

## APPENDIX A

### Samaritan Health Services, Inc. and Santiam Memorial Hospital's HCMO Notice of Material Change Form Responses

6. Briefly describe the proposed material change transaction, including:

a. Goals and objectives

- (i) *This strategic integration is anchored in Samaritan Health Services and Santiam Memorial Hospital's collective missions to improve the health of our communities, aligned with Samaritan's strategic priorities and guided by Santiam's cultural compass. This vision will be accomplished through:*
- A. *Quality & Patient Experience: Delivering high-quality care and an excellent patient experience while keeping health care services local.*
  - B. *High Reliability: Engaging subject matter expertise in the integration efforts to enhance reliability and safety for our patients and staff.*
  - C. *Shared Learning: Encouraging a culture where knowledge and experiences are shared to drive collective growth.*
  - D. *Improved Financial Stability: Allow Santiam to stabilize its financial position and be a long-lasting institution in their communities by integrating operations including Samaritan's clinician and corporate resources.*
  - E. *Access and Growth: Increase patient access to Santiam's health services and pursue growth opportunities to strengthen and expand patient access to health services across the Mid and Central-Willamette Valley through the joining of two non-profit mission-driven organizations.*
  - F. *Workforce Retention: Transition employment of all or significantly all current employees of Santiam to Samaritan, with compensation and benefits aligned to applicable market benchmarks.*

b. Summary of transaction terms

- (i) *Santiam's Bylaws and Articles of Incorporation will be restated to reflect Samaritan as Santiam's sole Member.*
- (ii) *Santiam will change its name to "Samaritan Santiam Hospital" and will operate under Samaritan's logo.*
- (iii) *Santiam will become part of Samaritan's obligated group for debt financing purposes.*
- (iv) *Samaritan will assume all assets and liabilities of Santiam, including its outstanding debt.*
- (v) *Substantially all Santiam employees will be offered employment by Santiam or Samaritan with compensation and benefits aligned to applicable market benchmarks post close.*
- (vi) *Samaritan will provide Santiam immediate and future capital commitments as further defined in subsection d below.*
- (vii) *Santiam's current Board of Directors prior to Close will not change as a result of the transaction. Santiam will nominate two individuals from its board to join the Samaritan Board of Directors. Subject to certain reserved rights to Samaritan which will be included in the Santiam's Bylaws, the primary role and responsibilities of Santiam's Board of Directors will be:*
  - A. *Realization of the mission, vision and values of Samaritan Health Services, Inc.*
  - B. *Ensuring appropriate healthcare access is available for local community members and that high quality care is provided*
  - C. *Assessment of community needs*
  - D. *Assessment of the needs of the medical staff*
  - E. *Development of strategic direction and planning*
  - F. *Strategic resource and patient care decisions*
  - G. *Establishing committees to further its fiduciary and advisory duties.*
  - H. *All business and properties of Santiam shall be directed by and managed by the Board*
  - I. *Review and approve the major plans and programs of Santiam and ensure that they are consistent with the mission and objectives of SHS and Santiam*

- J. Review and approve capital budgets and shall use its best efforts to reduce costs to the greatest extent possible consistent with the delivery of quality service*
- K. Maintain a qualified medical staff and ensure that it is properly organized*
- L. Evaluate performance improvement initiatives of Santiam including the quality of medical care*
- M. Provide informational resources to the community which Santiam serves regarding its goals and performance*
- N. Make all rules and regulations concerning the use of the facilities of Santiam by the medical profession in keeping with Santiam's accrediting body*
- O. Reflect the perspectives of and be inclusive of the Santiam community, Samaritan leaders, and physician/provider stakeholders*

*(viii) Santiam clinicians will also have representation on Samaritan's governance and leadership councils.*

**c. Why the transaction is necessary or warranted**

*(i) Santiam is proud to have provided superior healthcare to the Stayton and surrounding communities since 1953 as a mission-driven, non-profit and independent hospital. It was able to do so because its revenues were sufficient to cover its expenses as a small, community hospital. The healthcare landscape across the country has changed dramatically over the last 5 years, no more so than for independent hospitals like Santiam. Challenges such as the COVID pandemic, limited workforce and wage inflation, procuring necessary healthcare infrastructure such as the EPIC electronic health record, barriers to payment created by payors, increased supply costs due to inflationary pressure, and increasing costs of pharmaceuticals and continued pressure from manufacturers and PBMs regarding 340(b) drug pricing discounts has put immense pressure on its already thin resources. As a result, as of July 31, 2024, Santiam has 53 days cash on hand and its margin is +0.15%. Santiam realizes that it is no longer in its or the community's best interest to continue to push against these significant headwinds on its own. In fact, doing so would imperil its ability to remain viable.*

*Samaritan and Santiam have communicated extensively with key stakeholders including community members and employees throughout this process providing transparency about why the transaction has become necessary and will benefit everyone involved. An overview of the communications that have occurred is below.*

*A. Hospital, Foundation, Health Plans, and Medical Group Governing Boards through meetings, direct outreach and written communication*

*B. Employees & Medical Staff, through forums, blog posts, internal communications/newsletters and meetings*

*C. Public Officials including County Commissioners, City Leadership, Legislatures and the Oregon Health Authority through direct outreach*

*D. Community Stakeholders and Key Partners through direct outreach*

*E. Community Members through a joint press release, dedicated website with frequently asked questions and three community town halls*

*The results of these conversations have been overwhelmingly positive.*

d. Any exchange of funds between the parties, including the nature, source and amount of funds or other consideration (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or enumeration in exchange for, or in any way related to, the provision of health care services).

*(i) Samaritan has committed to the following:*

*As soon as reasonably possible following the Effective Date and prior to the Closing Date, Samaritan and Santiam will collaborate on the development of a detailed written capital plan for Santiam's service area based upon its contemplated hospital, healthcare, physician, and other operations or activities as of the Closing Date (the "Capital Plan"). The Capital Plan will include, but shall not be limited to:*

*A. Contribution at closing of TWO MILLION DOLLARS (\$2,000,000.00) from Samaritan into an unrestricted fund within the Foundation for short-term needs.*

- B. TEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$10,500,000.00) in capital for 2024 through 2027 for routine equipment and furnishings, core IT platforms and related infrastructure, including telecom, and construction & maintenance.*
- C. Construction of a new medical office building in Stayton with an estimated expense of FIFTEEN MILLION DOLLARS (\$15,000,000.00) to support patient access needs. Samaritan will commit to complete construction prior to 2031.*
- D. Assumption by Samaritan of the remainder of Santiam's debt obligations to HUD (approximately \$20 million), and to Key Bank (approximately \$5 million).*

7. Describe the negotiation or transaction process that resulted in the entities entering into an agreement.

- a. How the entities were identified (e.g., did one party approach the other, did one party engage in a bid/auction process, etc.)
- b. Any due diligence performed by any of the parties to the transaction. Provide any products, reports, or analyses resulting from due diligence processes.

