

Re: Determination on Adventist Health Columbia Gorge’s Petition to Modify the Oregon Health Authority’s April 14, 2023, Findings of Fact, Conclusions of Law, and Final Order in Transaction ID 006 and Right to Request a Hearing

The Oregon Health Authority (“OHA”) is the state agency charged with operating the Health Care Market Oversight (“HCMO”) Program under Oregon Revised Statutes (“ORS”) 415.500 through 415.900 and Oregon Administrative Rules (“OARs”) 409-070-0000 through 409-070-0085.

On April 14, 2023, OHA conditionally approved the affiliation between Adventist Health System (“Adventist”) and Mid-Columbia Medical Center (“MCMC”), as outlined in OHA’s Order in the Matter of the Proposed Material Change Transaction of Adventist Health and MCMC, dated April 14, 2023 (“Order”). This Order is attached hereto as Exhibit A and incorporated herein by reference.

Pursuant ORS 415.501(19) and OAR 409-070-0080, OHA maintains the authority to verify compliance with any approval conditions included in its approval of a material change transaction and issue such additional orders as may be necessary to enforce compliance with OHA’s approval of a transaction.

On September 16, 2025, Adventist Health Columbia Gorge (“AHCG”) submitted a Petition to Modify OHA’s Order to permit it to significantly reduce, restrict, or

terminate the facilities, services or programs referenced in Conditions 2.c. through 2.g. of the Order, to include the reduction of AHCG's bed count from 49 to 25 to move forward with plans to obtain federal certification as a Critical Access Hospital ("CAH") (the "Petition"). This Determination resolves AHCG's Petition. OHA timely conducted a review of AHCG's Petition, held open a public comment period from September 25, 2025, through October 31, 2025, and received 91 comments.

Now, therefore, upon due consideration of the circumstances, including the Petition, documentation filed in support of the Petition, the underlying record, analysis of hospital financial and utilization data collected by OHA's Hospital Reporting Program, and public comments received to date, OHA enters the following Findings of Fact, Conclusions of Law, and Determination.

FINDINGS OF FACT

1. On or about January 31, 2023, OHA confirmed receipt of a complete Notice of Material Change Transaction ("Notice") filed by Adventist with respect to its proposed affiliation with MCMC ("proposed transaction").
2. On April 14, 2023, following a preliminary review of the proposed transaction, OHA approved the affiliation between Adventist and MCMC with conditions.
3. Adventist and MCMC closed the proposed transaction on June 1, 2023.
4. ORS 415.501(19) requires that, post-closing, OHA perform follow-up analyses on the transaction which includes assessing compliance with any approval conditions.
5. As indicated on two Notices of Deficiencies and Opportunity to Cure, issued by OHA on November 22, 2024, and July 17, 2025, AHCG has had difficulty complying with certain approval conditions outlined in the Order. Copies of the November 22, 2024, and July 17, 2025, Notices are attached hereto as Exhibits B and C, respectively, and incorporated herein by reference. Specifically:

- a. The November 22, 2024, Notice describes deficiencies in complying with Conditions 2.k. and 2.m. of the Order.
 - b. The July 17, 2024, Notice describes deficiencies in complying with Condition 2.m. of the Order.
6. The Order also includes the requirement to comply with the following Conditions:
- a. Pursuant to Condition 2.c. of the Order, Adventist and AHCG are required to use commercially reasonable efforts to maintain the following services at or above service levels in effect as of the Order date for a period of ten years:
 - i. general medical, maternity, and surgical services;
 - ii. an emergency department;
 - iii. dietary, laboratory, and radiology services;
 - iv. on-site pharmacy;
 - v. pharmacist on call 24/7;
 - vi. on-site or in-house 24/7 staffing for laboratory and radiology services.
 - b. Pursuant to Condition 2.d. of the Order, Adventist and AHCG are required to use commercially reasonable efforts to operate and maintain facilities, services, and programs, existing at MCMC pre-closing, at or above service levels in effect as of the Order date for a period of ten (10) years.
 - c. Pursuant to Condition 2.h of the Order, Adventist and AHCG are prohibited from significantly reducing, restricting, or terminating the facilities, services, or programs identified in Conditions 2.c. through 2.g. of the Order absent good cause, as defined in Condition 2.h.i., without first requesting and receiving OHA's prior approval.
 - d. Pursuant to Condition 2.i, Adventist and AHCG must notify OHA of any unplanned provider departure(s), regardless of the reason for such

departure(s), that results in significant temporary service reductions or terminations of the facilities, services, or programs specified in Conditions 2.c. through 2.g. of the Order.

7. As outlined below, in contravention of Conditions 2.c, 2.d., 2.h., and 2.i. of the Order, Adventist and AHCG did not provide the requisite notification to HCMO prior to (a) submitting requests to OHA's Trauma Program to temporarily waive certain requirements under AHCG's trauma Level III designation; (b) formally notifying OHA's Trauma Program of AHCG's intent to change trauma designation; and (c) formally transitioning AHCG from a trauma Level III to a trauma Level IV hospital.
 - a. On December 31, 2024, AHCG submitted a request to OHA's Trauma Program for a temporary waiver of the trauma Level III orthopedic surgeon staffing requirement.
 - b. In or about February, March, and April 2025, AHCG submitted additional waiver requests to OHA's Trauma Program for a temporary waiver of the Trauma Level III orthopedic staffing requirement.
 - c. On or around April 18, 2025, AHCG formally notified OHA's Trauma Program of its intent to change its trauma designation from Level III to Level IV.
 - d. On or around June 1, 2025, AHCG transitioned from a trauma Level III to a trauma Level IV hospital.
 - e. AHCG provided notification to HCMO of such trauma Level change in its Petition.
8. AHCG is a 49-bed nonprofit hospital located in The Dalles, Oregon. AHCG serves mostly rural communities in Wasco, Hood River, Sherman, and Gilliam counties in Oregon, as well as communities in Washington along the Columbia River. AHCG is federally designated as a Sole Community Hospital ("SCH") under 42 CFR 412.92, a Rural Referral Center ("RRC") per 42 CFR 412.96, and a "Type B" hospital pursuant to ORS 442.470(6)(b).
9. AHCG is currently licensed in Oregon as a General Hospital per OAR 333-500-0032(2)(a).

