governance, workforce retention, branding, and service expansion; and
- Direct engagement between finalists and Samaritan stakeholders, including on-site visits and leadership discussions.

This two-phase approach allowed Samaritan to assess each potential affiliation’s benefits comprehensively, while maintaining the option to remain independent if that path best aligned with its mission and objectives.

During Phase Two, two finalists withdrew due to broader market challenges. The remaining two organizations both demonstrated strong regional capability: one with established operations in Oregon (“Organization #2”), and MultiCare, which operates across the Pacific Northwest but does not currently own or operate any acute care facilities in Oregon.

In May 2025, representatives from both finalists conducted site visits in Corvallis, and Samaritan leadership—including Board members, executives, and physicians—visited their facilities. The visits between Samaritan and MultiCare are described in greater detail below.

On June 18 and 19, the finalists submitted responses to a capital commitment request. Their final proposals followed in early July: MultiCare on July 3, and Organization #2 on July 9, in accordance with the instruction letter dated May 12, 2025. MultiCare’s proposal, included as Exhibit 6.a.iv, was the only one to propose a fully integrated affiliation encompassing both Samaritan’s health system and its health plan assets, including InterCommunity CCO. Organization #2’s proposal was limited to the health system and would have separated the health plan from the broader organization.

After a thorough evaluation, the Samaritan Board voted unanimously to move forward with MultiCare, whose proposal best aligned with Samaritan’s mission, strategic objectives, and vision for the future, as described in more detail in response to Item 1.

Both Samaritan and MultiCare conducted comprehensive business, legal, operational, and cultural due diligence to ensure that the proposed Affiliation would meet the strategic, financial, and mission-driven goals of both organizations.

As part of the competitive process described above, both finalists participated in extensive site visits and in-person meetings to understand Samaritan’s history, culture, and strategic priorities. In early May 2025, Samaritan and MultiCare met to discuss key performance improvement opportunities, partnership goals, and long-term strategic compatibility.

#### *Samaritan’s Site Visit Process:*

Each finalist visited Corvallis for a structured, one-day site visit. During these visits, Samaritan leadership presented an overview of the organization’s history, operational strengths, facility and infrastructure needs, and cultural values. The finalists toured key facilities, including Good Samaritan Regional Medical Center, Pastega Regional Cancer Center, and the Samaritan Athletic Medicine Center on the Oregon State University campus.

Following the tours, each finalist joined a working lunch with the Samaritan Board, where the finalists presented their partnership vision, described their corporate histories, and shared their approaches to quality, governance, and culture. These meetings provided both finalists with a direct understanding of Samaritan’s community connection and mission-driven approach to care. Materials from these site visits are included in Exhibit 6.a.iv.

#### *Reverse Due Diligence:*

In early June, Samaritan conducted reverse due diligence visits to better understand each finalist’s operations and approach to partnership. The Samaritan delegation visited MultiCare’s headquarters in Tacoma, Washington, and toured Good Samaritan Hospital in Puyallup, Washington, along with several ambulatory care sites. These visits included breakout sessions with MultiCare’s executives, board members, and physician leaders focused on topics such as clinical integration, community-based governance, support for local markets, and alignment with Samaritan’s health plan objectives.

An evening meeting and follow-up strategy discussions allowed the Samaritan team and MultiCare’s executives to discuss the proposed capital commitment, health plan investment, and potential integration model in greater depth. The reverse due diligence process offered the Samaritan Board and leadership team confidence that MultiCare’s capabilities, experience, and culture aligned with Samaritan’s long-term goals.

A complete list of Samaritan’s participants in the site visits and due diligence meetings is included in Exhibit 6.a.iv.

In parallel with the partnership evaluation, Samaritan's finance team conducted a detailed assessment of Samaritan's ability to remain independent and self-sustaining. Exhibit 1.a.iv describes the results of this assessment in detail.

*Findings and Cultural Alignment:*

These site visits and collaborative sessions confirmed that Samaritan and MultiCare share a deep alignment in mission, values, and vision. Both organizations are nonprofit, community-based systems committed to improving population health, expanding access, and advancing equitable care. Their shared emphasis on compassion, integrity, collaboration, and innovation demonstrated a strong cultural fit that supports seamless integration and a unified approach to delivering high-quality, patient-centered care. A cultural alignment comparison chart is included as Exhibit 6.a.v.

Equally important, the process demonstrated MultiCare's commitment to co-creating the strategic future of the Affiliation with Samaritan. Both organizations share the belief that health care is inherently local and that decision-making should remain close to the communities served.

*Decision and Next Steps:*

Following this six-month process of due diligence and evaluation, Samaritan's Board met on July 21, 2025, and voted to grant MultiCare exclusive negotiation rights and proceed toward a Letter of Intent. That decision was informed by the Samaritan Board's determination that MultiCare could best advance Samaritan's mission and objectives compared to other alternatives, including remaining independent or pursuing separate transactions for the health plan and health system. The Letter of Intent was executed on July 30, 2025, and this filing follows from that milestone. The Letter of Intent is enclosed as Exhibit 5.b.i.

*Legal and Operational Due Diligence:*

Samaritan's in-house counsel was actively engaged throughout this process, supported by Husch Blackwell LLP, which advised leadership and the Board on legal, governance, and regulatory matters. Samaritan's diligence materials are enclosed as Exhibits 6.a.i, 6.a.ii, 6.a.iii and 6.a.iv.

MultiCare conducted a parallel due diligence review across all major operational and financial areas of Samaritan, engaging internal experts and third-party advisors to assess financial, legal, and strategic factors. External firms completed specialized assessments, including a facilities condition assessment, environmental survey, health plan operations review, and structural engineering analysis. Additionally, MultiCare retained Milliman to evaluate the financial performance and long-term outlook of Samaritan Health Plans and InterCommunity CCO. MultiCare's diligence materials, including Milliman's report is attached hereto as Exhibit 6.a.vi.

Legal due diligence was conducted by Sheppard, Mullin, Richter & Hampton LLP and Troutman Pepper Locke LLP, both of which provided guidance on potential legal and regulatory risks. Sheppard Mullin also engaged Kodiak Solutions to conduct a billing and coding review to ensure compliance with applicable standards.

## **ITEM 7. OWNERSHIP OF VOTING SECURITIES**

Please see response to Item 6. InterCommunity CCO is an Oregon nonprofit public benefit corporation and Samaritan is its sole member (i.e., Samaritan owns 100% of voting securities of InterCommunity CCO). MultiCare will be the sole indirect parent and beneficial owner of Samaritan's 100% member interest in InterCommunity CCO. Post-closing, no person or party other than MultiCare (indirectly) and Samaritan (directly) will own or have the right to acquire the membership interests in InterCommunity CCO.

## **ITEM 8. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE CCO**

Not applicable. As discussed in responses to Items 1, 6 and 7, post-closing, MultiCare will become the sole member of Samaritan, and Samaritan will preserve its 100% membership interests in InterCommunity CCO and related contractual arrangements, if any. Thus, MultiCare is not directly involved in any contracts, arrangements or understandings with respect to any voting security of InterCommunity CCO.

## **ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

None.

## **ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

None.

## **ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

This Affiliation does not involve any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of InterCommunity CCO for tender or any compensations thereto, except that Samaritan engaged Juniper Advisories to advise the Samaritan Board regarding this transaction.

## **ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

Please see Exhibit 12.a.i for InterCommunity CCO's financial statements for FY 2020, 2021, 2022, 2023, 2024, and Q3 2025. The three-year financial projections covering FY 2026, 2027 and 2028 are enclosed as Exhibit 12.a.ii.

MultiCare's financials for FY 2020, 2021, 2022, 2023, 2024 and Q1 2025 are attached hereto as Exhibit 12.a.iii.

Over FY 2023 and 2024, InterCommunity CCO has not (i) received any tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or



exchange any voting securities of InterCommunity CCO, and (ii) entered into any employment, consultation, advisory or management contracts concerning the CCO.