*(i) Santiam and Samaritan leadership have a long history of mutual respect. More recently, what started as informal discussions about general healthcare topics began to focus on the market forces described in 6(c) and the possibility of Santiam joining Samaritan. The decision has been thoroughly vetted by both parties. From the outset it was clear that pursuing an affiliation would promote each party's non-profit mission, vision and values.*

Santiam

*Mission: Provide quality healthcare to promote the general health and welfare of the community through education, support, and medical service.*

*Vision: To serve as the healthcare center of the community.*

*Values: Compassion, Excellence, Pride, Integrity, Unity, Dependability*

Samaritan

*Mission: Building healthier communities together*

*Vision: Serving our communities with PRIDE*

*Values: Passion, Respect, Integrity, Dedication, Excellence*

*Thereafter, it was quickly apparent that there was also significant cultural alignment between the organizations. Both parties are community safety net healthcare providers that provide care to any patient that enters their facility regardless of the patient's ability to pay. Both parties are led by a board of directors comprised of members of the community who volunteer their time and expertise to their respective organizations. Finally, both parties have strong histories of community benefit by providing millions of dollars of free healthcare to low-income patients each year and donating to many other local non-profit community based organizations.*

*The parties undertook a rigorous and comprehensive due diligence analysis of each other, which included the following:*

- A. Over the course of many meetings and on-site visits, the parties' respective Board of Directors, leadership teams, clinicians, administrators and employees began communicating with each other in order to familiarize themselves with how the other operates, get to know each other, and become confident that at every level the affiliation would result in a cultural fit.*
- B. Governing documents of each party were reviewed to ensure that all requirements necessary to affiliate were met.*
- C. A review of all available information was conducted for the following subjects: (i) Organizational Management and Information; (ii) Operations; (iii) Licensure and Accreditation; (iv) Health Care Compliance; (v) HIPAA; (vi) Litigation and Disputes; (vii) Insurance and Liability; (viii) Tax; (ix) Quality and Safety; (x) Mission; Ethics; Community Benefits; (xi) Medical Staff and Credentialing; (xii) Employees; (xiii) Physicians; (xiv) Information Technology Services; (xv) Real Estate and Environmental; (xvi) Bond Financing; (xvii) Third Party Reimbursement; (xviii) financial data; (xix) Quality and Safety; and (xx) Marketing.*

- D. A “Clean Room” was established under legal counsel protection to review competitively sensitive information in compliance with antitrust laws.*
- E. A consulting company was brought in to analyze the financial implications of the transaction. The conclusions for the financial benefit of the transaction are provided at 17(a).*
- F. Legal counsel performed an extensive review of historical and current financial arrangements as well as other matters of regulatory significance.*

*Each party considered other hospitals and healthcare systems in the region as possible alternatives to affiliate with and each concluded independently that their mission, vision and values, as well as their culture, aligns very well with each other and positions each to continue to provide the best possible care for the community going forward. Specific products, reports or analysis created during the due diligence process and not protected by the attorney-client privilege may be provided confidentially.*

9. List any applications, forms, notices, or other materials that have been submitted to any other state or federal agency regarding the proposed material change transaction. Include the data and nature of any submissions. This includes, but is not limited to, the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.

- a. No other notification has been made; however, the parties intend to notify the following prior to close:*
  - (i) Santiam will notify the Oregon DOJ as required by ORS 65.803 and request a waiver under ORS 65.807.*
  - (ii) Restated Articles will be filed with the Oregon Secretary of State Corporation Division as required by ORS 65.011(2). Restated Bylaws will be prepared prior to the closing for review by HCMO.*

- (iii) Medicaid enrollment will be updated for Santiam of Forms OHA 3972 and OHA 3974.*
- (iv) DEA form 224 for change of ownership or control of the entity operating Santiam's pharmacies.*
- (v) Notification to the Oregon Board of Pharmacy.*
- (vi) Notice to OHA Health Care Facility Licensing and Certification of "change of ownership".*
- (vii) Notice to Oregon Public Health Laboratory/CLIA.*
- (viii) Notice to Oregon Radiation Protection.*
- (ix) CMS/Noridian must process and approve separate Forms 855A, 855B and 855R with respect to Santiam, any provider.*

10. Describe Party A

- a. Describe Party A's business, including business lines or segments.
- b. Describe Party A's governance and operational structure (including ownership of or by a health care entity).
- c. Provide a diagram or chart showing the organizational structural and relationships between business entities.
- d. List all of Party A's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.
- e. Provide financial statements for the most recent three fiscal years. If Party A also operates outside of Oregon, provide financial statements both for Party A nationally and for Party A's Oregon business.
- f. Describe and identify Party A's health care business. Provide responses to i-ix as applicable:
  - i. Provider type (hospital, physician group, etc.)
  - ii. Service lines, both overall and in Oregon
  - iii. Products and services, both overall and in Oregon
  - iv. Number of staff and FTE, both overall and in Oregon
  - v. Geographic areas served, both overall and in Oregon
  - vi. Addresses of all facilities owned and operated using HCMO-1c: Facilities and Locations form
  - vii. Annual number of people served in Oregon, for all business, not just business related to transaction
  - viii. Annual number of services provided in Oregon



- ix. For hospitals, number of licensed beds

## **INTRODUCTION**

*Samaritan Health Services, Inc. (the “Corporation” or “Samaritan Health System”) is an Oregon nonprofit corporation which, together with its affiliates (collectively, the “Samaritan Health System”), provides a comprehensive network of health care and health care related services to communities located within the mid-Willamette Valley and Central Coast areas of the State of Oregon (the “State”). See Service Area Map herein. As described more fully below, the Samaritan Health System includes the following affiliates, each of which own and operate inpatient and outpatient hospital and outpatient clinics in the State:*

- *Good Samaritan Hospital Corvallis, Inc., dba Good Samaritan Regional Medical Center (“GSRMC”), which owns and operates a 188 bed tertiary acute care hospital and Level II trauma center;*
- *Albany General Hospital, dba Samaritan Albany General Hospital (“SAGH”), which owns and operates a 79 bed acute care community based hospital;*
- *Mid-Valley Healthcare, Inc. (“MVH”), dba Samaritan Lebanon Community Hospital which owns and operates a 25 bed critical access hospital; and*
- *Samaritan North Lincoln Hospital (“SNLH”), which owns and operates a 25 bed critical access hospital.*
- *Samaritan Pacific Health Services dba Samaritan Pacific Communities Hospital (“SPCH”), which operates a 25 bed critical access hospital owned by the Pacific Communities Health District in Newport, Oregon.*
- *646 employed clinicians;*
- *Over 80 physician clinics;*
- *Two health insurance plans serving Medicare, Medicaid, commercial and self-funded populations.*

*The Samaritan Health System provides services primarily to a seven-county area in west-central Oregon with a population of approximately 258,000. It is the sole provider of hospital services within this primary service area (the “Samaritan PSA”), which includes Benton, Linn and Lincoln counties and the City of*

*Monmouth, Oregon in Polk County. Its secondary and tertiary service areas include Marion, Polk, Tillamook and Lane counties.*