10. On September 16, 2025, OHA accepted a complete Petition from AHCG to modify the Order to permit it to significantly reduce, restrict, or terminate certain facilities, services, or programs, which includes the reduction of AHCGs bed count from 49 to 25. This bed count reduction will permit AHCG to move forward with converting to a CAH.
11. On September 16, 2025, OHA issued a request for information (“RFI”) specifying additional information, documents, and data required for OHA to continue its review of the Petition.
12. OHA solicited public comments on the Petition and has received 91 comments to date.
13. AHCG’s Average Daily Census (“ADC”) has not met or exceeded 25 inpatients on any day in the past twenty years. Between 2020 and 2024, AHCG’s ADC across all inpatient units ranged from 15.9 to 20.5 patients, and its ADC in the obstetrics (OB)/labor and delivery unit ranged from 1.1 to 1.6 patients.
14. Of the 24 beds slated to be eliminated, six were previously utilized by the hospital’s rehabilitation unit, which closed in 2022, prior to the Adventist affiliation. Further, three obstetrics (OB)/labor and delivery beds will be eliminated, leaving four remaining beds, currently sufficient to meet AHCG’s ADC.
15. AHCG will designate all 25 remaining licensed inpatient beds as “swing beds,” which can be used interchangeably for acute care or post-acute skilled nursing care.
16. AHCG states it does not expect the proposed bed count reduction to affect the scope or level of services provided at AHCG.
17. AHCG has sustained significant operating losses in recent years. AHCG recorded operating losses of \$20.9 million in 2023 and \$23.2 million in 2024. By qualifying AHCG for higher rates of reimbursement from Medicare, conversion to a CAH is expected to reduce future losses and improve AHCG’s financial position.

CONCLUSIONS OF LAW

1. The Petition is supported by the required documentation and meets the requirements of OHA's Order, ORS 415.500 through 415.900, and OAR 409-070-0000 through 409-070-0085.
2. OHA finds that:
 - a. AHCG has sufficiently satisfied the criteria required to establish "good cause" for purposes of modifying certain Order conditions.
 - i. AHCG's ADC has not exceeded 25 inpatients for the past twenty years. AHCG therefore does not need to have more than 25 licensed beds to maintain its current level of inpatient services.
 - ii. AHCG has sustained significant operating losses in recent years. AHCG recorded operating losses of \$20.9 million in 2023 and \$23.2 million in 2024. By qualifying AHCG for higher rates of reimbursement from Medicare, conversion to a CAH is expected to reduce future losses and improve AHCG's financial position.
 - iii. Designation of AHCG's inpatient beds as swing beds will allow certain patients to receive post-acute care without the need to transfer to another facility.
 - b. On multiple occasions post-closing, AHCG has violated the terms of the OHA's Order conditions.
 - i. On November 22, 2024, OHA notified AHCG of deficiencies in complying with Conditions 2.k. and 2.m. of the Order.
 - ii. On July 17, 2025, OHA notified AHCG of deficiencies in complying with Condition 2.m. of the Order.
 - iii. In violation of Conditions 2.c., 2.d., 2.h., and 2.i. of the Order, AHCG did not provide the requisite notification to HCMO prior to (a) submitting requests to OHA's Trauma Program to temporarily waive certain requirements under AHCG's trauma Level III

designation; (b) submitting formal notification to OHA's Trauma Program of AHCG's intent to change trauma designation; and (c) transitioning AHCG from a trauma Level III to a trauma Level IV hospital effective June 1, 2025.

DETERMINATION

Based on the foregoing Findings of Fact and Conclusions of Law, the representations made in the Petition and in the Entities' correspondence with OHA, OHA issues the following determination on AHCG's Petition:

1. The Petition is hereby APPROVED upon the basis of the information contained in the Petition to date.
2. Unless otherwise extended by mutual agreement between AHCG and OHA, OHA will issue a Modified Order within fourteen (14) calendar days from the date of this Determination.
3. OHA will publish this Determination to HCMO's [website](#).

NOTICE OF RIGHT TO REQUEST A HEARING

You are entitled to a hearing as provided by the Administrative Procedures Act (Oregon Revised Statutes, Chapter 183), ORS 415.019, and OAR 409-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Determination was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is "received" on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

hcmo.info@oha.oregon.gov

or

Health Care Market Oversight Program
421 SW Oak St
Suite 850
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing, and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 7th day of November, 2025.

A handwritten signature in blue ink, appearing to read "Sarah E. Bartelmann", with a long horizontal flourish extending to the right.

Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

NOTICE TO ACTIVE-DUTY SERVICE MEMBERS. Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.

Exhibit A: Findings of Fact, Conclusions of Law, and
Final Order (April 14, 2023)

**STATE OF OREGON
OREGON HEALTH AUTHORITY
HEALTH POLICY AND ANALYTICS DIVISION**

In the Matter of the Proposed)	Findings of Fact, Conclusions of Law, and
Material Change Transaction of)	Final Order
Adventist Health System/West)	
and Mid-Columbia Medical Center)	Transaction ID: 006

This Order resolves the Notice of Material Change Transaction (the “Notice”) filed by Adventist Health System/West (“Adventist”) on or about December 23, 2022, with respect to its proposed affiliation with Mid-Columbia Medical Center (“MCMC”). (Adventist Health and MCMC are sometimes referred to collectively as the “Entities.”) The Entities filed the Notice with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight Program pursuant to Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On January 24, 2023, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction (the “Transaction”). OHA’s review analyzed the potential impact of the Transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085. OHA’s analysis will be posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notices-and-reviews.aspx>. A public comment period was open from January 24, 2023, through February 8, 2023. OHA received 50 public comments regarding this Transaction.

Now, therefore, upon due consideration of the circumstances, including the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, regularly required reporting to OHA, databases maintained by OHA, databases maintained by federal agencies, websites of the Entities involved in the Transaction, press reports, academic research articles, and other publicly available reports, OHA enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

OHA FINDS that:

1. On or about December 23, 2022, Adventist filed the Notice with OHA.

2. On or about December 27, 2022, OHA notified Adventist that the Notice was incomplete, provided guidance about submission requirements, and requested additional information.
3. On or about January 31, 2023, OHA notified Adventist that it received all requested information and confirmed receipt of a complete Notice. OHA commenced the preliminary review pursuant to OAR 409-070-0055 and communicated that the review would be completed on or before February 23, 2023, unless extended in accordance with applicable statutes and administrative rules.
4. OHA accepted public comments on the Transaction from January 24, 2023, through February 8, 2023. OHA received 50 public comments that are posted at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx>.
5. Adventist is a nonprofit religious corporation, headquartered in Roseville, California, that serves more than 80 communities in California, Hawaii, Oregon, and Washington. Adventist's workforce includes physicians, allied health professionals, and support services for a total of approximately 37,000 associates. Adventist owns or operates 23 hospitals, 379 clinics, 15 home care agencies, eight hospice agencies, one continuing care retirement community, and three joint venture retirement centers.
6. In Oregon, Adventist owns and operates Adventist Health Portland, which includes a 302-bed acute care hospital, 27 medical clinics, and home care and hospice services in the Portland metro area. Adventist also partners with Tillamook County to operate Adventist Health Tillamook, a 25-bed rural hospital with affiliated clinics and services, under a long-term lease currently in effect through 2045.
7. MCMC is an Oregon nonprofit public benefit corporation, headquartered in The Dalles, Oregon, that owns and operates a single community hospital licensed for 49 beds, four federally certified Rural Health Clinics, 18 outpatient clinics, and the Celilo Cancer Center.
8. MCMC's hospital serves as a rural referral center and provides a variety of medical services, including general surgery, emergency services, labor and delivery, orthopedics, cardiology, cancer treatment, neurology, ENT, occupational medicine, rehabilitation, urology, dermatology, and home health services. MCMC has operated its cardiology program in collaboration with Adventist since 2021. Further, MCMC's radiologist provider, Diagnostic Radiologists PC, also works with Adventist Health Portland.
9. MCMC experienced access-to-capital and other financial challenges over the past few years. As of year-end, 2022, MCMC reported assets net of liabilities of \$40 million. However, MCMC has experienced decreasing cash flows from the ongoing operation of its business, while also incurring higher labor costs to compensate temporary providers and traveling nurses and staff. MCMC reported an operating loss of \$9.8 million in the year ending December 31, 2022. As of December 2022, days cash on hand, a key measure of solvency, was below benchmarks for similar hospital organizations. MCMC continues to find it difficult to recruit medical providers, particularly primary care physicians, medical oncologists, and

obstetricians, negatively impacting service volumes and revenue. The loss of revenue and related cost increases have contributed significantly to MCMC's deteriorated financial performance.

10. MCMC's hospital, originally constructed in 1959, needs refurbishment or new building construction. MCMC is also in need of significant investment in updated medical equipment and IT systems. MCMC's financial challenges do not support MCMC's ability to seek immediate, debt-financed construction of a new campus.
11. On or around February 28, 2023, MCMC discontinued medical oncology services at its Celilo Cancer Center due to staffing shortages. This discontinuation affects medical oncology care, including chemotherapy and immunotherapy.
12. The Transaction proposed in the Notice is set forth in an Affiliation Agreement between the Entities dated as of March 1, 2023 (the "Agreement"). Under the Agreement, Stone Point Health, a California nonprofit public benefit corporation solely owned and controlled by Adventist ("Stone Point"), will become the sole corporate member of MCMC. As a result, Adventist will acquire control over MCMC. MCMC will become a member hospital of the Adventist network in Oregon and part of the overall Adventist system.
13. Adventist will invest \$100 million of capital in MCMC to be deployed over the ten years following the closing of the Transaction for the following purposes: (i) capital expenditures; (ii) the funding of MCMC's net operating losses; (iii) the establishment, reestablishment, expansion, or retention of MCMC's medical services lines; and (iv) to hire, replace, or retain MCMC providers and staff. Of this \$100 million of capital, up to \$6 million will be spent in the two years following the closing of the Transaction for urgent capital needs.
14. MCMC will convene a Capital Committee, to include representatives of MCMC and Adventist, which will make proposals to MCMC's new legal board of directors (the "Corporate Board," consisting of the members of the board of directors of Adventist) for the spending of the \$100 million in capital funds; however, Adventist retains sole and absolute discretion in the approval of expenditures.
15. Adventist will assume responsibility for MCMC's debt and other financial obligations. Adventist will provide funds, or other financial accommodations, to MCMC to ensure that MCMC satisfies obligations to its lenders.
16. Adventist's investments in MCMC are expected to include an electronic medical records system that will be interoperable with, or the same as, Adventist's system. Adventist maintains it will provide operating and clinical resources, including centralized managed care and commercial payer negotiation services, to MCMC equal to those provided to other members of Adventist's affiliated hospitals. Adventist will also make available to existing MCMC physicians and advanced practice providers all resources available to others in the Adventist system.

17. The Entities maintain that the proposed affiliation will enhance MCMC's ability to attract and retain primary care and specialist physicians. They also submit that the proposed affiliation will enable MCMC to fill vacancies with Adventist or Adventist-affiliated staff, at least on a temporary basis. Adventist maintains it will also provide MCMC with recruitment assistance consistent with its commitment to maintain clinical services.
18. The Entities maintain that MCMC will continue as a hospital operating substantially all of its facilities, services, and programs in a manner consistent with MCMC's mission and operations existing prior to the closing of the Transaction. Adventist and MCMC maintain that they will develop a plan to expand the scope and depth of services provided by MCMC.
19. MCMC is expected to adopt Adventist policies on charity and indigent care and to continue to provide support to and participate in community-based health programs at levels reasonably consistent with previous years, subject to Adventist review for effectiveness and financial viability. Oregon sets minimum requirements for hospitals' community benefit spending and financial assistance policies.
20. Adventist maintains it imposes no religious-based restrictions on medical procedures or services, including abortion, fertility services, birth control, sterilization, family planning counseling, gender-affirming services, and end-of-life services. Adventist's Oregon acute care hospitals do not provide induced pregnancy terminations except in certain circumstances for "medically indicated" terminations. Adventist has publicly stated that it does not participate in providing services under Death with Dignity Acts, such as the Oregon Death with Dignity Act. Adventist's systemwide policy instructs physicians to facilitate a referral if the patient repeatedly requests services under Death with Dignity Acts.
21. The Entities maintain that MCMC will continue participation in existing commercial and public health insurance programs subject to any substantial changes that materially and adversely financially impact participation.
22. The Entities maintain that following closing of the Transaction, MCMC will fully restore medical oncology services at Celilo Cancer Center at the same service capacity in existence prior to the discontinuation of services on or around February 28, 2023.
23. There is no overlap in the service areas of MCMC and Adventist as the closest Adventist hospital, Adventist Health Portland, is located approximately 81 miles away. The proposed affiliation will not have any effect on Oregon Health & Science University ("OHSU") or other health systems in Oregon. The existing affiliation between Adventist and OHSU is limited to their clinical enterprises in the Portland Metro Area.

CONCLUSIONS OF LAW

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of

health care Entities pursuant to ORS 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

2. OHA finds that:

- a. The Transaction is in the interest of consumers and is urgently necessary to maintain the solvency of MCMC.
 - i. The proposed affiliation of MCMC with Adventist will not lead to horizontal consolidation and thereby restrict competition, because there is no overlap in the service areas of the two organizations. Adventist has committed to continuing to operate MCMC as a hospital after the transaction has closed and maintaining substantially all of MCMC's existing facilities, services, and programs consistent with MCMC's mission. Adventist and MCMC have stated they are committed to providing a full range of high-quality health care services, including reproductive and end-of-life services. The Entities maintain that MCMC will continue participation in existing commercial and public health insurance programs. The Entities also maintain that the proposed affiliation will enhance MCMC's ability to attract and maintain primary care and specialist physicians and expand services for residents of its service area.
 - ii. In the absence of an affiliation, there is a significant risk that MCMC may become insolvent. MCMC is under severe financial distress as evidenced by its continuing operating losses and the deterioration of its cash position to a level that is below industry norms for similar institutions. Adventist is assuming MCMC's current financial obligations to its suppliers and banks and has undertaken an ongoing commitment to maintain the financial stability of MCMC through its capital commitment. This Transaction is expected to significantly reduce the risk of MCMC's insolvency.