### **ITEM 13. ISSUES OF OHA CONCERN**

#### **(A) How, after the proposed activity, the CCO will be able to:**

##### **(i) Innovate, coordinate care, provide value, and deliver high-quality services;**

This transaction will significantly improve InterCommunity CCO's ability to innovate, coordinate care, and provide high-value, high-quality services. As more fully described in Exhibit 1.a.i, this Affiliation is critical for the financial turnaround of InterCommunity CCO. It will give Samaritan access to much needed capital, population health management expertise and investments in technology infrastructure that will enable InterCommunity CCO to (i) innovate, particularly with respect to value-based care arrangements by leveraging PSW's expertise, (ii) ease barriers to care coordination with Samaritan and community providers through systemwide investments in technology infrastructure that will improve sharing of patient information and communication among providers, (iii) improve cost of care trend through effective population health management activities which over time will help lower relative rate of premium increases, and (iv) improve tracking and analysis of social determinations of health data to identify candidates for wraparound services.

Currently, Samaritan Health Plans and InterCommunity CCO use legacy member service and network management platforms that lack the sophistication and efficiency of larger competitors. This limits the health plans' ability to grow membership and engage with community providers on cost, quality, and access initiatives.

To remain competitive and meet clinical and cost-related targets, Samaritan Health Plans and InterCommunity CCO must make technology investments over the coming years. These upgrades will modernize claims processing, improve member and provider engagement, and integrate advanced data analytics for utilization, cost, and quality management. Such enhancements are critical for aligning payer-provider incentives, advancing value-based care, and delivering more seamless and coordinated care to members.

Beyond providing the capital necessary to make these investments to modernize health plan infrastructure, MultiCare can offer industry leading expertise in building out Samaritan's population health capabilities. PSW, an affiliate of MultiCare, is one of the highest performing population health vehicles in the nation. It participates in multiple ACO models, operates several large clinically integrated networks, and provides high-level data analytics to providers that participate with PSW. Together these approaches align physicians with the health system in a way that improves care coordination, enhances quality, and reduces the total cost of care.

PSW takes a collaborative, team-based approach to integrating with clinical care delivery partners within MultiCare and across the clinically integrated networks that PSW supports. The foundation of this approach is delivering high-value, actionable data analytics, providing targeted care management support, and working hand-in-hand with clinician partners. To that end, it has developed strong IT and data analytics capabilities to help drive critical care interventions with high risk or rising risk patients, strategies for managing care for patients with multiple chronic conditions, and methods to reduce unnecessary acute care utilization (including unnecessary ED visits and readmissions). PSW also employs an actuarial business arm to help supplement its population health capabilities and support MultiCare's evolution into taking downside risk on its patients to truly put its vision of being the highest value system of health to the test.

This data-led approach has driven year-over-year success in multiple ACO models to lower the total cost of care trend and enhance quality associated with commercial, managed Medicaid, and Medicare Advantage value-based arrangements. For example, between 2017 and 2024, PSW provided leadership and administrative management services to MultiCare Connect Care, Northwest Momentum Health Partners, and The Rural Health Collaborative ACOs. Their 15 performance year contracts resulted in cumulative savings for CMS in excess of \$128 Million. Additionally, in 2023 PSW provided services to multiple MultiCare-affiliated ACOs participating in the Washington State Health Care Authority value-based contract serving public employees. These contracts generated more than \$21 Million in value based payments to the ACOs and participating providers by achieving performance targets associated with total cost of care and quality improvement.

As the first health plans within the MultiCare system, Samaritan Health Plans and InterCommunity CCO would immediately become a substantial focus of PSW. The tools and capabilities of PSW would immediately be brought to bear to improve financial and operational performance of the Samaritan Health Plans. Working together with Samaritan leaders who are steeped in knowledge of the local communities, PSW, InterCommunity CCO and Samaritan Health Plans are eager to make major operational and financial strides.

Specifically, the Affiliation could enable the activation ("turn on") of several clinical value programs across the care continuum:

- Care Management: High-touch coordination for high-risk, high-cost patients that utilizes data analysis to identify patients with multiple chronic conditions that require ongoing clinical oversight and coordination of care across primary care, specialty care and ancillary services. The scope of work includes self-care education to empower patients in managing their conditions, utilizing motivation interviewing to support behavior changes, and post-acute engagement.
- Transitional Care Management ("TCM"): TCM reduces readmissions and improves post-discharge outcomes by supporting patients transitioning from acute care setting to home or post-acute environments with 30-day post-

discharge management, which includes outreach and follow-up activities, medication review, health status assessments, and care plan updates.

- Remote Patient Monitoring: PSW provides remote patient monitoring services to enhance care management for patients at elevated risk for hospital readmissions and emergency department utilization
- Quality Programs: CPT II coding improvements, medication reconciliation, chronic disease management.
- Annual Wellness Visits: Research shows the clinical efficacy of routine engagement with primary care providers. PSW runs a targeted outreach program for patients to schedule annual wellness visits, thereby closing preventive care gaps.
- Medical Management: PSW has invested heavily in real-time analytics and decision support tools integrated into existing EMR systems, like Epic's InNote. These tools provide actionable advice to clinicians and support staff that facilitate more timely, effective interventions.

These programs are supported by a claims data warehouse built on Microsoft Fabric, enabling rapid analytics and integration with Epic. FHIR-based APIs have improved prior authorization efficiency by 233%, with a goal of 94% processed in under 30 seconds.

A critical component of payer strategy is the improvement of CMS STAR Ratings, which directly influence plan revenue. STAR ratings are determined at the contract level—specifically for contract Samaritan Advantage Premier Plan (H3811)—and have historically reflected combined performance across General Enrollment (“GE”) and Dual Special Needs Plan (“DSNP”) populations. Unfortunately, the STAR rating for Samaritan Advantage Premier Plan has deteriorated over the past three years, declining from a 4.0-star plan in 2022 and 2023 to a 3.5-star plan in 2024, and further to a 3.0-star plan in 2025. This decline has resulted in a meaningful reduction in CMS revenue for the health plan.

Due to the way STAR ratings are calculated, there is a significant lag between performance data collection and its financial impact. For example, the 2025 STAR rating was based on 2023 performance data, and the 2026 Medicare Advantage bids will be based on the 2025 STAR rating. This creates a three-year lag between plan performance and revenue realization, underscoring the urgency of implementing corrective programs now to secure future financial stability.

To improve Samaritan's STAR ratings, MultiCare would launch a three-year STAR rating ramp-up strategy. This would be a collaboration between PSW, system quality teams, and clinicians. At MultiCare, this successful strategy has involved the following:

- *Risk-stratified patient outreach & access*: The quality team works closely with MultiCare's primary care and access center to develop proactive outreach lists for patient scheduling. Additionally, this team works closely with the care delivery infrastructure to ensure timely access for patients. This work resulted in over a

12% increase in annual preventative care visits among MultiCare's highest risk patients from 2023 to 2024.

- *Clinical care gap closure & follow-up*: The quality team also provides wraparound support for clinical care gap closure and follow-up. Quality team members use claims and clinical data to identify care gaps and provide outreach and scheduling to support patients in closing those gaps. The quality team also works closely with the care delivery team to identify and escalate patients who may need additional clinical support.
- *Data management and transmission to payors as well as state & federal agencies*: Accurate and timely reporting is critical to improving overall STAR ratings, as a plan does not receive credit for performance improvements that are not reflected in reported data. The quality team, in collaboration with MultiCare's information technology services, takes responsibility for data collection and reporting to meet the various payor and regulatory bodies' reporting requirements, including STAR-related reporting to CMS. This team has a deep understanding of the evolving CMS landscape for quality reporting and optimizes the processes and infrastructure to ensure accurate and timely reporting.