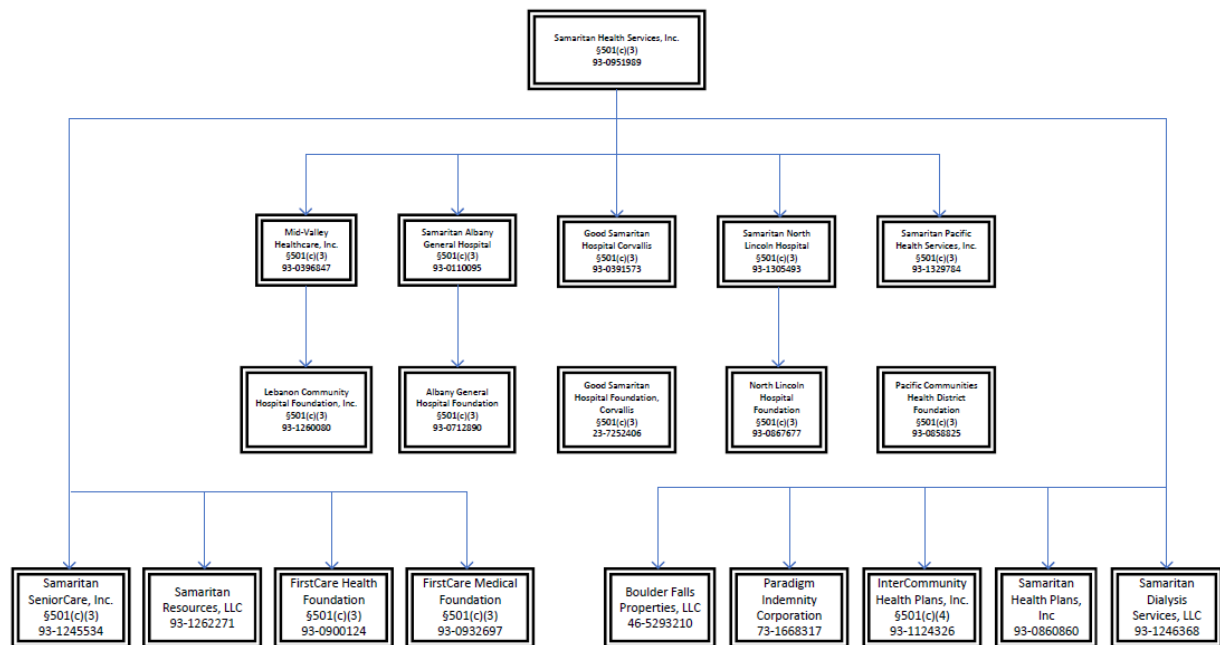
*The Samaritan Health System endeavors to be the regional health care system that is the first choice of patients in its service area and a leader of collaborative efforts among providers, employers, health plans and consumers who share similar goals and values to meet the challenges of the future. The Samaritan Health System has adopted the following organizational mission:*

### ***Building Healthier Communities Together***

*The Samaritan Health System is at the forefront of delivering health care in a fundamentally different way, focusing on broad access to high-quality services in a cost-effective manner. To do this, we use a team approach designed to foster good health through healthy lifestyle choices, timely preventive services and a supportive environment. The Samaritan Health System is powered by 6,529 employees, 6,409 who live in Oregon, with an FTE count of 5,402.61, 5,288.51 in Oregon, fueled by teaching and learning, and focused on building healthier communities. Between September 1, 2023, and August 31, 2024, the Samaritan Health System provided 3,795,617 admissions, visits, orders, outreach for care coordination, referral orders, etc., to 227,075 distinct patients. As of September 9, 2024, the health plans cover 112,049 members.*

### **ORGANIZATIONAL STRUCTURE**

*The diagram below depicts the organizational relationships of the primary entities currently comprising the Samaritan Health System.*



*A brief description of the Corporation, its affiliates and their respective facilities follows.*

***Samaritan Health Services, Inc.***

*In addition to providing management oversight and support to the separate entities comprising the Samaritan Health System, the Corporation operates a self-insured employee health plan, owns and operates administrative and office buildings, and provides system-wide management services. Key business services and programs serving the entire Samaritan Health System are centralized in the Corporation’s corporate offices in Corvallis, to help contain costs and streamline services. Some of these services include:*

- *Accounting/Payroll*
- *Center for Health Research & Quality*
- *Community Benefit*
- *Information Services*
- *Marketing & Public Relations*
- *Recruiting/Human Resources*
- *Patient Financial Services*
- *Professional Development*
- *Legal & Compliance*

## ***Good Samaritan Regional Medical Center***

*GSRMC is an Oregon nonprofit corporation and 501(c)(3) organization formed in 1948 that owns and operates a 188-licensed bed (179 staffed) tertiary acute care hospital on its 82-acre main campus in north Corvallis, Oregon, approximately 86 miles south of Portland. GSRMC is a regional referral center, offering services in more than 20 medical specialties, including comprehensive cancer care, a full-service heart and vascular institute, a sleep center, neurosurgery, and other services. It is one of only three Level II trauma centers in the State.*

*GSRMC's six-story hospital facility was originally constructed in 1975 and was significantly expanded through major additions completed in 1984 (Southwest Wing Project) and 2002 (Heart Center Project). In 2010, the approximately 60,000 square foot West Tower addition and approximately 44,000 square foot Ambulatory Surgery Center addition on GSRMC's main campus added approximately 350,420 square feet of new and newly renovated space. In January 2016, GSRMC opened the approximately 24,000 square foot Samaritan Pastega Regional Cancer Center (the "Cancer Center"), which consolidates treatment services that were formerly spread across the GSRMC campus and expands available services. The Cancer Center was funded entirely through philanthropic support. The GSRMC campus also includes 10 other buildings, totaling approximately 167,000 square feet, which house medical and administrative offices, outpatient clinics, and other ancillary functions.*

*GSRMC also owns approximately 84 acres directly north of the GSRMC campus to address future campus expansion for additional clinical services, including outpatient, specialty and mental health services, as well as parking. Samaritan Health System continues to evaluate expansion on this property in collaboration with the City of Corvallis, Oregon.*

***GSRMC Awards, Recognitions and Accreditations.*** *GSRMC has achieved several patient program awards, recognitions and accreditations, including:*

- Awarded a four-star Patient Survey Rating in 2023 from the Centers for Medicare and Medicaid Services ("CMS").*
- Received the American Heart Association's Stroke Gold Plus Quality Achievement Award and Target: Stroke Honor Role Elite Award.*

- *Accreditation from the American College of Surgeons Commission on Cancer as an Academic Comprehensive Cancer Program, as well as the National Accreditation Program for Breast Centers; and*
- *One of only three training centers in the United States to be designated a Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program.*

### ***Samaritan Albany General Hospital***

*SAGH is an Oregon nonprofit corporation and 501(c)(3) organization formed in 1924 that owns and operates a 79-licensed bed (65 staffed) acute care hospital and outpatient health center in Albany, Oregon. Medical services offered by SAGH include, among others, a Level IV trauma center, critical care unit, inpatient and outpatient surgical services, physical, pulmonary and cardiac rehabilitation, diabetes education, laboratory services, hospice care, and a fully accredited diagnostic imaging center.*

*SAGH's inpatient and outpatient services are housed in an approximately 182,000-square foot, five-story facility that was originally constructed in 1965. Major improvements to this facility include an outpatient surgery and critical care unit addition that was constructed in 1988, an operating room expansion that was completed in 2009 and construction of a Women's Center in 2012. In 2008, SAGH also built an approximately 36,000 square-foot diagnostic and medical services building in nearby North Albany as a satellite to the main SAGH campus.*

***SAGH Awards, Recognitions and Accreditations.*** *SAGH has achieved several patient program awards, recognitions and accreditations, including:*