ORDER AND CONDITIONS

Based on the foregoing Findings of Fact and Conclusions of Law, the representations made in the Notice and in the Entities correspondence with OHA, it is hereby ORDERED that:

1. The Transaction is hereby APPROVED WITH CONDITIONS upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. This Order shall be conditioned upon and subject to the following:

- a. The Entities shall not modify the Agreement without the prior consent of OHA. If any modification to the Agreement is proposed, it shall be presented to OHA not later than fifteen (15) days before the scheduled closing of the Transaction.
- b. During the term of the Agreement, except for routine accounting and financial management purposes typical of a consolidated health system, Adventist shall not receive or receive the benefit of, distributions or funding from MCMC except in exchange for services or supplies provided by Adventist to MCMC or otherwise for MCMC's benefit, on the same terms and conditions then prevailing in the Adventist system.
- c. For ten years following the closing date of the transaction, the Entities shall continue to operate and maintain MCMC as a licensed general hospital, pursuant to OAR 333-500-0032 and OAR 333-520-0000 through 0120. The hospital shall use commercially reasonable efforts to maintain the following services at or above current service levels:
 - i. general medical, maternity, and surgical services;
 - ii. an emergency department;
 - iii. dietary, laboratory, and radiology services (on-site or through contract);
 - iv. an on-site pharmacy;
 - v. a pharmacist on call 24/7 to staff the pharmacy; and
 - vi. on-site or in-house 24/7 staffing for its laboratory and radiology services.

The Entities shall notify HCMO of any request to OHA's licensing division, under OAR 333-500-0065, for a waiver of these requirements at the time such request is filed.

- d. For ten years following the closing date of the transaction, the Entities shall continue to use commercially reasonable efforts to operate and maintain existing MCMC facilities, services, and programs at or above current service levels even if such services and programs would otherwise contravene current or future policies or procedures of Adventist. At minimum, this shall include offering the following essential health care services, to the extent they are currently being offered at MCMC, at or above current service levels:
 - i. obstetrics & gynecology;
 - ii. behavioral health/ psychiatric services; and
 - iii. family medicine/ primary care services.
- e. For ten years following the closing date of the transaction, the Entities shall use commercially reasonable efforts to maintain existing MCMC services at current service levels and/or maintain referral policies, as applicable, for the following

services even if such services and referral policies would otherwise contravene current or future policies and procedures of Adventist:

- i. reproductive health care services, including but not limited to induced abortion, birth control methods (including emergency contraception), sterilization, fertility services, and testing for pregnancy and sexually transmitted infections;
 - ii. gender-affirming care, including but not limited to counseling and hormone therapy; and
 - iii. end of life services, including comfort care and lethal medication under Oregon's Death with Dignity Law.
- f. For ten years following the closing date of the transaction, the Entities shall maintain MCMC's participation in all public health insurance programs (or any successor programs providing similar benefits to similar populations) in which MCMC is a participant as of the closing date of the transaction.
- g. Within one year following the closing date of the transaction, the Entities shall have used commercially reasonable efforts to restore medical oncology services at Celilo Cancer Center, with provider coverage at least three days per week. The Entities shall notify OHA in writing within five (5) business days of when services are restored.
- h. MCMC and Adventist shall not significantly reduce¹, restrict or terminate the facilities, services, or programs contemplated by Sections c. through g. of these Conditions except for good cause shown as approved by OHA.
 - i. "Good cause" shall consist of one or more of the following circumstances or conditions:
 - 1. the facility, service, or level of service is no longer needed in the community served by MCMC;
 - 2. MCMC will incur substantial financial losses disproportionate to the losses historically incurred for such facility, service or service level unless the facility, service or service level is materially reduced, restricted or terminated as proposed;
 - 3. the facilities or services to be reduced, restricted or eliminated have been or promptly will be replaced with facilities or services provided by other qualified health care providers in the communities served by MCMC; or

¹ The Entities shall use the criteria outlined in OAR 409-070-0010(3) when determining whether there has been a significant reduction of facilities, services, or programs necessary to trigger OHA's approval.

4. such other conditions or circumstances as OHA may deem to constitute “good cause” under the facts presented.
- ii. MCMC and Adventist shall apply in writing to OHA for approval under this Section h. and include documentation to support such request for approval. OHA shall make such investigations, which may include soliciting public comment or other community engagement, and request such information from MCMC and Adventist as OHA shall deem necessary under the circumstances. OHA shall notify the Entities in writing of its determination within 15 business days following confirmation of receipt of the request and any additional information requested by OHA, unless mutually agreed upon by the Entities and OHA to extend. If OHA requires additional information or clarification of any information to proceed with its review, OHA shall notify the Entities of the information or clarification that is required and the running of the 15 business days shall be tolled upon such notification and shall resume when OHA confirms receipt of the requested information or clarification.
 - i. In the event of an emergency caused by unplanned provider departure(s), regardless of reason for such departure(s), resulting in significant temporary service reductions, restrictions, or terminations of the facilities, services, or programs contemplated by Sections c. through g. of these Conditions, MCMC and Adventist shall immediately notify OHA in writing, within five (5) business days of such a service reduction, restriction, or termination, and include documentation to support such action.
 - j. Adventist shall invest \$100 million in MCMC pursuant to the terms of the Affiliation Agreement dated March 1, 2023 (“Agreement”). Investments shall include \$6 million on Urgent Capital Needs (as identified in Schedule 3.1 of the Agreement) to be spent within two years of the closing date of the transaction. The Affiliation Agreement between the Entities governs all investments, and nothing in this Order shall, or shall be construed to, alter or interpret any term of the Affiliation Agreement between the Entities or to create any third party right related thereto.
 - k. Within five (5) business days following completion of the Capital Investment Plan (“Plan”) described in Section 3.1 of the Agreement, Adventist shall submit a copy of such Plan to OHA; provided, that nothing shall limit Adventist’s ability pursuant to the Agreement to modify the Plan without notice or approval, at any time and for any reason, at its sole discretion after consultation with the Community Board. Should the Plan be modified pursuant to the terms of the Agreement, Adventist shall, within five (5) business days following completion of the modified Plan, submit a copy of such modified Plan to OHA.