This close, collaborative approach – in conjunction with goal alignment between MultiCare's internal quality measures and CMS' quality measures – has resulted in ongoing year-over-year improvement in MultiCare's CMS quality STAR rating. For example, in the 2024 plan year, STAR scores increased from 2.88 to 3.57. As of August 2025, STAR ratings are 3.88. MultiCare expects to work with Samaritan to implement a similar approach at Samaritan Health Plans.

## **(ii) Demonstrate commitment to addressing health disparities and inequities;**

MultiCare and Samaritan are committed to addressing health disparities and inequities in Oregon. Samaritan's payor mix provides important context for this Affiliation. As a nonprofit, mission-driven health system, Samaritan is committed to providing care for anyone, regardless of their ability to pay. MultiCare shares this commitment. Simply put, Samaritan's service area has a large proportion of patients with coverage through Medicare and Medicaid. As a result, over 70% of Samaritan's net patient revenue comes from government payers. This exceeds both state and national averages of 45% and 30% respectively. Moreover, as of 2026, InterCommunity CCO and Samaritan Health Plans will exclusively serve Medicaid and dual-eligible populations.

Samaritan's commitment to serving low-income populations provides important context for this Affiliation. First and foremost, it demonstrates the importance of partnering with an entity that is equally committed to providing the best possible care to all patients, regardless of ability to pay, insurance status, or payor type. In MultiCare, Samaritan has such a partner. MultiCare is Washington's second largest health system, but provides the most care to Washington's Medicaid population. This is consistent with MultiCare's charitable mission.

Simply put, Samaritan Health System can achieve financial sustainability only if it can provide better, more cost-effective care to Oregon's Medicaid-eligible population. Because of Samaritan's integrated delivery system, improving health outcomes for the region's Medicaid population will create a virtuous cycle of better financial performance for InterCommunity CCO, Samaritan Health Plan, and Samaritan's health delivery system, which will facilitate more investment in population health and care delivery, which will in turn lead to better health outcomes. Thus, both Samaritan and MultiCare are laser focused on implementing strategies that will enable both the health plans and health system to better serve Medicaid enrollees.

Indeed, many of the financial and operational turnaround strategies outlined in this notice mirror similar efforts that have succeeded at other MultiCare hospitals. They are intended to improve access, reduce cost, increase efficiency, and improve service quality, all independent of payor mix. Successfully implementing these strategies will make Samaritan financially sustainable without reducing service volume for any type of patient, payor, or program.

**(iii) Be strongly connected to the community served by the CCO, including the CCO's community advisory council, community health improvement plan, and the Authority's requirements to engage with the community;**

Item 5 discusses in detail how Samaritan and MultiCare have collaborated on an organizational structure that will preserve InterCommunity CCO's close connection to its local community.

**(iv) Provide services cost effectively and within cost growth limits imposed by the Authority or the state;**

With respect to cost of care, Samaritan faces many of the same financial pressures as other health systems across Oregon and the nation. Rising inflation, workforce shortages, evolving health care delivery models, and increasing regulations have significantly increased the cost of providing care. These challenges are well-documented in reports such as "Oregon Hospitals on the Brink" prepared by the Hospital Association of Oregon, and attached hereto as Exhibit 13.a.i, which highlight the systemic financial strain on hospitals statewide.

In its most recent Cost Growth Target ("CGT") review for 2022-2023, Samaritan exceeded the state's 3.4% benchmark, primarily due to national macroeconomic trends. For example, frontline workforce costs rose by 4.6% in 2023 compared to 2022, driven by the need to recruit and retain a skilled, unionized workforce. Additionally, Samaritan experienced a 25% increase in higher-acuity patients, with total hospital visits rising from 148,450 in 2022 to 185,442 in 2023 – including 47,625 those visits being new patients.

MultiCare's Capital Commitment associated with this transaction, combined with MultiCare's robust population health capabilities, would allow Samaritan to implement

proven strategies that directly reduce the total cost of care. Priority areas of investment that can help bend the cost curve are described below.

- a. *Scaling Care Management and Coordination Programs.* Samaritan is excited to leverage the learnings and capabilities of PSW, MultiCare’s population health organization, to fast track the development of cutting-edge care coordination and management programs. Some early initiatives will likely include:
- Improving and scaling Samaritan’s ambulatory nurse triage systems, which help patients navigate to the appropriate care setting (e.g. reducing treatment of ambulatory care conditions in the emergency department).
  - Embedding care coordinators and case managers within high-cost settings (e.g., emergency departments, inpatient discharge) to redirect patients back to primary care and proactively manage chronic conditions.
  - Deploying behavioral health and peer support models to better address social and behavioral determinants of health, reducing avoidable utilization.

These programs ensure patients receive the right care at the right time in the right setting, preventing unnecessary hospitalizations and high-cost episodes of care.

The positive effects of these care coordination and population health efforts are not theoretical. MultiCare has very recent experience implementing successful programs that have a meaningful impact on cost. For instance, one of the most impactful recent initiatives from MultiCare has been its effort to reduce length of stay (“LOS”). By strengthening care coordination and improving discharge planning, MultiCare has been able to reduce unnecessary inpatient days. Average LOS improved from 5.6 in 2023 to 4.5 by the end of 2025 (excluding psychiatric admissions). This not only lowers costs but also ensures that fixed assets like beds are used more efficiently. By lowering average LOS, MultiCare has also increased necessary admissions by creating more capacity and ensuring that hospital beds are occupied by those patients who most need inpatient care.

Another area of success has been in readmission reduction. MultiCare has implemented transitional care programs, strengthened post-discharge follow-up, and expanded patient education efforts. These initiatives reduced avoidable readmissions, which mitigates penalties under Medicare while improving patient outcomes.

MultiCare’s PSW has emerged as one of the highest performing population health vehicles in the nation, participating very successfully in multiple ACO models, running several different large clinically integrated networks that help to align physicians with the health system in a way that enhances quality and reduces the total cost of care. PSW thrives by providing high-level data analytics to providers that participate with PSW to impact care coordination and care management decisions that produce better outcomes for patients. PSW will make this infrastructure available to Samaritan.

PSW and MultiCare's Medical Economic Team is at the forefront of using advanced analytics to reduce the cost of care. MultiCare's PSW operates an industry-leading fraud, waste and abuse ("FWA") compliance program that proactively identifies and addresses FWA throughout the health system, thereby reducing cost for MultiCare, payers, and patients. Please see Exhibit 13.a.ii, which provides examples of how MultiCare has successfully identified and reduced wasteful spending. MultiCare will make PSW's FWA compliance program available to Samaritan.

- b. Expanding Access to Lower-Cost Care Settings. The expansion of ambulatory services, as discussed in response to Item 4(b), will have an immediate impact on overall cost. Samaritan intends to devote much of its initial investment in facilities specifically designed as alternatives to higher cost sites of service.

The proposed ambulatory surgical centers would shift surgical volumes from inpatient facilities to outpatient ambulatory surgical centers. This accomplishes several goals simultaneously:

- Helps patients access the right level of care more quickly, which directly improves patient outcomes and satisfaction;
- Reduces crowding at hospital emergency rooms and surgical suites, freeing space and clinicians to deal with the highest-acuity, highest-value patients relative to the care setting;
- Reduces the overall cost of care due to the lower cost structure of these ambulatory sites of service;
- Enables alternative payment models, like bundled payments and capitation, that incentivize and reward Samaritan for its ability to reduce the cost of care.

The proposed 6 to 8 urgent care centers would divert lower-acuity patients from the emergency department, reducing ambulance transfers and high-acuity hospital charges. In addition, by providing timely access to emergency services, off-campus emergency departments help prevent worsening of conditions that might otherwise result in longer, more expensive hospital admissions. Urgent care centers are a direct cost-lowering alternative to emergency departments for low-acuity conditions. With lower copayments, faster access, and redirection into primary care for long-term management, urgent care reduces both the immediate and ongoing expenses associated with inappropriate emergency department utilization.

