

Health Care Market Oversight

Transaction 012

PeaceHealth – Northwest Surgical Specialists

One Year Follow-Up Report

June 30, 2025



Introduction

The Oregon Health Authority's [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals, like mergers and acquisitions, to make sure they will help Oregon's shared goals of health equity, lower costs, increased access, and better care. After completing a review, OHA issues a decision about whether a business deal, or transaction, involving a health care company should proceed as planned.

On August 16, 2023, OHA completed a [preliminary review](#) of the acquisition of Northwest Surgical Specialists, LLP ("NWSS") by PeaceHealth. OHA approved the transaction, which subsequently closed on August 18, 2023.

For all approved transactions, OHA is required to assess any changes in Oregon one, two, and five years after the transaction closed and to publish its findings.

(For reference purposes, OHA assigned this transaction the alias "PeaceHealth-NWSS" and transaction ID 012.)

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at hcmo.info@oha.oregon.gov or by phone at 503-945-6161. We accept all relay calls. You can also contact hcmo.info@oha.oregon.gov with any questions about this report.

About the Transaction

On July 17, 2023, OHA confirmed receipt of a Notice of Material Change Transaction (“notice”) from PeaceHealth (“Entity”), a nonprofit Catholic health system. The notice described PeaceHealth’s plans to acquire substantially all assets and operations of Northwest Surgical Specialists, LLP (“NWSS”). (PeaceHealth and NWSS are sometimes referred to collectively as the “entities”).

PeaceHealth is a nonprofit Catholic health system headquartered in Vancouver, Washington, that operates hospitals, clinics and other health care facilities in Washington, Oregon, and Alaska. NWSS is a surgery practice that operates a clinic in Springfield, Oregon.

PeaceHealth and NWSS entered into an Asset Purchase Agreement whereby PeaceHealth acquired virtually all the assets of NWSS, including the NWSS clinic location lease, furniture and equipment, telephone numbers, and more. PeaceHealth also employed most NWSS providers and staff. The transaction closed on August 18, 2023.

PeaceHealth stated in the notice that it would employ seven of NWSS’s eight surgeons, four advanced practitioners (physicians’ assistants and family nurse practitioners), and half of other NWSS staff members following completion of the proposed transaction.

NWSS sought to be acquired by PeaceHealth for two main reasons: (1) the departure of several partner physicians, and (2) because of the high costs associated with operating an independent practice. This acquisition was designed to allow the NWSS physicians to continue to provide surgical services to the Springfield area in a more financially sustainable way.

OHA’s Initial Review

OHA performed a preliminary review of the transaction to assess its potential impact on Oregon’s health care delivery system. The review explored impacts in four areas (domains): cost, access, quality, and equity. OHA’s analysis followed the guidelines and methods set out in the [HCMO Analytic Framework](#) published January 31, 2022.¹ The framework 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 review concluded that this transaction was unlikely to reduce quality or negatively impact health equity related to surgical services because the former physicians and advanced practice providers of NWSS would continue serving patients at the same locations and would continue to accept the same types of health insurance for their services. OHA found that the costs associated with surgical services could increase if PeaceHealth were to begin charging new facility fees for services rendered by providers formerly employed by NWSS and that access to surgical services could decrease if the

former surgeons of NWSS were subjected to restrictions on future employment as a condition of accepting employment with PeaceHealth. As such, OHA approved this transaction and placed the following conditions on PeaceHealth for a period of five years following the close of the transaction:

1. PeaceHealth shall not charge facility fees for any services rendered by former NWSS physicians for which no facility fees are currently applied.
2. PeaceHealth shall not subject former NWSS employees to any restrictions on future employment opportunities as a condition for their employment, or subsequent bona fide advancement of the former NWSS employee by PeaceHealth.²

OHA's Follow-Up Review

OHA's follow-up reviews aim to assess the impact of the transaction on health care cost growth, cost of care, access to care, quality of care, and health equity for people in Oregon. OHA also checks whether the entities have fulfilled the commitments made in the notice or subsequent HCMO filings.

In filings with OHA, PeaceHealth committed to providing former NWSS surgeons with access to PeaceHealth's quality improvement and peer review infrastructure. PeaceHealth stated that former NWSS providers would begin billing under PeaceHealth's provider contracts, including value-based and incentive contracts. The entities stated that billing under PeaceHealth's provider contracts would improve care management and continuity of care for patients in the community because the contracts require adherence to cost and quality metrics. PeaceHealth also stated that the transaction would preserve community access to general surgery and would expand "service lines for colorectal surgical care and surgical oncology."³

This one-year follow-up review analyzed the activities of PeaceHealth since the close of the transaction on August 18, 2023. OHA requested and received information from PeaceHealth regarding their surgery locations, insurance carrier contracts, staffing, quality of service, and supplies available. (See Appendix A for a full list of information requested).

OHA also sought public comment from community members about their experience with PeaceHealth or NWSS. OHA has not received any public comments about PeaceHealth or NWSS since the close of the transaction.

Activities and Changes Since the Transaction Closed

Closure of Eugene University District Hospital

On August 22, 2023, PeaceHealth announced it would close its University District Hospital in Eugene due to underutilization resulting in operating losses of \$2 million per month. PeaceHealth stated it would transition inpatient rehabilitation, inpatient behavioral health, emergency, and related medical services to its Sacred Heart Medical Center at RiverBend in Springfield and that medical clinics, home and community services, and behavior health

services would remain at the University District location.⁴ The PeaceHealth University District Hospital did not provide non-emergency surgical services prior to closing.