- i. If not already outlined in the Plan, or subsequently modified Plan, Adventist shall submit with the Plan, or modified Plan, information to OHA reporting on the allocation of the Capital Commitment among the four permitted uses described in Section 3.1 of the Agreement:
 - 1. capital expenditures;
 - 2. funding MCMC's net operating losses;
 - 3. establishing, reestablishing, expanding, or retaining medical service lines; and
 - 4. hiring, replacing, or retaining MCMC providers or staff.
- l. Within five (5) business days of completion and approval of the Urgent Capital Needs Plan developed pursuant to Section 3.1 of the Agreement, the Entities shall submit to OHA a copy of the completed and approved Urgent Capital Needs Plan.
- m. For ten years following the closing date of the transaction, the Entities shall submit a Compliance Report annually to OHA. The report shall include:
 - i. information demonstrating compliance with approval Conditions, including detailed narrative and supporting documentation, as applicable, to address each Condition;
 - ii. a non-binding reporting of expenditures (current and planned) under the Capital Investment Plan, including:
 - 1. a description of the expense and/or project;
 - 2. the amount spent and/or allocated; and
 - 3. the applicable category of use under the Capital Commitment, as outlined in Section 3.1 of the Agreement.

The first report shall be due within 10 months after the closing date, and subsequent reports shall be due every 12 months thereafter. The Entities shall submit a publicly shareable version of each Compliance Report to OHA and make this available on MCMC's website.

- 3. The Entities shall notify OHA within one (1) business day following completion of the Transaction by email to hcmo.info@oha.oregon.gov.

This Order will be posted to the Health Care Market Oversight Program website at <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>.

OHA reserves the right to enforce the Conditions set forth herein to the fullest extent provided by the law. In addition to civil penalties and any legal remedies available, OHA shall be entitled

to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of these Conditions.

OHA is required to analyze and publish the Entities' compliance with Conditions placed on the Transaction and to assess the impact of the Transaction under ORS 415.501(19) and (20). OHA is required to publish its analyses and conclusions and include same in the annual health care cost and spending trend report under ORS 442.386(6).

Per OAR 409-070-0080, OHA may require the Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the Transaction.

Dated this 14th day of April 2023.

A handwritten signature in blue ink, appearing to read "Sarah Bartelmann", is positioned above a horizontal line.

Sarah Bartelmann, MPH
Health Care Market Oversight Program Manager
Oregon Health Authority

APPEAL RIGHTS

You have the right to appeal this order to the Oregon Court of Appeals pursuant to ORS 183.482. To appeal you must file a petition for judicial review with the Court of Appeals within 60 days from the day this order was served on you. If you do not file a petition for judicial review within the 60-day time period, you will lose your right to appeal.

Exhibit B: Notice of Deficiencies and
Opportunity to Cure (November 22, 2024)

VIA EMAIL

Jonathan L. French
Schwabe, Williamson & Wyatt
1211 SW 5th Street, Suite 1900
Portland, OR 97204
jfrench@schwabe.com

November 22, 2024

Re: Notice of Deficiencies and Opportunity to Cure — **006 Adventist-MCMC**

Pursuant to ORS 415.501(19) and (20), the Oregon Health Authority (OHA) is tasked with conducting one-year, two-year, and five-year follow-up reviews of the material change transaction involving Adventist Health System/West (“Adventist Health”) and Mid-Columbia Medical Center (“MCMC”), now known as Adventist Health Columbia Gorge (“AHCG”) (collectively, the “Entities”), conditionally approved by OHA on April 14, 2023 (“Transaction”). The Transaction closed on June 1, 2023.

This correspondence serves as formal notice that, for the reasons outlined below, Entities are deficient in: (1) complying with certain approval conditions set out in OHA’s Findings of Fact, Conclusions of Law, and Final Order issued on April 14, 2023 (“Order”); and (2) responding to OHA’s statutorily mandated one-year follow-up review.

I. Approval Conditions

As of the date of this correspondence, Entities are deficient in complying with Condition No. 2.k and 2.m of the Order. Condition 2.k. states:

Within five (5) business days following completion of the Capital Investment Plan (“Plan”) described in Section 3.1 of the Agreement, Adventist shall submit a copy

of such Plan to OHA; provided, that nothing shall limit Adventist's ability pursuant to the Agreement to modify the Plan without notice or approval, at any time and for any reason, at its sole discretion after consultation with the Community Board. Should the Plan be modified pursuant to the terms of the Agreement, Adventist shall, within five (5) business days following completion of the modified Plan, submit a copy of such modified Plan to OHA.

- i. If not already outlined in the Plan, or subsequently modified Plan, Adventist shall submit with the Plan, or modified Plan, information to OHA reporting on the allocation of the Capital Commitment among the four permitted uses described in Section 3.1 of the Agreement:
 1. capital expenditures;
 2. funding MCMC's net operating losses;
 3. establishing, reestablishing, expanding, or retaining medical service lines; and
 4. hiring, replacing, or retaining MCMC providers or staff.

Condition 2.m of the Order states:

For ten years following the closing date of the transaction, the Entities shall submit a Compliance Report annually to OHA. The report shall include:

- i. information demonstrating compliance with approval Conditions, including detailed narrative and supporting documentation, as applicable, to address each Condition;
- ii. a non-binding reporting of expenditures (current and planned) under the Capital Investment Plan, including:
 1. a description of the expense and/or project;
 2. the amount spent and/or allocated; and
 3. the applicable category of use under the Capital Commitment, as outlined in Section 3.1 of the Agreement.

A. Condition 2.k –Capital Investment Plan Deficiencies

On May 6, 2024, Entities submitted a document titled "Mid-Columbia Medical Center d/b/a Adventist Health Columbia Gorge Approved Capital 2023-2024," and informed OHA this was the Capital Investment Plan (the "CIP") in compliance with Condition 2.k of the Order. Upon review of the Entities submission, the submitted CIP is deficient as follows:

1. Under the Affiliation Agreement between Adventist Health and MCMC ("Agreement"), the CIP was to be presented by MCMC's Capital Committee to Adventist Health

within eight months of closing and include, “*a plan or budget for the allocation of the Capital Commitment [\$100 million] over the first ten years of the affiliation.*”

- a. The CIP provides neither a plan nor a budget for the allocation of the remaining \$70+ million of the Capital Commitment over the remaining 8+ years.
- b. The CIP provided listed capital expenditures for 2023 and 2024 totaling approximately \$7.4 million. This appears inconsistent with the Compliance Report, which reported expenditures of approximately \$24.9 million under the CIP pursuant to Condition No. 2.m.ii of the Order; and Entities’ responses to OHA’s July 12, 2024 Request for Information (“July RFI”), which indicated expenditures of approximately \$24.6 million. Specifically, the Compliance Report states:
 - i. AHCG spent \$2.1 million on Urgent Capital Needs (as defined in the Agreement) since the Transaction closed, and Adventist Health agreed to an additional \$5.3 million in capital expenditures as part of the \$100 million Capital Commitment.
 - ii. Adventist Health funded \$17.5 million in operating cash flow to sustain AHCG operations in 2023.
- c. In response to Item #1 of the July RFI, the Entities reported the following:
 - i. In addition to the \$2.1 million Urgent Capital Needs spending noted above, Adventist Health agreed to fund \$7.4 million in capital expenditures through 2024. This is inconsistent with the \$5.3 million noted in the above-referenced Compliance Report.
 - ii. Adventist Health funded over \$15.1 million of AHCG’s net operating losses. This is inconsistent with the \$17.5 million noted in the above-referenced Compliance Report.