The proposed off-campus imaging centers would be similarly impactful. Investment in imaging services also lowers patient costs by shifting utilization away from high-cost, hospital-based imaging centers toward lower-cost outpatient settings. Improved access and scheduling prevent unnecessary repeat scans, while timely diagnostic results allow for early treatment, reducing downstream complications that carry higher costs.

Collectively, these projects represent a shift from high-cost, hospital-centric care toward preventive, ambulatory, and coordinated models that better align with value-

based payment. By reducing unnecessary emergency department utilization, preventing complications, eliminating duplicative services, and providing care in lower-cost settings, health systems not only strengthen their market position but also directly address the financial burden patients face. In doing so, they deliver on the promise of affordable, accessible, and sustainable health care.

- c. Transfer Center: MultiCare also has experience improving the flow of patients within a health system to optimize patient volume, improve resource utilization, reduce the number of patients that seek care outside the community. This, in turn, stabilizes volumes and improves financial performance. When MultiCare integrated with Overlake, Overlake implemented MultiCare's centralized Transfer Center. This is projected to have delivered between \$17.6 million and \$83 million in annualized financial benefits.
- d. Expanding Primary Care: Though there are numerous causes of health care cost inflation, one key driver is patients' limited access to or engagement with primary care and care coordination services. By increasing access to preventive services and chronic disease management, health systems reduce costly complications such as avoidable hospitalizations and emergency visits. Enhanced access to same-day or next-day appointments also decreases patient reliance on the emergency department for non-urgent needs, ensuring patients receive care at a fraction of the cost. While the medical home model and advanced care coordination initiatives have proven effective at preventing disease progression and streamlining care, Samaritan has lacked the financial capacity to fully invest in the infrastructure required to connect patients to these services and manage high-risk populations.
- e. Hiring Specialists: Hiring specialists also plays a critical role in affordability. By keeping patients within the system, unnecessary out-of-network charges are avoided. Integrated specialist care improves coordination with primary care, which reduces redundant diagnostic testing and imaging. Moreover, earlier interventions and timely specialty care prevent disease progression, ultimately avoiding high-cost hospital stays and procedures.

Though it is difficult to isolate the impact of individual initiatives on larger populations, PSW and MultiCare can demonstrate consistent improvements relative to the market. Recently, the Washington Health Care Authority ("WHCA") and the Washington state Health Care Cost Transparency Board compared the total medical cost trend of provider organizations by market (Commercial, Medicaid, and Medicare). MultiCare performed better than trend in each market. For Commercial populations, MultiCare's overall growth trend was 6.7% versus the all-providers trend of 7.8%, or 1.1% lower. For Medicaid, MultiCare's growth trend was 2.4% versus all-providers trend of 4.3% or 1.9% lower. And for Medicare, MultiCare's trend was 7.8% versus all-providers trend of 10.0%, or 2.2% lower.

MultiCare also has had success with payer-specific cost-control initiatives. PSW and MultiCare's Population Health team partnered with a Washington Blue plan to



implement a value-based contract covering a commercial population of more than 30,000 beneficiaries. Under this program, the two-year medical expense trend for MultiCare's covered population was 2.1%; over this same period, the two-year cost trend for the comparison population was 8.1%. This represented a win-win-win-win for MultiCare, the Blue plan, employers, and patients.

With the infusion of capital and access to proven population health tools, Samaritan will be able to reduce the rate of cost growth by building an integrated care management infrastructure and expanding alternatives to costly acute care. These initiatives not only lower system-wide expenses but also enhance patient experience and outcomes—advancing the quadruple aim and strengthening the sustainability of care delivery across our communities.

Beyond clinical operations, Samaritan expects substantial cost savings associated with advanced supply chain efficiency, improved revenue cycle management, and the shared services model, as discussed in more detail in response to Items 1 and 5.

Together, these initiatives represent a comprehensive and sustainable approach to cost control. They demonstrate that effective cost management requires not just isolated projects, but an integrated strategy that spans clinical care, operations, and financial performance. Each of these initiatives has a proven impact and could be deployed at Samaritan facilities with a reasonable expectation of similar results.

Importantly, the cost savings generated from these initiatives will directly benefit Oregonians. Samaritan is operating at a deficit, meaning cost savings are necessary to stabilize Samaritan's balance sheet. However, once Samaritan achieves sustainable operating margins, MultiCare will ensure that such margins are re-invested in the community to further Samaritan's existing charitable mission in Oregon.

**(v) Support social determinants of health in the community served by the CCO, as required by its Contract with the Authority;**

This transaction will enable Samaritan and InterCommunity CCO to maintain, strengthen and expand on existing initiatives intended to improve social determinants of health in Oregon.

MultiCare lives its commitment to improving social determinants of health. Exhibit 13.a.iii describes the numerous initiatives that MultiCare employs to make a lasting impact on health equity and social determinants of health, including MultiCare's Center for Health Equity & Wellness and the Community Partnership Fund. The Center for Health Equity & Wellness strives to promote health equity, eliminate health disparities and improve the well-being of the Pacific Northwest through ongoing, data-driven initiatives and partnerships. The Community Partnership Fund makes grants to non-profit community organizations that support MultiCare's community health priorities, address social determinants of health, and provide significant and measurable community impact.

Please also see the response to Item 13(D), which addresses how this Affiliation will improve health equity.

**(vi) Perform its responsibilities under the CCO Contract and applicable law;**

Both Samaritan and MultiCare have a strong culture of compliance. MultiCare currently manages over 400,000 covered lives in capitated or shared savings contracts. This includes providing services to multiple MultiCare-affiliated ACOs participating in the Washington State Health Care Authority value-based contract serving public employees. As described above, these contracts generated more than \$21 Million in value based payments to the ACOs and participating providers by achieving performance targets associated with total cost of care and quality improvement. This demonstrates MultiCare's ability to deliver on its contractual obligations while achieving superior performance-based incentives.

Additionally, MultiCare's PSW operates an industry-leading fraud, waste and abuse ("FWA") compliance program that proactively identifies and addresses FWA throughout the health system. Please see Exhibit 13.a.ii, which provides examples of how MultiCare has successfully identified and reduced wasteful (and potentially fraudulent) payments. MultiCare will make PSW's FWA compliance program available to Samaritan.

**(vii) Comply with requirements in the CCO Contract and applicable law concerning its governing body; and**

Simply put, InterCommunity CCO's governing body will not change as a result of this Affiliation. InterCommunity CCO's governing board and community advisory council will remain in place post-closing. Samaritan will continue to exercise Samaritan's reserve powers with respect to its first-tier subsidiaries, including InterCommunity CCO, subject to MultiCare's reserved powers. InterCommunity CCO will therefore remain fully compliant with all applicable rules regarding InterCommunity CCO's governing body.

**(viii) Satisfy the policy priorities adopted by the Oregon Health Policy Board.**

In January 2024, Governor Tina Kotek sent the Oregon Health Policy Board ("OHPB") a letter outlining its priority areas for the next two years, which are to:

- a. Continue to advance health equity;
- b. Continue to champion strategies to reduce health care costs and increase affordability;
- c. Lead public engagement for the next CCO procurement cycle; and
- d. Continue OHBP's work on metrics alignment.

This Affiliation furthers each of these goals.

*This Affiliation will advance health equity.* Please see the response to Item 13(A)(ii) and 13(D) for a description of how this Affiliation will improve health equity.

*This Affiliation will help reduce costs and increase affordability:* Please see the response to Item 13(A)(i) and 13(A)(iv) for a description of how this transaction will reduce costs and increase quality.

*This Affiliation will help OHA with CCO re-procurement:* InterCommunity CCO has suffered three consecutive years of financial losses. While the 9.6% premium increase for 2026 may help close the gap to achieving CCO break-even, it will take many years of positive margin to recoup prior losses and accumulate the capital necessary to make long-term investments in quality and performance improvement projects—investments that are necessary to achieve clinical and financial targets. Samaritan does not see a path to achieving such margin under its current operating structure, and there is always risk of further losses. As such, absent this Affiliation, Samaritan would need to take immediate steps to reduce the financial risk associated with InterCommunity CCO. This could involve pursuing a sale of InterCommunity CCO to a third party unaffiliated with Samaritan or choosing not to participate in the next round of CCO procurement. Such a change would be disruptive to enrollees, endanger community providers, and undermine the coordinated care delivery system that Samaritan has worked so hard to develop over several decades.

