

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Tracking #: 9589-0710-5270-0610-4270-65

Date Mailed: April 11, 2025

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

In the Matter of the Proposed)	Proposed Findings of Fact, Conclusions
Material Change Transaction of)	of Law, and Order
Northwest Permanente, P.C. and The)	
Permanente Medical Group, Inc.)	Transaction ID: 023N

This Order resolves the Notice of Material Change Transaction (the “Notice”) filed by Northwest Permanente, P.C. (“NWP”) with respect to its proposed affiliation with The Permanente Medical Group, Inc. (“TPMG”). (NWP and TPMG may be 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 March 12, 2025, 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. OHA’s review analyzed the potential impact of the Transaction on market share and competition, 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/023-NWP-TPMG.aspx>, which is incorporated herein by reference. A public comment period was open from March 12, 2025, to April 11, 2025. OHA received no comments.

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, public comments, regularly required reporting to OHA, press reports, academic research articles, and publicly available information, OHA enters the following Proposed Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

OHA FINDS that:

1. On or about February 5, 2025, NWP filed the Notice with OHA.
2. On or about February 25, 2025, OHA notified NWP that the Notice was incomplete and provided guidance about submission requirements.
3. On or about March 7, 2025, NWP filed a revised Notice with OHA.
4. On or about March 12, OHA notified NWP that it received all requested information and confirmed receipt of a complete Notice and requested additional information. OHA commenced the preliminary review pursuant to OAR 409-070-0055 and communicated that the review would be completed within 30 days, unless extended in accordance with applicable statutes and administrative rules.
5. OHA accepted public comments on the Transaction from March 12, 2025, through April 11, 2025. OHA received no public comments.
6. NWP was formed in 1997 as an Oregon Corporation. NWP is managed by its board of directors, which is currently made up exclusively of physicians.
7. NWP is an independent physician-owned and physician-led medical group serving as the exclusive medical services provider for Kaiser Foundation Health Plan members in Oregon and southwest Washington. NWP employs approximately 1,500 providers, offers primary and specialty care services at 31 medical offices, and provides the majority of staffing for the two Kaiser Permanente hospitals in Oregon.
8. NWP is independent from Kaiser Foundation Health Plan and Kaiser Foundation Hospitals, with which NWP has contractual relationships to provide services to Kaiser member.
9. NWP is the exclusive provider to members of Kaiser Foundation Health Plan of the Northwest. Kaiser Foundation Health Plan of the Northwest offers commercial coverage, Medicare Advantage, and Medicaid. As of December 2024, Kaiser Foundation Health Plan of the Northwest had more than 413,000 commercial and Medicare Advantage members in Oregon. As of December 2024, Kaiser health plans also covered approximately 78,000 Oregon Health Plan (Medicaid) enrollees.
10. TPMG is a California corporation managed by its board of directors.
11. TPMG provider is an independent, physician-owned and physician-led medical group serving patients in northern California. TPMG is the exclusive medical services provider for Kaiser Foundation Health Plan members in northern California. TPMG does not currently have any business entities licensed to operate in Oregon. TPMG employs approximately 9,500 physicians and 45,000 nurses. TPMG providers offer care at 210 medical offices and 21 hospitals in northern California.

12. On December 19, 2024, NWP and TPMG entered into an Affiliation Agreement (“Agreement”). In addition to the Agreement, the parties will enter into other ancillary agreements, including a Subscription Agreement, Shareholder Agreement, and Intellectual Property Licensing Agreement.
13. Pursuant to the Agreement, the proposed transaction will result in the following:
 - a. NWP will issue one share of Class B stock in NWP to the CEO of TPMG, which will be subject to certain restrictions on transfer as set forth in a Stock Transfer Restriction Agreement.
 - b. The president and CEO of TPMG will become the president and CEO of NWP.
 - c. After the stock transfer, the CEO of TPMG will have a board seat and the ability to appoint 7 members of the NWP board of directors and the NWP Executive Medical Director. The remaining six directors will be appointed by NWP shareholders.
 - d. NWP will amend and/or restate its governing documents to designate the rights and preferences related to the Class B stock.
14. The entities cite industry trends, such as a shortage of health care providers and increased demand for services, as a driver of the transaction. According to the entities, the transaction will allow NWP to expand digital and telehealth programs to make care more accessible and efficient.
15. The entities state the following in the notice and supplemental filings with OHA:
 - a. The purpose of the proposed transaction is to allow TPMG and NWP to collaborate to improve quality of care, expand access to services, increase innovation, and deploy new technologies.
 - b. NWP and TPMG will not jointly negotiate contracts with payers or require payers to contract with both of the entities.
 - c. The entities do not expect changes to the number and type of NWP locations or the geographic areas served.
 - d. The entities do not intend to outsource functions, combine units, transfer staff, or otherwise reduce staffing levels.
 - e. Then entities will provide at least the same services at the same service levels.
 - f. The entities intend to implement successful TPMG programs and initiatives at NWP locations. The notice identified multiple potential initiatives that the entities are exploring, including Ambulatory Treatment Centers, Telecritical Care, Senior Surgical Care, E-visits, Get Care Now (video and phone remote visits), Care Without Delay (a set of patient workflows for hospital and emergency department visits), and collaboration on subspecialty services.

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 transactions involving health care Entities pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.
2. OHA finds that:
 - a. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.
 - i. NWP and TPMG will remain exclusive providers for Kaiser Foundation Health Plan members in Oregon, southwest Washington and northern California and will continue to operate in their current geographic markets.
 - ii. Because NWP and TPMG will maintain separate negotiations with payers and will not require payers to contract with both entities, the transaction is unlikely to impact bargaining power or the ability for the entities to negotiate higher prices.
 - iii. The entities have stated that they intend to provide at least the same services at the same service levels and have no plans to change the number of current locations or geographic areas served.
 - iv. The transaction may create opportunities to expand service offerings in Oregon.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law it is hereby ORDERED that:

1. The transaction is hereby APPROVED upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. 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 www.oregon.gov/HCMO.

OHA is required to assess the impact of the Transaction and publish its analyses and conclusions under ORS 415.501(19) and (20). 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.

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 Final 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 11th day of April, 2025



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.