OHA requests clarification on the above inconsistencies in its requests for further clarification of the Entities’ July RFI responses, located in Part II below (see question 14).

OHA requires Adventist Health to submit a Capital Investment Plan that fully complies with the requirements of Condition No. 2.k of the Order, the text of which is included in Part I above, or on or before **December 30, 2024**.

Failure to comply by the required deadline will result in OHA determining the Entities to be in violation of OHA's Conditional Order. In addition to any other civil or criminal remedy available under Oregon law, such violation may result in OHA seeking injunctive or other equitable relief and civil penalties. OHA may also issue additional Orders to enforce compliance with the terms of the current Order and may determine it necessary to investigate and conduct an examination of the Entities.

B. Condition 2.m - Compliance Report Deficiencies

In response to Condition 2.m.i, the Entities provided a three-page Compliance Report featuring brief statements that simply affirm the Entities' compliance with each condition. As seen in the text of Condition 2.m.i of the Order, the text of which is included in Part I above, Entities failed to provide any detailed narrative or supporting documentation addressing each Order Condition.

Many requests included in OHA's July RFI were designed to obtain information the Entities failed to provide in the Compliance Report.

For the second yearly report, due June 1, 2025, OHA requires that Entities provide, for each condition, a detailed narrative and supporting documentation to demonstrate the Entities' compliance. Should the Entities fail to provide all information required under Condition 2.m of the Order, OHA will consider the Entities in breach of their obligations under the conditional approval Order.

II. Clarification on Entities' July RFI Responses

OHA has reviewed the Entities' responses to the July RFI and requires the following information and clarifications to complete the one-year follow-up review.

1. The response to RFI #9d. states "AHCG recently changed templates for primary care providers [...]."
 - a. Please provide the Entities meaning of "template" in this context.
 - b. Please provide copies of the new template and old template, with highlighting applied to any changes between the two templates.
 - c. Please provide an explanation for how the template changes have led to an increase in available primary care appointments of 9,000/visits to per year.

2. The response to RFI #14 states “[a] total of 74 provider employment contracts have been transitioned to the Adventist Health Physician Services (AHPS) standard contract model.”
 - a. Please provide a copy of the current Adventist Health Physician Services standard contract model applicable to:
 - i. OB/Gyn physicians
 - ii. Primary care/family medicine physicians
 - iii. Oncologists
 - b. Please provide a copy of a MCMC employment contract in effect no later than 30 calendar days prior to the Transaction closing for the following providers:
 - i. OB/Gyn physicians
 - ii. Primary care/family medicine physicians
 - iii. Oncologists

3. As requested in RFI #15a. please provide information on employment position/title and specialty/qualification for voluntary terminations since June 1, 2023. In completing this request, please use the table below:

Position/Category	Number of Voluntary Terminations since June 1, 2023
Registered Nurse, Certified Registered Nurse Anesthetist, or Clinical Nurse Specialist	
Certified Nursing Assistant, Licensed Practical Nurse, or Medical Assistant	
Nurse Practitioner or Physician Assistant	
Physician (MD or DO)	
Pharmacist	
Certified Pharmacy Technician	
Medical Imaging Technologist	
Counselor, therapist, Licensed Clinical Social Worker, Clinical Social Work Associate, or non-clinical social worker	

Position/Category	Number of Voluntary Terminations since June 1, 2023
Occupational Therapist, Physical Therapist, Respiratory Therapist, Therapy Assistant, Polysomnographic Technologist	
Licensed Dietitian	
Other Technician or Technologist	
Other Clinical (please specify)	
Other non-clinical (please specify)	

4. Per the response to RFI #23b., there were 597 distinct patients seen at MCMC MEDONC CELILO and MCMC RADONC CELILO in the 9 months between April and December 2023 (assuming no overlap between RADONC and MEDONC patients). The response to RFI #30 (data workbook) shows 3,114 unique patients served by Celilo Cancer Center in 2023. Please explain the difference or inconsistency.
5. The response to RFI #23d. states “[p]rovider appointment availability down 75% compared to pre-closing.” Please provide:
 - a. The number of pre- and post-closing appointments used to calculate this change.
 - b. The dates on which the number of pre- and post-closing appointments were counted.
 - c. Please provide a detailed explanation for the decline in appointment availability (e.g. physician departure, support staff departure, reduced FTE for physicians or support staff, etc.)
6. In reference to the response to RFI #3, in the May 2024 organizational chart, the Interim Administrator and Operations Executive positions are held by the same individual. Explain in detail whether Adventist Health expects this to continue, or whether there are plans to bring in another person to fill one of these roles.
7. In response to RFI #19c. (requesting meeting minutes for all meetings of the MCMC Community Board since June 1, 2023), AHCG provided the following meeting minutes:

Board of Directors: June 28, 2023, and August 23, 2023

Board of Trustees: September 22, 2023, November 15, 2023, and February 28, 2024

- a. Please confirm that the “AHCG Board of Directors” is the same as “AHCG Community Board” (i.e., the Community Board contemplated in Section 2.2 of the Affiliation Agreement).
 - b. Confirm whether the “AHCG Board of Trustees” is different from the “AHCG Board of Directors.” If yes, please provide the current membership roster of the Board of Trustees.
8. In response to RFI #19a. (requesting charter or governance documents for the Community Board), AHCG provided the *Community Board Governance Committee Charter* and the *Community Board Clinical Committee Charter*, both updated as of January 1, 2024.
 - a. Please provide the current Bylaws of the Community Board of AHCG.
 - b. For the Clinical Committee, please provide:
 - i. Membership roster.
 - ii. Minutes for all meetings since June 1, 2023.
 - c. For the Governance Committee, please provide:
 - i. Membership roster
 - ii. Minutes of all meetings since June 1, 2023.
 - d. Board minutes also mention a Quality and Safety Committee. Please provide, for this Committee:
 - i. Charter
 - ii. Membership roster
 - iii. Minutes of all meetings since June 1, 2023.
 - e. Describe whether the AHCG Community Board currently has any other Committees. If yes, please provide the information requested in parts b. through d., above, for each of those Committees.
9. Relating to RFI #19b., please provide the following information:
 - a. Indicate which current Board members represent each of the following required membership categories under Article 10 Community Board Bylaws (provided to OHA Exhibit 3.5 of the Affiliation Agreement):
 - i. Initial MCMC Trustees
 - ii. Representatives from the Corporation