This Affiliation enables an alternate path. MultiCare has not only committed to provide any needed capital for InterCommunity CCO, but also to continue operating InterCommunity CCO as a CCO serving Benton, Lincoln, and Linn counties, subject to the Oregon Health Authority’s procurement process and contractual discretion. This necessarily includes participating in the scheduled re-procurement. Samaritan could not make such a commitment absent this Affiliation.

Samaritan has historically faced challenges in consistently achieving strong quality outcomes, particularly in state and federal performance programs. InterCommunity CCO’s results on quality measures have consistently placed in the lowest quartile statewide, and Medicare Advantage Star Ratings and HEDIS performance have declined in recent years. These outcomes do not reflect a lack of commitment, but the reality that meaningful improvement in value-based care requires sustained, dedicated resources—resources that Samaritan’s current financial position has not allowed it to consistently deploy. Beyond the metrics, Samaritan has struggled to launch and sustain broad-based population health initiatives to address chronic disease management, reduce unnecessary emergency department utilization, and strengthen care coordination across settings. High emergency room use in particular reflects gaps in access to timely, lower-acuity services and the absence of coordinated clinical programs to proactively manage complex patients.

MultiCare’s Capital Commitment associated with this transaction would allow Samaritan, in partnership with MultiCare, to make the strategic investments necessary to change this trajectory and become a statewide leader in clinical quality. Specifically, the capital and external capabilities would enable:

- *Deployment of Advanced Analytics and Data Integration Tools:* As noted above, MultiCare has an advanced, in-house population health venture called PSW. By leveraging sophisticated population health analytics, predictive modeling, and data-sharing platforms, Samaritan could better identify high-risk patients, track outcomes, and target interventions where they will have the greatest impact. These tools would allow real-time actionable insights into utilization patterns and gaps in care, supporting providers and care teams in driving improved performance on CCO, HEDIS, and STAR measures.

For example, PSW's medical economics team has partnered with clinicians to design and develop new primary care clinics focused on chronically ill and complex patients. These clinics emphasize care coordination among primary care providers, behavioral health specialists, care navigators, and pharmacists. In the first ten months of operation, these clinics have shown measurable results. Specifically, for Medicare beneficiaries with complex chronic conditions who enrolled in the clinic, the number of emergency department visits per thousand dropped from 1,020 pre-enrollment to 870 post-enrollment—a decrease of 150 emergency department visits per thousand. Inpatient admissions for this same population dropped from 374 visits per thousand pre-enrollment to 204 visits post-enrollment—a decrease of 175 admissions. Simultaneously, utilization of laboratory, radiology, therapy and opioid treatment services increased for this population. Thus, by improving care coordination these clinics have increased utilization of lower-cost, higher value services while preventing higher-cost emergency and inpatient admissions.

With improved population health tools, together with additional care management expertise, Samaritan believes that it can achieve dramatic improvements in health plan performance. Specifically, the parties have set an internal goal for (a) InterCommunity CCO to achieve 100% of the available quality incentive program reward within three years and (b) Samaritan Health Plans to achieve a minimum of a 4-STAR rating by CMS for its Medicare Advantage products. Samaritan and MultiCare will achieve these objectives through the investments and infrastructure improvements described above, along with targeted annual performance assessments and value-based quality targets and incentives for network providers.

- *Enhanced Care Coordination and Case Management:* Best practices in care coordination—such as embedding case managers in emergency departments, expanding transitions-of-care programs, and strengthening connections to primary care—would reduce unnecessary emergency department utilization and prevent avoidable readmissions. Dedicated care coordination teams, including nurses, social workers, and care managers to ensure continuity across the care continuum. These efforts directly improve patient experience, support better clinical outcomes, and reduce the overall cost of care, advancing three of the four dimensions of the quadruple aim.

- *Expansion of Community-Based and Ambulatory Access Points:* Capital investments will be directed toward developing new points of access at lower-acuity levels of care (urgent care, telehealth, retail clinics), offering patients more timely and convenient alternatives to the emergency department. Coupled with advanced analytics, these expanded access points would allow for earlier intervention in chronic conditions, improving outcomes while reducing avoidable high-cost utilization. As noted above, Samaritan is specifically targeting the development of one off-campus emergency department, at least one Ambulatory Surgery Center in Corvallis and/or Albany, at least four outpatient rehab centers, and at least one outpatient imaging retail center.
- *Hiring Additional Primary Care and Specialists:* As part of the Capital Commitment, or simply as a result of Samaritan's improved balance sheet, Samaritan intends to hire (or recruit to the community) additional physicians. Initially, the parties intend to target hiring (a) 15 to 30 primary care, behavioral health, and pediatric physicians, and (b) 5 to 15 specialists, which may include ENT and allergy, GI, dermatology, and neurology. These additional hires will significantly improve access to care in the community, while helping to control costs and implement Samaritan's population health goals. Including Samaritan's rural hospitals and clinics in MultiCare's Rural Family Medicine with Obstetrics Fellowship program will also help address access and recruitment.

In short, the Capital Commitment and the deployment of proven external population health solutions would give Samaritan the resources and infrastructure needed to shift from reactive care to proactive management of patient health. By embedding data-driven analytics, coordinated care practices, and expanded community-based services into its operations, Samaritan would be positioned to measurably improve quality performance, reduce total cost of care, and achieve the quadruple aim of better outcomes, lower costs, improved patient experience, and enhanced provider engagement.

**(B) If the proposed activity may result in the termination of members from a CCO or the transition of members from one CCO to another CCO, how the applicant and CCO will facilitate those terminations and transitions in compliance with 42 C.F.R. §§ 438.52, 438.56, 438.62 and the CCO's contractual obligations to the Authority;**

Post-closing, the parties have no plans to terminate members from InterCommunity CCO or transition them to another CCO. Samaritan hopes that post-closing InterCommunity CCO will serve more members with the help of MultiCare's capital, investment in technology infrastructure and population health management activities supported by PSW. As discussed in response to Item 5(b), and because of the precarious financial condition of InterCommunity CCO and Samaritan Health Plans detailed in Exhibit 1.a.i, without this Affiliation there is serious risk that Samaritan will be forced to scale back or exit health plan operations. In that case, it would take steps to mitigate disruption, including:

- Member Transition Support – Ensuring timely, accurate communication and robust support to help members select new coverage with minimal disruption.

- **Provider Engagement** – Working closely with providers to manage continuity of care for patients in active treatment, including honoring existing authorizations and supporting transitions.
- **Collaboration with State and Community Partners** – Coordinating with the Oregon Health Authority, CCOs, and other payers to ensure community providers continue to have payer options and that Medicaid and Medicare populations are not left without access to coverage.
- **Transparency in Communications** – Proactively addressing community concerns regarding governance, long-term commitment, and integration with delivery system operations to sustain trust.

As discussed in response to Item 5(b), Samaritan and MultiCare have designed this Affiliation to mitigate this exact outcome and are hopeful that access to MultiCare’s capital, technology and population health management expertise will alleviate the risk of InterCommunity CCO having to scale back or shut down operations resulting in termination and transfer of members.

Samaritan has carefully considered the implications of this transaction not closing and has developed contingency strategies to ensure organizational survival, though such steps would come with significant consequences for the communities it serves and would band aid over the fundamental issues rather than guarantee future financial viability.