- *Awarded a five-star Patient Survey Rating in 2024 from CMS.*
- *Being the first and only 24/7 SANE center in Oregon to provide a setting where sexual assault nurse examiners work with patients in a discreet environment separate from the emergency department.*
- *Received the American Heart Association's Stroke Gold Plus Quality Achievement Award and Target: Stroke Honor Role Elite Award.*
- *Awarded a level 4-star partner in the We Honor Veterans program through National Hospice and Palliative Care Organization; and*

- *Being one of only seven wound centers in Oregon and Washington to be accredited by the Undersea and Hyperbaric Medical Society.*

### ***Mid-Valley Healthcare, Inc.***

*MVH is an Oregon nonprofit corporation and 501(c)(3) organization that was formed in 1950 as Lebanon Community Hospital. Today, MVH owns and operates Samaritan Lebanon Community Hospital (“SLCH”), a 25-bed critical access hospital (licensed for a total of 49 beds) located in Lebanon, Oregon, 20 miles southeast of Corvallis.*

*SLCH’s inpatient and outpatient hospital services are housed in an approximately 143,000 square foot facility, which was originally constructed in 1952 and which has been expanded and updated over time. In April 2020, SLCH opened an alcohol and drug and inpatient rehabilitation unit, the first in SLCH’s service area.*

***SLCH Awards, Recognitions and Accreditations.*** *SLCH has achieved several patient program awards, recognitions and accreditations, including:*

- *Awarded a five-star Patient Survey Rating in 2024 from CMS; and*
- *Received the Beacon Award for Excellence by the American Association of Critical Care Nurses.*

### ***Samaritan North Lincoln Hospital***

*SNLH is an Oregon nonprofit corporation and 501(c)(3) organization that operates a 25-bed critical access hospital (licensed for 37 beds) in Lincoln City, Oregon. Samaritan North Lincoln Hospital serves residents of and visitors to Lincoln County, primarily including the coastal communities of Lincoln City and Depoe Bay, Oregon. In February 2016, in an effort to facilitate a replacement facility for the aging hospital infrastructure, the North Lincoln Hospital District transferred substantially all of its assets to SNLH in exchange for the promise to build a new hospital for the community. The replacement facility was completed in February 2020.*

***SNLH Awards, Recognitions and Accreditations.*** *SNLH has achieved several patient program awards, recognitions and accreditations, including:*

- *Awarded a four-star rating in 2024 from CMS.*

- *Lincoln City Medical Center and Samaritan Coastal Clinic, both SNLH-affiliated Rural Health Clinics, achieved a 5-star (Tier 5) Patient-Centered Primary Care Home ranking by the Oregon Health Authority.*
- *Being the only emergency department in the State of Oregon to receive Geriatric Emergency Department Accreditation; and*
- *Awarded an American Heart Association’s Stroke Silver Plus Quality Achievement Award.*

***Samaritan Pacific Health Services, Inc., dba Samaritan Pacific Communities Hospital***

*SPCH is an Oregon nonprofit corporation and 501(c)(3) organization that operates a 25-bed critical access hospital (licensed for 48 beds) in Newport, Oregon. SPCH serves residents of and visitors to Lincoln County, primarily including the communities of Newport, Waldport, Toledo, Depoe Bay and Yachats, Oregon. The campus and facility are owned by the Pacific Communities Health District, a municipal corporation, and is operated by SPHS pursuant to a long-term lease agreement.*

*SPCH Awards, Recognitions and Accreditations. SPCH has achieved several patient program awards, recognitions and accreditations, including:*

- *Awarded a four-star Patient Survey Rating in 2024 from CMS; and*
- *2019-2024 AHA/ASA Stroke Gold Plus Quality Achievement Award.*

***FirstCare Medical Foundation, dba FirstCare Physicians (“FCP”)***

*FCP is an Oregon nonprofit corporation and 501(c)(3) organization, however, there is currently no activity being done through this entity.*

***InterCommunity Health Plans, Inc. (“IHP”)***

*IHP is an Oregon nonprofit corporation and 501(c)(4) organization that was founded in 1994, which provides managed care services to enrollees in the State’s Medicaid plan, known as the Oregon Health Plan (“OHP”). Oregon is a Medicaid expansion state and utilizes an accountable care organization structure called Coordinated Care Organization (“CCO”) to serve patients enrolled in the OHP. IHP is the CCO in the mid-Willamette Valley and Central Coast region and provides care to over 55,000 Medicaid lives in the Samaritan Health System service area. IHP is focused on improving the health of the region and providing*

*oversight of the region’s Medicaid population. IHP works in concert with the Samaritan Health System care delivery network to implement the regional health improvement plan, establish community standards of care and develops shared risk frameworks with physical, behavioral and oral health providers.*

*IHP and the Samaritan Health System work to develop programmatic innovation in the State through the care and payment models used to serve the OHP population in the region. Samaritan Health System, through its operation of the sole hospitals in the region, and through the largest employed physician group in the region, is actively involved in care delivery improvement and cost containment efforts. Provider contracts include capitation for primary care and inpatient and outpatient hospital services. Risk withholdings and global health care budget surplus returns are earned through achieving improved outcomes and making process improvements. Quality metrics associated with the contracts include, but are not limited to, readmissions, emergency room utilization, coordination of care after emergency room visits, length of stay, controlling high blood pressure, performance of adolescent well care visits, and conducting drug and alcohol screenings in both primary care and emergency room settings.*

### ***Samaritan Health Plans, Inc. (“SH Plans”)***

*SH Plans is an Oregon nonprofit, taxable corporation and licensed insurance company that was formed in 2004 and offers health insurance to certain Medicare Advantage enrollees residing in Linn, Benton and Lincoln counties, as well as a Small & Large Group Commercial Plan, which provides health insurance coverage to small, midsize and large employers based in the Samaritan Health System service area.*

### ***Paradigm Indemnity Corporation (“PIC”)***

*PIC is a nonprofit, 501(c)(3) organization that was formed in 2003. It is a captive insurance company domiciled in the State of Hawaii that provides hospital and physician professional liability and general liability coverage to Samaritan Health System members on a claims-made basis.*

### ***Other Entities***

*Samaritan Resources, LLC—an Oregon limited liability company that employs environmental services personnel who provide housekeeping services exclusively to GSRMC.*



*Albany General Hospital Foundation (“AGHF”)—an Oregon nonprofit corporation and 501(c)(3) organization that was formed to provide philanthropic support to SAGH.*

*Lebanon Community Hospital Foundation, Inc. (“LCHF”)—an Oregon nonprofit corporation and 501(c)(3) organization that was formed and operates to provide philanthropic support to MVH.*

*Good Samaritan Hospital Foundation, Corvallis (“GSHF”)—an Oregon nonprofit corporation and 501(c)(3) organization that was formed and operates to provide philanthropic support to GSRMC.*

*North Lincoln Hospital Foundation—an Oregon nonprofit corporation and 501(c)(3) organization that was formed and operates to provide philanthropic support to SNLH.*

*FirstCare Health Foundation (“FCH”)—an Oregon nonprofit corporation and 501(c)(3) organization, which owns and operates a medical office building that houses primary care clinics providing medical care to the Albany community. In addition, FCH owns and operates a building that houses certain administrative departments for SAGH.*

*Synergy Surgicalist, Inc. – a Delaware Corporation in which GSRMC has a minority equity interest, that provides orthopedic surgeons to GSRMC to supplement GSRMC’s employed medical staff.*