- iii. Physicians on the medical staff of the Hospital
 - iv. Qualified members of the community served by the Corporation.
 - b. Per Article 10 of the Community Board Bylaws, initial Community Board members should include “all trustees serving on the Corporation’s board of trustees immediately before the closing [...].”
 - i. The 2024 Community Board membership roster does not include Phil Brady or Janet Hamada. Please provide the reason(s) for their absence and the effective date(s) of their departure from the Community Board.
 - ii. Minutes from February 28, 2024, indicate that Eric Davis was added as a new member of the Board. Please confirm that Mr. Davis is a current member of the Community Board.
10. Please provide the following items referenced in Community Board meeting minutes:
- a. Results of the “Just Culture survey” (expected to be administered in September 2023 according to 8/23/23 minutes).
 - b. The *most recent* “Board Quality and Safety Committee report” (mentioned in Board minutes from 6/28/23, 8/23/23, 11/15/23, and 2/28/24).
 - c. Results of the *most recent* “Board Assessment” (mentioned in 11/15/23 minutes).
11. Board minutes mention discussions with One Community Health (OCH) about obstetrics services.
- a. Describe any current or planned collaboration between AHCG and OCH related to OB/Gyn services. If no such plans exist, please explain why not.
 - b. Describe any plans to grant admitting privileges at AHCG to OCH OB/Gyn or other OB/Gyn physicians. If no such plans exist, please explain why not.
12. For RFI #18 regarding policies for pregnancy termination and contraceptive care, AHCG provided two documents: “Protocol: Pregnancy testing prior to starting Contraception” and “Protocol: Management of Depo Provera.”
- a. MCMC’s submission to OHA on February 13, 2023 (as part of OHA’s preliminary review) included an MCMC policy titled “Methotrexate for Ectopic Pregnancy” last revised November 2022.
 - i. Please confirm whether the version of this policy revised in November 2022 is currently in effect at AHCG.

- ii. If the policy has been revised since November 2022, please provide an updated copy with highlighting applied to all changes.
 - iii. If the policy has been replaced by an Adventist Health policy, please provide a copy of the Adventist Health policy governing methotrexate therapy for ectopic pregnancy.
 - b. MCMC's submission to OHA on February 13, 2023, also included Adventist Health Portland's policy for "Termination of Pregnancy, Induced," last revised January 13, 2022.
 - i. Please confirm whether the version of this policy revised January 13, 2022, is currently in effect at AHCG.
 - ii. If the policy has been revised since January 13, 2022, please provide an updated copy with highlighting applied to all changes.
 - iii. If this policy is no longer in effect at AHCG, please provide a copy of the policy or policies governing termination of pregnancy currently in effect at ACHG.
13. For RFI #18 regarding policies for medical aid in dying, AHCG provided the first page of MCMC's "Death with Dignity Act" policy. The next page in the submission (p. 34 of the PDF) relates to a different policy, "Life Support Certification for Privileges." Please resubmit this "Death with Dignity Act" with all pages intact.
14. As noted in Part I.A. of this letter, reported amounts spent or allocated to AHCG by Adventist Health for capital expenditures and funding of operating losses under the Capital Commitment appear to differ across Entities submissions. The Compliance Report cites \$5.3 Million in capital expenditures, whereas the July RFI response to Item #1 cites \$7.4 Million. Further, for operating cash flow, the Compliance Report cites \$17.5 Million whereas the July RFI response to Item #1 cites \$15.1 Million. Provide a detailed explanation for these inconsistencies and confirm the accurate amounts of each.

The questions below pertain to the data provided in the workbook for RFIs 28 through 34. OHA appreciates the time and effort that went into compiling these data. OHA requires additional information to clarify what the numbers represent, resolve any apparent inconsistencies, and understand why some numbers differ from other data reported to OHA.

15. Relating to the staffing data provided in response to RFI #34:
 - a. Please indicate the source(s) of these data.
 - b. “Other Clinical” shows 25 staff members but 109 FTE in May 2023. Please explain the apparent discrepancy.
 - c. Please explain in detail the increase in the number of “Other Clinical” staff from 25 in May 2023 to 178 in May 2024.
 - d. Please explain in detail the decrease in the number of “Other Non-clinical” staff from 245 in May 2023 to 124 in May 2024.
16. Relating to the payments data provided in response to RFI #29:
 - a. Only the Total Payments columns have been filled out and only for “All MCMC Practices and Locations.” Please explain why the Entities did not provide data in the other fields (Median payment amounts and Charity Care for all locations; Total Payments for all individual clinics).
 - b. Please explain why the Entities did not provide data for the “Total Payments for dual Medicare/Medicaid patients” column. Explain in detail how payments were captured in this data set for dually eligible patients.
17. Relating to the data provided in response to RFI #30:
 - a. For most of the facilities in this table, the total number of unique patients served (column B) is larger than the sum of patients across lines of business. For example, there were 30,728 total unique patients served for “All MCMC Practices and Locations” in 2021. Yet, adding columns C, D, E, F, G, and H gives 23,499 patients. Please explain the discrepancy.
 - b. In most cases, the “Count of Commercial Patients” (Column F) is less than one-tenth of the patient count for all other payer categories. For example, the table shows only 296 patients with Commercial insurance served in 2021 across all MCMC practices and locations, compared to 3,428 Medicaid patients and 4,204 Medicare patients. Please explain why the Commercial patient counts are significantly lower.
18. In the RFI #31 table, patient counts obtained from summing across the demographic subgroups are not the same as the total patient counts provided in response to RFI #30. Below are some examples:

- In 2022 for all MCMC practices and locations, the number of female (15,672) plus the number of male (13,132) patients equals 28,804, whereas the RFI #30 table shows a total of 36,763 patients served.
 - In 2023 for all MCMC practices and locations, the patient totals across subgroups for sex, age, race, and language service needs are less than the total of 36,511 reported for RFI #30.
 - In 2021 for all MCMC practices and locations, the sum of all patients reported by age group at the time of last service (31,415) is higher than the total number of patients reported for RFI #30 (30,728).
- a. Please update the data provided for RFI #31 so that patient totals match those provided in the response to RFI #30.
 - b. If Entities are unable to complete a. above, please (i) explain in detail *why* the numbers do not match, and (ii) confirm the patient total (denominator) for the race category so that OHA may accurately calculate the percentage of individuals in each subcategory of race.
19. Also in relation to RFI #31, please verify that the count of a single Hispanic or Latino individual receiving Inpatient care in 2023 is correct, as the two years prior (2021 and 2022) had 150 and 161 individuals, respectively, of this race/ethnicity with inpatient care.
20. For RFI #33:
- a. Entities did not provide data in the *Number of other outpatient visits* and *Number of total outpatient visits* columns. Explain why this information was not provided and whether all hospital outpatient visits have been classified as clinic visits.
 - b. Per the data reported to OHA's Databank, there were approximately 176,000 outpatient visits at MCMC/AHCG in 2021, 180,000 in 2022, and 195,000 in 2023. Please clarify the difference between the Number of clinic visits reported for RFI #33 and the outpatient visit volume reported to Databank.
 - c. The total *Number of clinic visits* (Column H) across all individual facilities is larger than the number reported for All MCMC Practices and Locations. For example, in 2021, Column H reports 93,124 visits for All MCMC Practices and Locations but summing the number of clinic visits for each individual facility yields a total of 113,138. Please explain the discrepancy.

Please provide information and/or documentation in response to the above items on or before **December 30, 2024**. Should the Entities wish to designate any of information or documents as confidential, please follow the requirements specified in OAR 409-070-0070.

If you have questions or need further information, please contact the HCMO team at hcmo.info@oha.oregon.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah E. Bartelmann", with a long horizontal flourish extending to the right.

Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

Cc: Wendy Apland, Adventist Health
Karine Gialella, Oregon Department of Justice

Exhibit C: Non-Compliance with Approval of
Conditions; Notice of Deficiencies; and
Opportunity to Cure (July 17, 2025)

VIA EMAIL

Gary Bruce

Schwabe, Williamson & Wyatt

gbruce@schwabe.com

July 17, 2025

Re: Non-Compliance with Approval Conditions; Notice of Deficiencies; and Opportunity to Cure — **006 Adventist-MCMC**

Pursuant to ORS 415.501(19) and (20), the Oregon Health Authority (OHA) is tasked with conducting one-year, two-year, and five-year follow-up reviews of the material change transaction involving Adventist Health System/West (“Adventist Health”) and Mid-Columbia Medical Center (“MCMC”), now known as Adventist Health Columbia Gorge (“AHCG”) (collectively, the “Entities”).

This material change transaction (“Transaction”) was conditionally approved by OHA as set out in OHA’s Findings of Fact, Conclusions of Law, and Final Order (“Order”) issued on April 14, 2023. The Transaction closed on June 1, 2023. As part of its follow-up reviews, OHA is required to verify compliance with the approval conditions (“Conditions”) in the Order. **This correspondence serves as formal notice that, for the reasons outlined below, Entities are non-compliant with Condition 2.m of the Order.**

Condition 2.m of the Order states:

For ten years following the closing date of the transaction, the Entities shall submit a Compliance Report annually to OHA. The report shall include:

- i. information demonstrating compliance with approval Conditions, including **detailed narrative and supporting documentation**, as applicable, to address each Condition; *[emphasis added]*

- ii. a non-binding reporting of expenditures (current and planned) under the Capital Investment Plan, including:
 1. a description of the expense and/or project;
 2. the amount spent and/or allocated; and
 3. the applicable category of use under the Capital Commitment, as outlined in Section 3.1 of the Agreement.

The first report shall be due within 10 months after the closing date, and subsequent reports shall be due every 12 months thereafter. The Entities shall submit a publicly shareable version of each Compliance Report to OHA and make this available on MCMC's website.

Failure to Comply #1: Untimely Submission

According to the terms of Condition 2.m., Entities were required to submit their second annual Compliance Report ("Second Report") 12 months after submission of the first Compliance Report, or on or before June 1, 2025.¹ Upon mutual agreement between Entities and OHA, the deadline to submit the Second Report was extended to end of day on June 23, 2025. Entities did not submit their Second Report until June 27, 2025.

Failure to Comply #2: Insufficient Detail

On November 22, 2024, OHA notified the Entities (the "November Notice") that the first annual Compliance Report was insufficient as it lacked insufficient detail. Entities Second Report is non-compliant for the same reason.

As emphasized above, and as discussed in response to the November Notice, your Second Report must include a "**detailed narrative.**" The Second Report submitted on June 27, 2025, featured brief statements affirming the Entities' compliance with each Order Condition but failed to provide any detailed narrative as required by Condition 2.m.i.

Failure to Comply #3: Supporting Documentation

¹ Adventist timely requested and received approval from OHA for a two-month extension to submit its Year 1 Compliance Report.

On November 22, 2024, OHA notified the Entities (the “November Notice”) that the first annual Compliance Report was insufficient as it lacked supportive documentation. Entities Second Report is non-compliant for the same reason.

As emphasized above, as discussed in response to the November Notice, the Entities’ Second Report must include supporting documentation. The Second Report submitted on June 27, 2025, featured brief statements affirming the Entities’ compliance with each Order Condition but failed to include any supporting documentation as required by Condition 2.m.i.

Failure to Comply #4: Expenditures

The Second Report failed to include reporting of current expenditures under the Capital Investment Plan as required by Condition 2.m.ii. On March 13, 2025, Entities submitted information on actual spending under the Capital Investment Plan in 2023, 2024, and January – March 2025.

While OHA agrees to accept the March 13, 2025, submission as a partial response to Condition 2.m.ii, the Entities are required to (1) provide information on actual spending for the months of April and May 2025, and (2) directly address their compliance with Condition 2.m.ii in body of the Second Report.

OHA requires Adventist Health to submit a revised Second Report that fully complies with the requirements of Condition 2.m. of the Order on or before end of day **August 15, 2025**.

Failure to comply by the required deadline will result in OHA determining the Entities to be in violation of OHA’s Order. In addition to any other civil or criminal remedy available under Oregon law, such violation may result in OHA seeking injunctive or other equitable relief and civil penalties. OHA may also issue additional Orders to enforce compliance with the terms of the current Order and may determine it necessary to investigate and conduct an examination of the Entities.

Should the Entities wish to designate any of information or documents as confidential, please follow the requirements specified in OAR 409-070-0070.

If you have questions or need further information, please contact the HCMO team at hcmo.info@oha.oregon.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah Bartelmann", with a long horizontal flourish extending to the right.

Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

Cc: Kyle King, Adventist Health
Cheryl Stalis, Adventist Health
Wendy Aplan, Adventist Health
Karine Giaella, Oregon Department of Justice
HCOM staff