If this Affiliation does not move forward, Samaritan would be compelled to implement a set of measures that focus on risk reduction, cost containment, and program realignment:

- **Health Plan Operations:** InterCommunity CCO has suffered three consecutive years of financial losses. While the 9.6% premium increase for 2026 may help the CCO close the gap to break-even, it will take many years of positive margin to recoup prior losses and accumulate the capital necessary to make long term investments in quality and performance improvement projects—investments that are necessary to achieve clinical and financial targets. Samaritan does not see a path to achieving such margin under its current operating structure, and there is always risk of further losses. As such, Samaritan would need to take immediate steps to reduce the financial risk associated with InterCommunity CCO. This could involve pursuing a sale of InterCommunity CCO to a third party unaffiliated with Samaritan or choosing not to participate in the next round of CCO procurement. Such a change would be disruptive to enrollees, endanger community providers, and undermine the coordinated care delivery system that Samaritan has worked so hard to develop over several decades.

**Administrative Infrastructure:** To reduce overhead, Samaritan would likely outsource or significantly reduce back office functions such as information technology, supply chain, billing, finance, human resources, and compliance. While necessary to stabilize the organization, this would diminish the ability to innovate, respond quickly to community needs, and provide the level of service that internal teams offer today. It would also involve a significant reduction in staff in those areas that would be outsourced.

- *Clinical and Community Programs*: On the care delivery side, Samaritan would concentrate resources on programs and services that are immediately sustainable within available federal, state, and community reimbursement structures. Services that are currently subsidized and do not cover their costs, could face reduction, consolidation, or elimination. This could reduce access to certain clinical programs and community benefit initiatives in high cost/complex-care categories and training programs as well as in rural and underserved areas where reimbursement challenges are greatest.

While these measures would allow Samaritan to remain operational, they represent a contraction of both health plan and delivery system capabilities. The result could be:

- *Reduced Community Access*: Fewer services available locally, forcing patients to travel farther or go without care.
- *Loss of Integrated Care Model*: Reduced alignment between the health plan and delivery system, undermining coordinated care strategies that improve outcomes and reduce costs.
- *Weakened Community Partnerships*: Contraction of programs that address social determinants of health and provide broader community benefit.
- *Diminished Regional Presence*: A smaller, less resilient health system that is less able to attract and retain providers, invest in new technologies, or respond to emerging community health needs.
- *Workforce Impacts*: Samaritan could have to reduce staff to reflect outsourced functions and reduced services. Samaritan would also struggle to retain its best clinical and non-clinical talent, as such financial containment measures hurt staff morale, satisfaction, and loyalty.

This Affiliation presents a compelling alternative. This Affiliation gives Samaritan the opportunity to pursue a new strategic path. It would immediately stabilize Samaritan's balance sheet and provide a significant infusion of capital. This would not only help preserve existing services, but it would also substantially fund the capital investments necessary to achieve financial sustainability, including the renovation and expansion of Good Samaritan Regional Medical Center, the expansion of Samaritan's ambulatory services capabilities, and health plan infrastructure.

### **(C) Cost of access to and quality of health care for Oregonians, including health care outside of the Medicaid program;**

This Affiliation will significantly strengthen access to health services across Samaritan's service area by both preserving existing essential services and investing in new initiatives that expand and enhance access, particularly for underserved and rural populations.

### Maintaining Existing Services:

Samaritan's hospitals and clinics provide a broad spectrum of specialized services that are essential to the health of its region, including trauma, cardiovascular, cancer, and neurosciences care. Sustaining these highly complex programs requires ongoing access to deep financial resources, sophisticated technologies, and specialized clinical expertise.

Through this Affiliation, Samaritan will gain access to the capital, talent, and technological infrastructure necessary to maintain these services at the highest quality standards. This ensures that specialized programs remain available locally and that patients in rural Oregon do not need to travel outside the region for critical care. The affiliation also strengthens the regional trauma center and critical access hospitals by allowing Samaritan to distribute clinical expertise and capabilities across the system, protecting and reinforcing equitable access for all communities it serves.

### Investing in Initiatives that Improve Access for the Medically Underserved:

MultiCare's Capital Commitment and access to MultiCare's strong balance sheet and advanced capabilities will enable Samaritan to invest in initiatives that directly expand and improve access to care for the medically underserved.

1. Strengthen Samaritan Health Plans. Samaritan Health Plans face significant operating deficits. Absent outside capital, Samaritan may need to take steps to reduce the financial risk associated with its plans for the reasons articulated in Exhibit 1.a.i. This could involve pursuing a sale of InterCommunity CCO and Samaritan Health Plans, transitioning operational responsibility back to another qualified entity, or not seeking to renew its CCO contract in the next procurement cycle. In any case, the withdraw of InterCommunity CCO and Samaritan's dual eligible products from the market, or the sale of these entities to a third party unaffiliated with Samaritan, would fundamentally disrupt the delivery of care to Benton, Lincoln, and Linn counties.

In contrast, if this Affiliation closes, InterCommunity CCO and Samaritan Health Plans will gain access to a suite of new tools and capabilities that will drastically improve their ability to meet the health care needs of their members. As part of the integration, Samaritan and MultiCare will collaborate on a plan to update the health plan's legacy claims, member service, and care management systems. These outdated systems lack the sophistication and efficiency of larger competitors, creating both cost disadvantages and barriers to effective population health management. Members will see immediate benefits from these upgrades in the form of (a) faster, more efficient, and more user-friendly health plan infrastructure, and (b) better population health management tools that translate to more accessible, more timely, and more effective health care interventions for enrollees.

As noted above, the goal is for Samaritan's Medicare Advantage plans to achieve a minimum of 4 STARS. MultiCare anticipates investing a portion of the quality incentive received by the health plan into enhancing benefits and access for members.



2. *Strengthening Nonprofit Ambulatory Services.* MultiCare’s Capital Commitment will enable Samaritan to make significant improvements in its ambulatory care delivery capabilities, more fully described in response to Item 4(b). This includes new sites of service (ASCs, urgent care centers, and outpatient emergency departments) as well as the hiring of a substantial number of new providers to deliver care at these locations. Additional ambulatory service options will improve access to the underserved by, among other things, offering lower-cost care at off-campus locations that are closer to where patients live, work, and play.

Unlike many ambulatory clinics and facilities, Samaritan’s ambulatory clinics and facilities would be owned and operated by a nonprofit, mission-driven health system. As such, they will be developed, staffed, and operated to further Samaritan’s charitable mission, and will be subject to financial assistance and charity care policies. This will further improve health care access and outcomes for the underserved.

3. *Expanded Digital Access.* As discussed in response to Item 5(a), Samaritan intends to implement a shared services operational model under which Samaritan will have access to MultiCare’s existing technology platforms and back-office infrastructure. This promotes efficiency, reduces overhead, and allows Samaritan to benefit from MultiCare’s demonstrated expertise. Specifically:
  - By implementing MultiCare’s more advanced electronic health record instance, scheduling system, and telehealth platforms, Samaritan will make it easier for all members of the community to access care, both digitally and in-person.
  - MultiCare also has an advanced digital front door, remote monitoring, and virtual care capabilities that will reduce geographic barriers, offering patients in rural and underserved areas timely and convenient care options.
4. *Improving Care Coordination and Primary Care.* As discussed in more detail in response to Item 5(a), this Affiliation will enable substantial investments in care coordination and primary care. Primary care is the “front door” to the health system. By hiring additional primary care providers, and by giving these primary care providers additional care management tools, this Affiliation will substantially improve Samaritan’s ability to ensure that underserved populations receive the right care, at the right time, from the right provider. These goals will be achieved through, among other things:
  - Shared analytics, benchmarking, and population health management tools that will strengthen care coordination and improve outcomes for high-risk patients.
  - Workflow standardization and shared best practices that will accelerate efficiency gains, reduce duplication, and free resources for patient-facing services.
  - Expanded access to e-consults and outreach clinics that shorten wait times and increase touch points for historically marginalized and/or underserved populations.

Improving primary care access disproportionately benefits underserved populations, both because they tend to have greater health needs, but also because they tend to need

additional services and supports to access care. Thus, these investments will reduce health disparities and improve health equity throughout the region.