### ***Joint Venture Entities***

#### ***GSRMC Joint Ventures:***

*Samaritan Endoscopy Center, LLC – GSRMC holds a 20% interest in Samaritan Endoscopy Center, LLC, which has provided outpatient endoscopy services in Corvallis since 2005. The remainder of the ownership interests in the company is held by CE2 LLC, a physician-owned limited liability company.*

*Corvallis MRI, LLC – GSRMC holds a 50% interest in Corvallis MRI, which has provided outpatient MRI services in Corvallis since 1994. The remainder of the ownership interests in the company is held by Corvallis Radiology PC, a professional corporation.*

*Hull Imaging, LLC – GSRMC holds a 60% interest in Hull Imaging, LLC, which provides inpatient and outpatient MRI services in Corvallis on the GSRMC*

*campus. The remainder of the ownership interests in the company is held by the CRAD Imaging Properties, LLC (the “CRAD Company”), a limited liability company.*

*Corvallis Medical Office Building, LLC – GSRMC holds a 54.5% interest in Corvallis Medical Office Building, LLC, which owns a medical office building in Corvallis on the GSRMC campus. The remainder of the ownership interests in the company is held by individual investors.*

*MVH Joint Venture:*

*East Linn MRI, LLC – MVH holds a 60% interest in East Linn MRI, LLC, which provides inpatient and outpatient MRI services in Lebanon on the SLCH campus. The remainder of the ownership interests in the company is held by the CRAD Company.*

*Corporation Joint Ventures:*

*Boulder Falls Properties, LLC – The Corporation is the sole member of Boulder Falls Properties, LLC, which is an Oregon limited liability company that serves as the sole member of Boulder Falls Inn, LLC and a minority member of The Lodges at Lebanon, LLC, BSM Surgery Center LLC, and Synergy Surgeologists.*

## **GOVERNANCE**

### **Governance Structure**

*The Corporation is governed by a self-perpetuating board of directors (the “Corporation Board”) consisting of a minimum of 15 voting members and one non-voting member. The Corporation Board consists primarily of independent community members (“independent” meaning not employees of the Corporation or Samaritan Health System affiliates or practicing physicians on any of the facilities’ medical staffs). Voting members of the Corporation Board consist of: (a) two directors that either currently serve or previously served on the board of directors of GSRMC or GSHF; (b) two directors that either currently serve or previously served on the board of directors of either SAGH or AGHF; (c) two directors that either currently serve or previously served on the board of directors of either MVH or LCHF; (d) three directors serving as representatives of the Episcopal Diocese of Oregon; (e) three at-large directors to be nominated by the Executive and Nominating Committee; (f) one director that either currently serves or previously served on the board of directors of Samaritan Pacific Communities Hospital or*

*Pacific Communities Hospital Foundation; and (g) two directors that either currently serve or previously served on the board of directors of SNLH or North Lincoln Hospital Foundation. The President/CEO of the Corporation is a non-voting director. Each director holds office for a term of three years or until his/her successor is elected or he/she dies, is disqualified, resigns or is removed.*

*The Corporation is the sole corporate member of GSRMC, SAGH, MVH, SNLH and SPCH.*

### ***Reserved Powers***

*Each hospital's bylaws grant certain reserved powers to the Corporation to support its ability to oversee and coordinate the activities of the health system. Although the exact reserved powers may differ over the various hospitals, the reserved powers generally include control over:*

- 1. Any indebtedness for borrowed money or any assumption of debt in excess of an annual aggregate of Five Hundred Thousand Dollars (\$500,000).*
- 2. Any and all mergers, acquisitions (including acquisition of Corporation's interests), consolidations, or reorganizations of or by the entity except gifts and acquisitions of assets with a value of less than Five Hundred Thousand Dollars (\$500,000).*
- 3. Any and all sales or transfers of assets except sales or transfers in the ordinary course of business with a value of less than Five Hundred Thousand Dollars (\$500,000).*
- 4. All decisions regarding expansion or closure of services within the primary service area;*
- 5. Approving an annual capital budget and any expenditure over that budget of more than Two Hundred Fifty Thousand Dollars (\$250,000).*
- 6. Any and all amendments or restatements of the Articles of Incorporation or the bylaws.*
- 7. Election and removal of directors.*
- 8. The allocation of capitation and other integrated payment mechanisms between any of its affiliated corporations.*

9. *Any change in the formal or informal expressions of philosophy or purpose, including the mission statement.*
10. *Creation of any subsidiary or its participation in any business entity, including, without limitation, any corporation, unincorporated association, partnership, joint venture, consortium or cooperative; and*
11. *Any transaction in which a director or officer of the Corporation has a material financial interest.*

### **Corporation Committees**

*The Corporation's bylaws establish several board committees: Executive and Nominating, Audit and Compliance, and Finance. The Executive and Nominating Committee, which consists primarily of the Corporation's officers, as well as the President/Chief Executive Officer, one physician member, and one at large member of the Corporation Board, has the power and authority, as delegated by the Corporation Board and subject to certain enumerated restrictions, to act for the Corporation Board and to research, evaluate and recommend candidates to serve as members of the Corporation Board. The Audit and Compliance Committee has authority to retain and employ, subject to the approval of the Corporation Board, such professional assistance as it finds needed and required to properly audit the books, records, and financial conditions and regulatory compliance of the Corporation and to report its findings to the Corporation Board. No administrative officer of the Corporation may serve on the Audit and Compliance Committee. The Finance Committee has authority to review all financial reports of the Corporation and meets formally to review the financial statements of the Corporation at least quarterly.*

### **MEDICAL SERVICES**

#### **Hospital Based Services**

*Samaritan Health System hospital entities provide the following services:*

*Acupuncture*

*Anesthesia*

*Bariatric Medicine*

*Cardiac Catheterization*

*Pulmonology*

*Respiratory*

*Diabetic/Endocrine*

*Cardiac Rehabilitation*

*Cardiovascular Services*

*Chemotherapy*

*Clinical Education*

*Critical Care:*

- *Emergency*
- *Coronary Care*
- *Post Coronary Care*
- *Intensive Care Units*

*Dialysis:*

- *Hemodialysis (Acute & Chronic)*
- *Continuous Ambulatory Peritoneal Dialysis (CAPD)*

*Enterostomal Therapy*

*Functional Medicine*

*Hospice*

*Infection Control*

*Inpatient Drug & Alcohol Treatment*

*Laboratory*

*Maternal Child Health:*

- *Obstetrics*
- *Labor & Delivery*

*Medical Library*

*Medical Imaging:*

- *Computer Tomography*

*Medical Mobile Lithotripsy*

*Neuromuscular Medicine &  
Osteopathic Manipulation*

*Pacemaker Inserts (Permanent)*

*Pain Management*

*Palliative Care*

*Pastoral Care*

*Patient Relations*

*Pediatric Program- General  
Pediatric Unit*

*Perinatal Program:*

- *Well Baby Nursery*
- *Extended Care Nursery*

*Performance Improvement*

*Pharmacy*

*Physical Medicine:*

- *Physical Therapy*
- *Occupational Therapy*
- *Speech Pathology*
- *Rehabilitation*

*Psychiatric Services:*

- *Psychiatric Adult Services*
- *Psychiatric Child Services*
- *Psychiatric Outpatient Services*
- *Partial Hospitalization*