PeaceHealth stated that no surgical practice locations in Oregon have closed since the transaction closed on August 18, 2023.⁵

New Investments in Surgical Technology and Staff

Following the close of the transaction, PeaceHealth announced it would recruit additional surgeons to create a vascular surgery team within the PeaceHealth Medical Group.⁶

In 2024, PeaceHealth acquired a new Da Vinci surgical robot and a radiosurgery system that provides radiation oncology services for its Sacred Heart Medical Center Riverbend location.^{7,8}

NWSS Staff Retention

Three NWSS surgeons left NWSS prior to the close of the transaction and PeaceHealth extended employment to all remaining NWSS physician and advanced practice providers upon the close of the transaction. It also extended employment to several NWSS administrative staff. All former NWSS staff members were employed at the same or higher rate of pay as prior to the transaction and PeaceHealth has stated these employees were not subject to restrictions on subsequent employment opportunities (such as noncompete agreements) in compliance with the condition OHA placed on the transaction.

Of the 24 NWSS employees who accepted employment at PeaceHealth, 20 remained as of August 18, 2024.⁹

Other

PeaceHealth stated that continuity of care for surgical patients in Oregon has improved via the transition to an enhanced electronic medical records system.¹⁰

Two- and Five-Year Follow-Up Reviews

A two-year follow-up review beginning in August 2025 will describe any subsequent changes at PeaceHealth. At that time, OHA will review PeaceHealth's compliance with the condition against charging facilities fees for services rendered by former NWSS providers, as billing data from the [All Payers All Claims reporting program](#) will become available for the time period following the close of the transaction.

A five-year follow-up review beginning in August 2028 will look at the impact of the transaction on cost of care, access to care, quality of care and health equity in Oregon as well as compliance with conditions OHA placed on the transaction.

All follow-up reviews will include any public comment OHA receives about the transaction. Public comments can be submitted at any time by email to hcmo.info@oha.oregon.gov and by voicemail to 503-945-6161.

Acronyms & Glossary

Acronyms & Abbreviations

APAC	All Payers All Claims
HCMO	Health Care Market Oversight
LLC	Limited liability company
NWSS	Northwest Surgical Specialists
OHA	Oregon Health Authority

Glossary

Health equity: OHA defines health equity as follows:

Oregon will have established a health system that creates health equity when all people can reach their full health potential and well-being and are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or other socially determined circumstances. Achieving health equity requires the ongoing collaboration of all regions and sectors of the state, including tribal governments to address:

- The equitable distribution or redistribution of resources and power; and
- Recognizing, reconciling, and rectifying historical and contemporary injustices.

Limited liability company (LLC): Refers to a basic type of business entity that allows its owners to separate the financial assets and liabilities of the business from personal finances. A limited liability company can have multiple owners, called members, who have the discretion to manage the business's operations and distribute any profits how they choose. A limited liability company is characterized by limited liability, management by members or managers, and limitations on ownership transfer.

Appendix A: Data Requested by OHA

OHA requested and received information about PeaceHealth's policies and practices related to employment and compensation, training and quality, language translation services, patient care, patient enrollment, billing, and financial assistance. These documents can be found on the [HCMO website](#).

OHA also requested and received quantitative data from the entity related to surgical facilities and their locations, accepted insurance types, staffing levels, patient service areas, service volume, patient demographics, payments and reimbursements, quality metrics, and patient safety and satisfaction metrics. These data capture entity performance through the first year after the close of the transaction. These data are confidential, and OHA will continue to monitor them through subsequent reviews.

References

¹ Oregon Health Authority, Health Care Market Oversight Analytic Framework, January 31, 2022, available at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf> (Accessed 1/10/2025)

² Oregon Health Authority, 012 PeaceHealth-NWSS 30 Day Report, August 13, 2023, available at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/20230816-NWSS-PeaceHealth-30-Day-Report.pdf> (Accessed 1/10/2025)

³ Ibid.

⁴ PeaceHealth, "PeaceHealth announces beginning of comprehensive process to close underutilized University District hospital in Eugene", August 22, 2023, available at <https://www.peacehealth.org/news/2023-08-22/peacehealth-announces-beginning-comprehensive-process-close-underutilized> (Accessed 1/10/2025)

⁵ PeaceHealth, Re: Information Request for 1-Year Follow-Up Review – 012 PeaceHealth-NWSS", September 26, 2025, available at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/012-UPDATED-NWSS-PeaceHealth-1-year-follow-up-narrative-responses.pdf> (Accessed 6/27/2025)

⁶ PeaceHealth, "Northwest Surgical Specialists to join PeaceHealth Medical Group", August 18, 2023, available at <https://www.peacehealth.org/news/2023-08-18/northwest-surgical-specialists-join-peacehealth-medical-group>

⁷ Spotz, Billy; KVAL.com Staff, "Da Vinci 5 surgical robot debuts at PeaceHealth Riverbend", August 7, 2024, available at <https://kval.com/news/local/da-vinci-5-surgical-robot-debuts-at-peacehealth-riverbend> (Accessed 1/10/2025)

⁸ PeaceHealth, "PeaceHealth Sacred Heart Medical Center at RiverBend Announces Upgrade to Cancer Treatment Technology", June 11, 2024, available at <https://www.peacehealth.org/news/2024-06-11/peacehealth-sacred-heart-medical-center-riverbend-announces-upgrade-cancer> (Accessed 1/10/2025)

⁹ PeaceHealth, "Re: Information Request for 1-Year Follow-Up Review – 012 PeaceHealth-NWSS", September 26, 2025, available at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/012-UPDATED-NWSS-PeaceHealth-1-year-follow-up-narrative-responses.pdf> (Accessed 6/24/2025)

¹⁰ Ibid.