In sum, this transaction ensures that Samaritan can sustain essential services that are at risk without external support and make targeted investments that expand access, reduce disparities, and strengthen continuity of care. By combining Samaritan's community-based presence with MultiCare's scale, technology, and population health expertise, the affiliation will deliver measurable improvements in access, affordability, and outcomes for underserved communities across our region.

Please see the response to Item 15(A)(iv) for more information on how this Affiliation will help Samaritan lower the cost of care for Oregonians.

#### **(D) Health equity in Oregon;**

If the status quo remains, the underserved populations in the region face the greatest risk of diminished access, fragmented care, and poorer health outcomes. InterCommunity CCO has been the primary vehicle for supporting Medicaid members, who represent our most vulnerable patients. While Samaritan has worked diligently to maintain coverage and preserve core programs like those supporting reproductive care, culturally appropriate services, and tribal care, financial struggles have limited Samaritan's ability to expand or enhance services that address the unique needs of underserved communities.

- *Constrained Investments in Supportive Services*: Financial pressures have forced Samaritan to prioritize core medical services over wraparound supports such as medical respite care, recovery housing, or culturally tailored outreach, even though these services are critical to addressing the social determinants of health that disproportionately affect low-income and marginalized populations.
- *Service Reductions with Disproportionate Impact*: While Samaritan has not directly cut CCO coverage, system-wide reductions have indirectly affected underserved patients. For example, scaling back outreach specialty clinics, reducing social accountability grants, and limiting patient support programs (such as childbirth education and cancer support services) disproportionately impact those who lack resources to access alternatives.
- *Delayed Access Initiatives*: Planned expansions in behavioral health have been slowed or deferred due to financial constraints, leaving gaps in services that are especially critical for Medicaid members. The needs of underserved communities in Samaritan's region far exceed the resources currently available. Specific priorities that remain unmet due to Samaritan's financial limitations are listed below, together with the ways in which this transaction can help address these unmet needs:
- *Expanding language services to ensure equitable access for non-English-speaking patients*: MultiCare has a best-in-class interpreter service embedded in its electronic medical records system (Epic) at all facilities across the health system. Interpreter performance is monitored and reviewed on a weekly basis to ensure reliability as well as

accessibility. Of all encounters where an interpreter was needed, staff requested an interpreter 91% of the time, and an interpreter was provided 86% of the time.

- Enhancing medical respite programs for individuals who are unhoused or without safe discharge options: MultiCare partners with community based organizations to provide post-discharge support for the community's most vulnerable patients. This post-discharge program focuses on temporary placement at shelters, skilled nursing facilities and assisted living facilities. MultiCare works with patients and their caregivers to place the patient in the most appropriate temporary setting based on medical and psycho-social needs. MultiCare also has dedicated case managers and social workers to collaborate with the state long-term care agency to identify long-term care placement.
- Increasing access to substance use disorder treatment and building more recovery housing: MultiCare has become a national leader in behavioral health through concerted investments designed to meet expanding community need. In the last year alone, MultiCare has grown substance use disorder services 12.7% through a multi-faceted approach that prioritizes improving access, growing capacity, and improving options.

For example, MultiCare offers substance use disorder assessment and treatment integrated within its primary care clinics. Patients can receive a direct referral to an addiction medicine specialist through the support of the American Board of Medical Specialties ("ABMS") certified Addictions Medicine Fellowship, which trains the next generation of addictions specialized physicians. Notably, MultiCare Good Samaritan Hospital is home to the Substance Treatment and Recovery Training ("START") inpatient unit for pregnant women, which provides an inpatient stay of up to 26 days covering medical stabilization, withdrawal management, and intensive treatment.

Moreover, the MultiCare Behavioral Health Network is using supportive housing to promote the recovery of individuals with co-occurring mental illness and substance use disorders. The Behavioral Health Network operates 108 residential treatment and supportive housing beds, as well as 200 independent housing units. For example, the King County (Seattle) Program for Assertive Community Treatment ("PACT") provides outreach and community support to individuals with serious and persistent mental illness. It also partners with the Behavioral Health Network's King County housing team to support placement of individuals into Behavioral Health Network housing specifically to support substance use recovery. These services are connected across a continuum of care and treatment for substance use disorders via the MultiCare Substance Use Disorder Task Force ("SUDTF"), made up of individuals across the health care system dedicated to the care and treatment of addictions, as well as the reduction of stigma, in the communities served by MultiCare.

- Developing transition programs for justice-involved individuals to reduce recidivism and support reintegration: The MultiCare Behavioral Health Network provides the most extensive set of behavioral health and social determinant-based programs for justice-involved individuals of any organization in Washington. These programs work closely with county criminal justice systems to integrate treatment and support for individuals

involved in the legal system, and to help reduce recidivism and promote re-entry by addressing mental health and substance use disorders. As noted below, access to these programs has grown considerably in the past year alone. These programs include:

- Felony Assertive Community Treatment (“FACT”), an intensive, evidence-based program that serves individuals with serious mental illness who are also involved in the criminal justice system. FACT has grown 6.56% in the past year.
  - Community Re-entry, Jail Transition, and Jail Diversion programs, each of which serve to assist individuals with complex mental health issues who have been recently incarcerated or have frequent jail bookings. They coordinate treatment, assist with housing and build support systems to prevent future arrests. These programs have seen tremendous growth, ranging from increases of 14.63% to 56.76% within the last year.
  - Outreach programs for justice involved individuals who are houseless, including Homeless Outreach Stabilization and Transition (“HOST”) and Forensic Projects for Assistance in Transition from Homelessness (“FPATH”). FPATH has seen growth of 25.80% in the past year.
- Expanding culturally appropriate services, including those tailored to LGBTQ2IA+ communities: In partnership with the MultiCare Chief Belonging Officer, MultiCare has developed specific training programs for team members designed to support engagement and connection via culturally appropriate, trauma informed approaches. Recent trainings have been focused on the needs of individuals within the LGBTQ2IA+ community, considering the unique co-occurring physical and mental health needs of gender and sexual minority individuals.

Without new resources, Samaritan’s ability to address these needs will remain constrained, and the gap between what underserved populations require and what the system can provide will continue to widen. MultiCare’s promise to provide ongoing capital support to InterCommunity CCO and Samaritan Health Plans, coupled with MultiCare’s expertise in population health and care coordination, will allow Samaritan to both preserve existing CCO coverage and expand programs that address social, behavioral, and cultural needs. This will improve outcomes and equity for the communities that need it most.

MultiCare is an organization committed to health equity. Enclosed as Exhibit 13.a.iii is a summary of some of MultiCare’s most impactful health equity initiatives.

**(E) The financial stability of the CCO and the financial strategies that may influence the CCO;**

This Affiliation will drastically improve Samaritan’s financial stability without negatively affecting MultiCare’s strong financial outlook. Please see Exhibit 1.a.i for a detailed discussion of Samaritan’s financial condition and the urgent need for this Affiliation to achieve financial stability.

MultiCare’s financial strength is rooted in its impressive balance sheet, liquidity, and disciplined management, making it uniquely capable of executing strategic investments and successful turnaround strategies. As a system with \$7.2 Billion in total operating revenue, 13 hospitals, and over 25,000 employees (41% of whom are in a collective bargaining unit), MultiCare operates across five regions in Washington. This extensive reach provides resilience against localized financial shocks, as the impact of any single underperforming entity is diluted across a large, stable base. The organization’s diversification not only reduces risk but also enables MultiCare to leverage growth opportunities in high-potential areas, further strengthening its financial position.

Liquidity is another cornerstone of MultiCare’s financial health. As of December 2024, the system held \$2.6 Billion in cash and investments, with 172 days cash on hand—well above the “A” rating medians for health care organizations. This substantial liquidity allows MultiCare to absorb operating losses, fund capital projects, and invest in turnaround strategies without jeopardizing its overall financial stability. These metrics mean MultiCare can take on additional debt for acquisitions or restructuring without risking covenant breaches or ratings downgrades, providing further flexibility to pursue strategic growth.