- *Electrophysiology*
- *Magnetic Resonance Imaging*
- *Mammography*
- *Nuclear Medicine*
- *Positron Emission Tomography*
- *Radiology*
- *Ultrasound*

*Medical Surgical Care:*

- *Orthopedic*
- *General Surgery*
- *Nephrology*
- *Neurology*
- *Neurosurgery*
- *Urology*
- *Oncology*
- *Ophthalmology*
- *Pediatric Medicine*

*Quality Improvement*

*Radiation Oncology:*

- *Image Guided Radiation Therapy*
- *Intensity Modulated Radiation Therapy*
- *Shaped Beam Spiral Computer Tomography*

*Respiratory Care:*

- *Pulmonary Function Testing*
- *Pulmonary Rehabilitation*

*Sleep Disorders Center*

*Social Services*

*Sports Training & Rehabilitation Program*

*Support Groups*

*Surgery*

*TAVR*

*Wound Care*

***Urgent Care and Physician Clinics***

*In addition to its five hospital facilities, Samaritan Health System entities operate five urgent care clinics, an ambulatory surgery center at GSRMC, and more than 80 physician clinics located throughout the system's service area, staffed by Samaritan Health System employed physicians. The urgent care clinics are designed for the treatment of patients in a walk-in family practice clinic, while the physician clinics are designed to treat patients in a primary and/or specialty care setting. In physician clinics, providers evaluate, diagnose, and provide minor surgical treatment. A practitioner in a physician clinic will routinely interact with patients as the primary care or ambulatory care provider. Services include:*

- *General patient examination and care involving observation, assessment, planning, implementation and evaluation.*
- *Ordering, interpreting, and evaluating diagnostic tests (i.e. – pulmonary function testing, laboratory collection of specimens/testing, EKG, cardiac event recordings) to identify and assess patients’ clinical problems and health care needs.*
- *Perform preventive health care counseling and instructs patients and/or families on treatment plans.*

**MEDICAL STAFF**

*In 2018, the Corporation formed the Samaritan Medical Group (“SMG”) to create a single group to employ and provide oversight for the Samaritan Health System’s physicians. Prior to this change, each of the Samaritan Health System’s five hospitals had its own medical group, resulting in clinical variation and redundant administrative functions. The new SMG structure is designed to address these structural inefficiencies, as well as expand patient access and improve quality of care across the system. All of the Samaritan Health System physicians report to the SMG.*

*As of August of 2024, the Samaritan Health System entities employed 438 physicians, who are members of the medical staffs of the Samaritan Health System hospital entities, as well as 113 resident physicians. Employed physicians include specialists in:*

- |                        |                            |                               |                            |
|------------------------|----------------------------|-------------------------------|----------------------------|
| <i>-Nephrology</i>     | <i>-Gastroenterology</i>   | <i>-Obstetrics</i>            | <i>-Rheumatology</i>       |
| <i>-Anesthesia</i>     | <i>-General surgery</i>    | <i>-Occupational medicine</i> | <i>-Primary care</i>       |
| <i>-Bariatric</i>      | <i>-Gynecology</i>         | <i>-Oncology</i>              | <i>-Psychiatry</i>         |
| <i>-Cardiology</i>     | <i>-Hematology</i>         | <i>-Ophthalmology</i>         | <i>-Pulmonary medicine</i> |
| <i>-Cardiothoracic</i> | <i>-Infectious disease</i> | <i>-Orthopedic surgery</i>    | <i>-Radiology</i>          |

*-Emergency  
medicine*

*-Vascular surgery*

*-Pathology*

*-Urology*

*-Endocrinology*

*-Neurosurgery*

*-Physical  
medicine*

*The Corvallis Clinic, which is a for-profit multispecialty, physician-led medical clinic owned by Optum Oregon, a subsidiary of UnitedHealth Group, employs members which serve on the medical staffs of the Samaritan Health System hospital entities. The Corvallis Clinic is based in Corvallis, and also operates satellite clinics throughout the Samaritan Health System’s service area. The remainder of the medical staffs of the Samaritan Health System hospital entities are solo practitioners or members of smaller physician group practices.*

*The Samaritan Health System utilizes a hospitalist programs at each of its five hospital sites to ensure round-the-clock physician coverage for all inpatients. Anesthesia, Radiology, and Emergency Medicine are primarily staffed by independent provider groups which retain physicians on a locum tenens basis from time to time, to provide temporary replacement for regular physician coverage. These locum tenens physicians are added to the respective medical staffs on a short-term basis and are generally removed from the medical staffs upon expiration of their temporary employment.*

