March 13, 2024

Re: Notice of Proposed Emergency Exemption Determination for 018 The Corvallis Clinic and Optum Oregon MSO

This determination resolves the Request for Emergency Exemption (the “Request”) received on March 8, 2024, from The Corvallis Clinic (“TCC”) regarding 018 TCC and Optum Oregon MSO, LLC (the “Transaction”). TCC filed the Request with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight Program pursuant to Oregon Revised Statute (ORS) 415.501(8)(a) and Oregon Administrative Rule (OAR) 409-070-0022.

BACKGROUND

On December 28, 2023, OHA confirmed receipt of a complete Notice of Material Change Transaction (“Notice”) in compliance with OAR 409-070-0030 and 0045. This Notice described plans for Optum Oregon MSO, LLC (“Optum MSO”) to acquire TCC (Optum MSO and TCC are collectively referred to herein as the “Entities”). OHA held a public comment period on the Notice from December 28, 2023, through February 21, 2024 and received more than 350 public comments.

In the Notice and supplemental information provided to OHA, the Entities depicted TCC’s dire financial constraints. On February 15, 2024, OHA provided TCC and Optum MSO with draft conditions for a potential conditional approval of the Transaction based on the OAR 409-070-0055(2)(a) criteria for approval following preliminary review: “[t]he material change transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction.”

On March 8, 2024, TCC filed this Request as a result of escalating insolvency concerns, thereby pausing OHA’s review of the Notice pending the outcome of TCC’s Request.

OHA received public comments on the Request from March 8, 2024, through March 12, 2024.
PROPOSED FINDINGS AND ANALYSIS

1. Applicable Review Criteria

Pursuant to OAR 409-070-0022(1), in determining whether circumstances exist to warrant approval of an emergency exemption, OHA must consider whether:

(a) there is an emergency situation, including but not limited to a public health emergency, which immediately threatens health care services; and

(b) the transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity other than a domestic health insurer.

2. OHA Findings

The Transaction qualifies for an emergency exemption under OAR 409-070-0022(1).

a. There is an emergency situation, including but not limited to a public health emergency, which immediately threatens health care services.

According to the Notice and Request, the Entities presented that TCC’s financial forecast projected material losses through December 2024, despite the physician-owner’s 15% reduction in compensation put into place in 2022. The Entities provided additional confidential information to OHA outlining its current financial situation, including bank statements, income and balance sheets, and payroll. OHA also requested, and received, projected financials for March and April 2024.

TCC’s financials depict a grim financial projection and threatened immediate closure of TCC. The information provided to date represents an emergency immediately threatening health care services in TCC’s service area.

b. The transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity other than a domestic health insurer.

The Entities presented to OHA that the proposed Transaction will stabilize and increase TCC’s ability to provide improved patient access and would preserve primary care and specialty access in TCC’s service area. TCC’s Request outlines that the proposed transaction will provide TCC with access to working capital allowing TCC to continue to pay rent, payroll, and other expenses, and will stabilize the business.

Absent closure of the Transaction as expeditiously as possible, TCC is expected to be insolvent in the immediate term. The information provided to date reflects that the proposed Transaction is necessary to protect the interest of consumers and preserve TCC’s solvency.

1 The definitions in OAR 409-070-0005 and ORS 415.500 are incorporated by reference.
PROPOSED DETERMINATION

1. The Request is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval of an emergency exemption application pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.

2. OHA finds that TCC’s Request qualifies for an emergency exemption under OAR 409-070-0022.

This Notice of Proposed Determination 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.

NOTICE OF RIGHT TO REQUEST A HEARING

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), OAR 409-070-0022(7) and -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 Order 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 13th day of March, 2024

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

NOTICE TO ACTIVE DUTY SERVICEMEMBERS. 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.