MultiCare’s confidence in its ability to absorb losses from acquisitions is not just theoretical—it is backed by a proven track record. A prime example is the turnaround of Yakima Memorial Hospital. Yakima Memorial Hospital is a 238-bed facility with five primary care and twelve specialty care clinics. It had a strong board, but was under significant financial stress (posting a \$33.2 Million loss in 2022) and the community had experienced a significant reduction in access to care. MultiCare acquired the hospital and clinics in 2023. The existing hospital board converted to a regional board (Yakima Valley) under MultiCare and brought on new leaders. MultiCare’s turnaround effort focused on four actions:

- Culture: who is Yakima Memorial as a part of MultiCare and what are its cultural cornerstones
- Infrastructure: deliver basic, foundational technology and infrastructure necessary for a modern health care platform;
- Access: turn around a shrinking delivery platform and grow critical capabilities for the future;
- Future: what does the future of the Yakima Valley Region hold? How do we grow to become the anchor system in the region?

By implementing system-wide best practices and targeted investments, which were informed by community listening sessions, MultiCare transformed Yakima Memorial’s performance, generating \$10 Million in operating income (excluding one-time items) within two years of closing. This success demonstrates MultiCare’s ability to absorb and reverse losses from distressed assets, leveraging its financial cushion and operational expertise.

MultiCare’s 2021 acquisition of Capital Medical Center provides another example of a positive integration story. Capital Medical Center is a 107-bed facility in Olympia Washington. It had a tumultuous operational history, with seven different owners in its 36-year history. In the first year after closing, MultiCare invested over \$206 million to buy the hospital and reclaim its

facilities and land from a real estate investment trust. Separately, MultiCare made significant investments in deferred maintenance, new equipment, and surgical infrastructure. MultiCare also developed a new off-campus emergency department, ambulatory surgical center and multi-specialty medical building. The system added primary care providers, neurologists, telestroke providers, general surgeons, and urologists. Finally, MultiCare created a clinically integrated network (group without walls) designed to improve access to primary care doctors in the community. Providers, staff, and the community reported immediate positive impacts from the transaction.

MultiCare's unique capabilities stem from its financial strength, liquidity, cash flow, and debt capacity, which allow it to absorb losses and invest in turnaround strategies. The organization's ability to rapidly deploy proven operational improvements, technology, and clinical programs across new acquisitions is a direct result of its system integration. MultiCare's demonstrated success in turning around distressed hospitals, such as Yakima Memorial and Capital Medical Center, validates its approach. Furthermore, experienced executives and board oversight ensure disciplined execution and accountability, reinforcing MultiCare's position as a leader in the health care industry.

MultiCare's scale, liquidity, and disciplined management make it uniquely capable of absorbing losses from acquisitions with negative operating performance. Samaritan lacks the resources, infrastructure, and expertise to implement these strategies effectively. MultiCare's confidence is grounded in its financial strength, operational playbook, and successful history of turning around distressed assets.

MultiCare's commitment to invest in population health activities and technology infrastructure is critical to make InterCommunity CCO and Samaritan Health Plans financially sustainable. Continued and compounding losses already forced Samaritan Health Plans to terminate Medicare Advantage plans for thousands of members. These losses have also prevented Samaritan from making needed investments to improve its competitiveness and financial performance.

Ongoing operating losses make it impossible for Samaritan to offer its network providers reimbursement rates that keep pace with broader inflationary trends. This hurts providers, who struggle to recoup their costs with low Medicaid rates, and members, who often struggle to find (and maintain relationships with) network providers willing to accept Medicaid patients. It also hurts Samaritan because such rates do not allow providers to invest time and resources in care coordination, disease management, and wraparound services that our community needs. Further network contraction would limit access points for members and increase strain on remaining providers.

Ultimately, ongoing losses at InterCommunity CCO and Samaritan Health Plans could threaten the viability of Samaritan's hospital and medical group operations, and could force Samaritan to further reduce or divest of its health plan products. This would displace thousands of members and disrupt continuity of care with their existing providers. It also creates uncertainty for providers and patients alike, increasing administrative burden, disrupting referral patterns, and undermining integrated care delivery.

MultiCare is committed to continued capital investments in InterCommunity CCO and Samaritan Health Plans for the purpose of enhancing operational capabilities that would reduce the burden for community providers to refer or directly provide medically necessary services to patients, as well as to expand capabilities and resources to providers that support quality performance and utilization.

Advanced population health models are at the core of the health plan's financial stabilization plan, and MultiCare is in a position to fast track the implementation of these models. The integrated delivery–insurance model already allows Samaritan to share data, coordinate care, and align incentives with providers in ways that improve quality and reduce cost. However, Samaritan has lacked the financial resources and expertise necessary to maximize the benefits of integration. MultiCare already built the care management and population health infrastructure necessary to manage 400,000 covered lives under risk-based contracts. This infrastructure and expertise will help InterCommunity CCO and Samaritan Health Plans, Samaritan's hospitals and community providers by facilitating win-win-win value-based contracts that control costs, increase quality, and help make Medicaid contracts financially sustainable.

Post-closing, InterCommunity CCO and Samaritan Health Plans will maintain a high-performing network of providers that exceeds network adequacy requirements and enables beneficiaries to access timely, high-quality care. However, the parties see opportunities to improve the network. To meet its financial and operational goals, the health plans must expand value-based contracts. This means assessing opportunities to offer additional value-based incentive payments to community providers for achieving agreed upon performance metrics related to quality, access, member experience, operational, and financial targets.

Thus, through this Affiliation, Samaritan and MultiCare will work together to:

- Modernize plan technology and administrative platforms to improve claims processing, provider payments, and member experience.
- Strengthen relationships with network providers through more sustainable reimbursement structures and improved care coordination tools.
- Enhance population health capabilities and data analytics to support value-based payment models.
- Ensure long-term stability and continuity of coverage for the Medicaid, Medicare Advantage and commercial members served through Samaritan Health Plans and InterCommunity CCO.

In short, this Affiliation provides the InterCommunity CCO and Samaritan Health Plans with the infrastructure, capital, and operational expertise necessary to sustain and grow the integrated care delivery model that is central to improving health in our communities.

**(F) The CCO's medical loss ratio.**

InterCommunity CCO has a medical loss ratio of greater than 85%. For example, between 2021 and 2023, medical loss ratio was 92.51% (see Exhibit 13.a.iv). Post-closing, InterCommunity CCO will continue fulfilling its medical loss ratio obligations. As described in Exhibit 1.a.i,

Parties believe that the MultiCare's capital, technology investments and population health activities will help InterCommunity CCO reduce the relative cost of care trend resulting in significant margin improvement which can then be reinvested in member services.

#### **ITEM 14. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT**

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F (see OAR 410-141-5330) within 15 days after the end of the month in which the acquisition of control occurs.



## ITEM 15. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

### SIGNATURE

Pursuant to the requirements of OAR 410-141-5255 to OAR 410-141-5285, MultiCare Health System has caused this application to be duly signed on its behalf in the City of Tacoma and State of Washington on the 9<sup>th</sup> day of January, 2026.

(SEAL)

Name of Applicant: MultiCare Health System

By: 

By: \_\_\_\_\_

Name: William G. Robertson

Its: Chief Executive Officer

Attest:

By: 

By: \_\_\_\_\_

Name: Kendall Miller

Its: SVP and Chief Legal Officer

### CERTIFICATION

The undersigned deposes and says that the undersigned deponent has duly executed the attached application dated January 9, 2026, for and on behalf of MultiCare Health System; that the deponent is the Chief Executive Officer of such company and that the deponent is authorized to execute and file the instrument. Deponent further says that the deponent is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of the deponent's knowledge, information and belief.



\_\_\_\_\_  
William G. Robertson, Chief Executive Officer