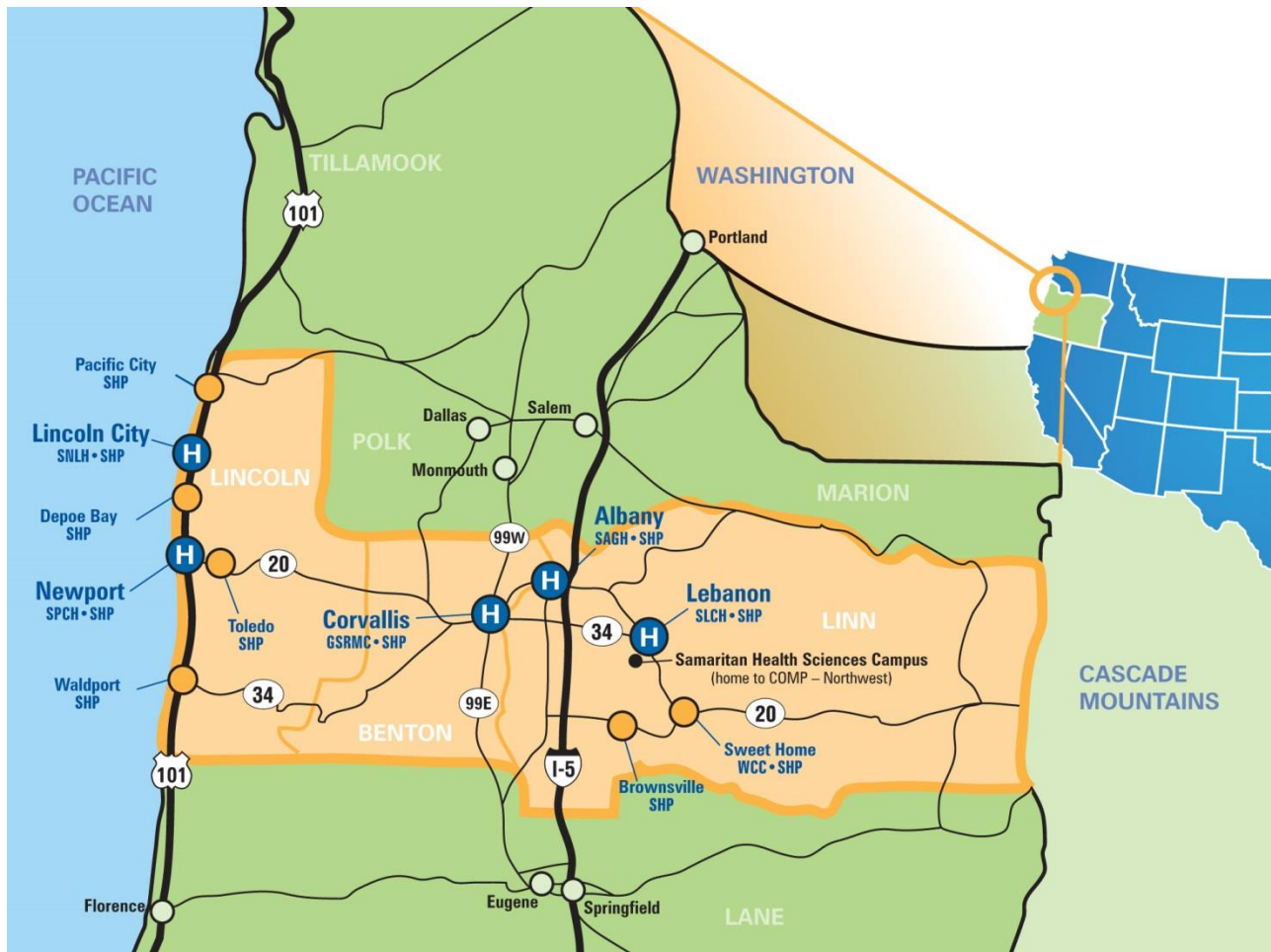
## ***SERVICE AREA***

### ***Description of Service Area***

*Samaritan Health System entities serve an area of west-central Oregon that stretches from the Cascade Mountains in the east to the Pacific Ocean in the west, and centers on the Linn, Benton, and Lincoln counties in the mid-Willamette Valley. See Service Area Map, below. Residents of these three counties constitute more than 90% of the aggregate inpatient discharges from Samaritan Health System facilities. The Samaritan Health System is the sole provider of hospital services in the Samaritan Primary Service Area (the “Samaritan PSA”), which includes the City of Monmouth, in Polk County, and Linn, Benton and Lincoln counties.*



## Service Area Map



*Gold – Samaritan Health System Primary Service Area*

*Green – Samaritan Health System Secondary and Tertiary Service Areas*

*H – Locations of Samaritan Health System hospital facilities*

*SHP – Locations of one or more Samaritan Health System outpatient or urgent care clinics*

### 11. Describe Party B

- a. Describe Party B's business, including business lines or segments.
- b. Describe Party B's governance and operational structure (including ownership of or by a health care entity).

- c. Provide a diagram or chart showing the organizational structural and relationships between business entities.
- d. List all of Party B's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.
- e. Provide financial statements for the most recent three fiscal years. If Party B also operates outside of Oregon, provide financial statements both for Party B nationally and for Party A's Oregon business.
- f. Describe and identify Party B's health care business. Provide responses to i-ix as applicable:
  - i. Provider type (hospital, physician group, etc.)
  - ii. Service lines, both overall and in Oregon
  - iii. Products and services, both overall and in Oregon
  - iv. Number of staff and FTE, both overall and in Oregon
  - v. Geographic areas served, both overall and in Oregon
  - vi. Addresses of all facilities owned and operated using HCMO-1c: Facilities and Locations form
  - vii. Annual number of people served in Oregon, for all business, not just business related to transaction
  - viii. Annual number of services provided in Oregon
  - ix. For hospitals, number of licensed beds

*Santiam Memorial Hospital ("SMH") is an Oregon nonprofit public benefit corporation, which owns and operates a licensed 40 acute care bed general hospital located in Stayton, Oregon. SMH has no members. It has a community board of directors consisting of nine persons. SMH is certified by Medicare and Medicaid as an acute care hospital. SMH is a Type B Hospital in the State of Oregon. SMH also owns and operates six primary care provider-based rural health clinics ("RHCs"). The business lines or segments provided by SMH include hospital inpatient services, hospital outpatient services, and primary care services. Specialist services are provided by SMH in the following specialties: orthopedic, general surgery, internal medicine, OB/GYN, pulmonary, and cardiology through specialty clinics in Stayton, Oregon, and in SMH's licensed hospital as hospital inpatient and hospital outpatient services. Santiam's service area includes Santiam Canyon in Marion County and Partially Linn County, Oregon, including the towns of Turner, Aumsville, Jefferson, Marion, Stayton, Sublimity, Lyons, Mehama, Gates,*

*Mill City, Detroit and Idanha. 40,730 patients have received medical care through 143,142 visits over the past 12 months.*

*Santiam Hospital and Clinics Foundation ("SMH Foundation") is an Oregon nonprofit public benefit corporation. The sole member of SMH Foundation is SMH. SMH Foundation is operated for the benefit and support of SMH and its clinics, including without limitation to support SMH's mission and purposes, and to promote, develop, and raise funds for SMH and its clinics.*

*SMH is governed by a community board of directors consisting of nine directors. SMH Foundation is governed by a community board of directors consisting of a variable board of between five and eleven directors.*

*Diagrams showing the organizational structure and management structure of SMH and SMH Foundation are attached as Exhibit 10.c. Santiam has 656 total staff and 489 FTEs, all located in Oregon.*

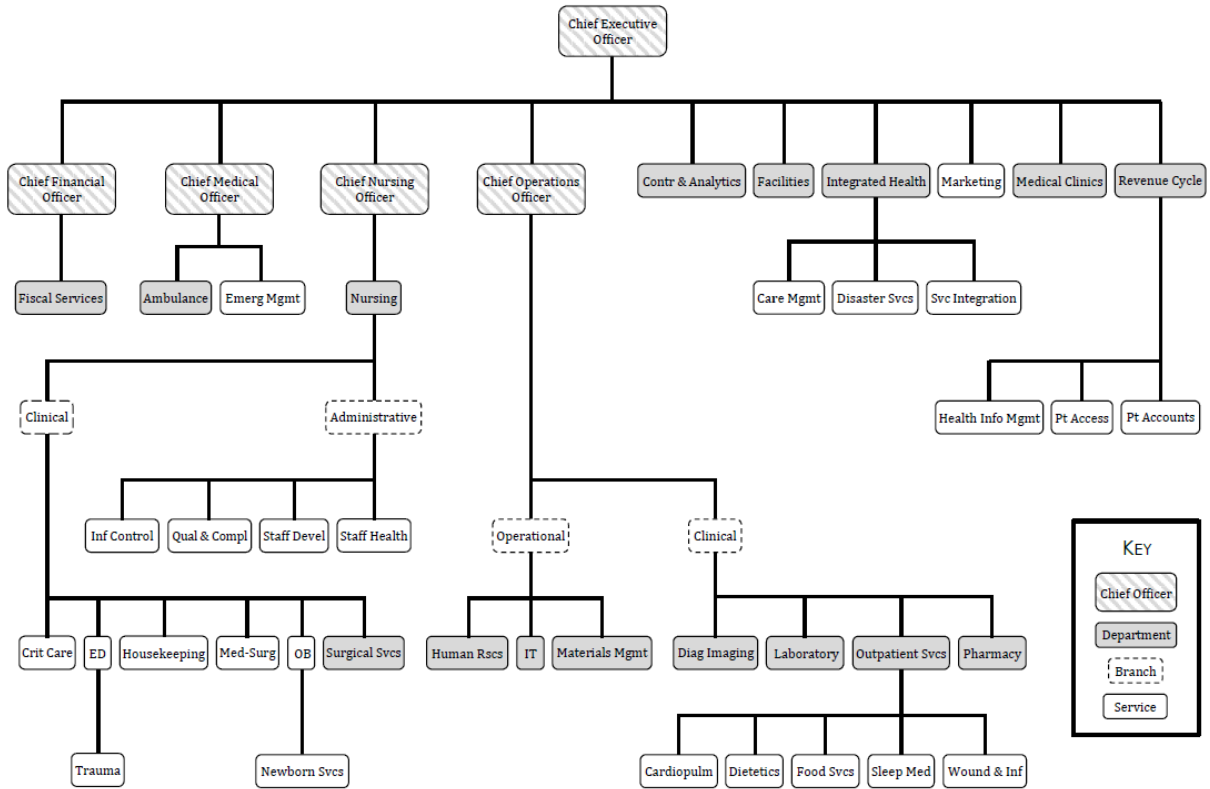
12. Describe all mergers, acquisitions, and joint ventures that closed in the last ten (10) years prior to filing this notice of material change transaction involving any entities party to the current proposed transaction, the same or related services, and health care entities. For each previous transaction, include:
  - a. Legal names of all entities party to the transaction
  - b. Type of transaction
  - c. Description of the transaction
  - d. Date the transaction closed
    - (i) *Dialysis: Total Renal Care, Inc.; Samaritan North Lincoln Hospital. This was a joint venture by the parties to establish an outpatient dialysis and renal care center in Lincoln City, Oregon, effective February 15, 2018.*
    - (ii) *BSM Surgery Center, LLC: DocBSMASC, LLC; Bruce W. Madsen, M.D.; Samaritan Health Services, Inc. This was a purchase of equity by Samaritan into the LLC effective July 1, 2018.*
    - (iii) *Wiley Creek: Sweet Home Senior Living LLC; Mid-Valley Healthcare, Inc. This was the sale by Mid-Valley Healthcare, Inc., of the Wiley Creek Community assisted living facility and associated real property in Sweet Home, Oregon, to Sweet Home Senior Living LLC effective February 5, 2021.*

(iv) *Durable Medical Equipment: Samaritan Health Services, Inc., dba Samaritan Medical Supplies; Norco, Inc. This was the sale by Samaritan Health Services, Inc., dba Samaritan Medical Supplies of its durable medical equipment business to Norco, Inc., effective May 22, 2023. This transaction was approved by HCMO on May 4, 2023.*

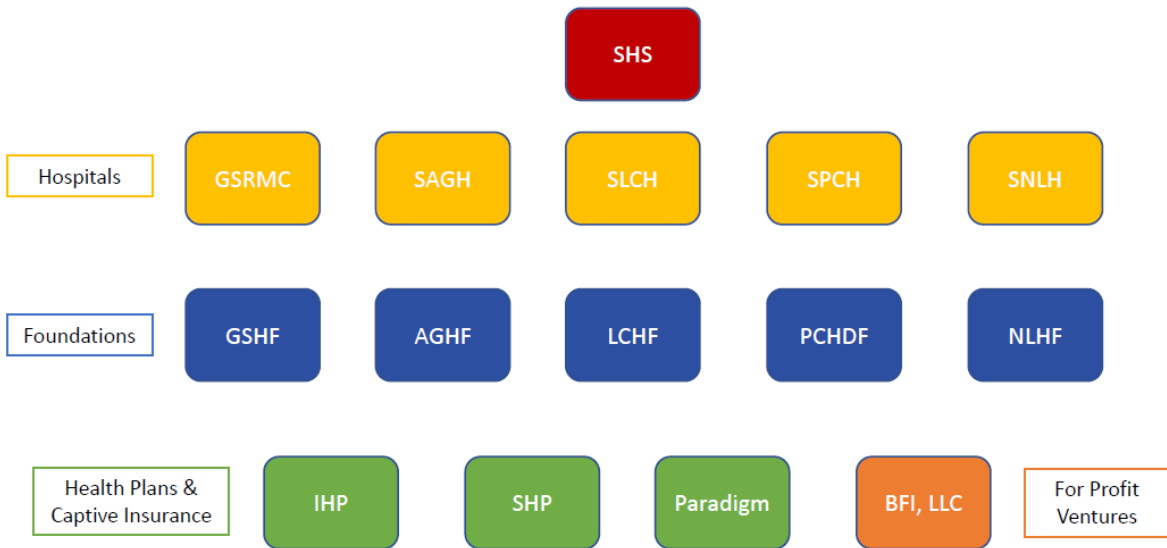
13. Describe any anticipated changes resulting from the proposed material change transaction, including:
- a. Operational structure
    - i. Provide a chart or diagram showing the pre-and post-transaction organizational structure and relationships between the entities.
  - b. Corporate Governance and management
  - c. Investments or initiatives
  - d. Type and level of staffing
  - e. Type and level of services provided
  - f. Number and type of locations
  - g. Geographic areas served
  - h. For providers, payer contracts and payer mix
  - i. For insurance carriers, provider contracts and networks
  - j. Other contractual arrangements, including contracts with suppliers partners, ancillary service providers, PBMs, or management services organizations

*Santiam's pre-transaction organizational chart is as follows:*

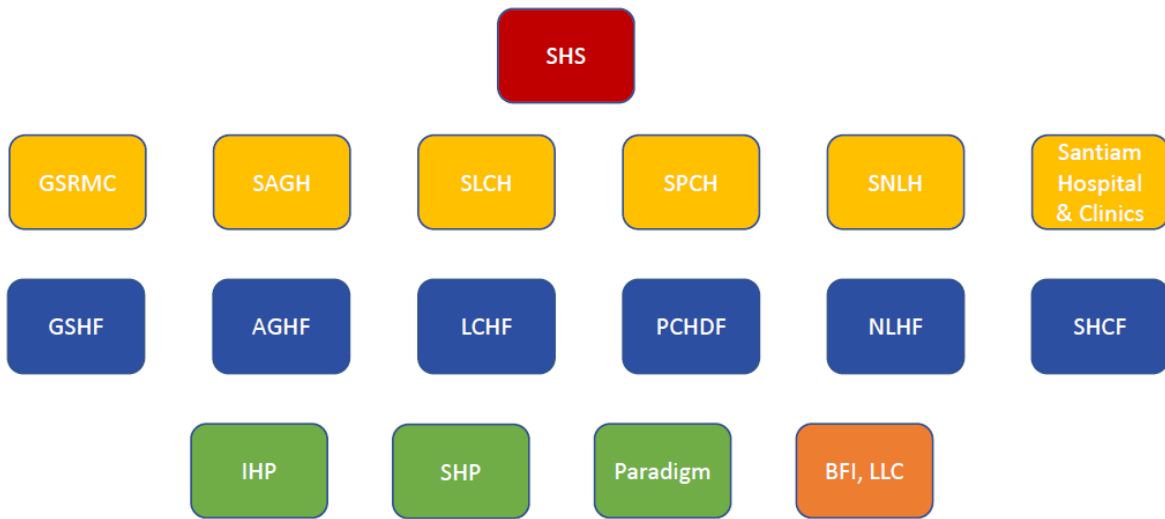
# MANAGEMENT STRUCTURE



*Samaritan's pre-transition organizational chart is as follows:*



*Post transaction operational structure:*



*Santiam’s current Board of Directors will not change, and Samaritan’s Bylaws and Articles of Incorporation will be amended to include two members of Santiam’s board. As described in the response at 6(b)(i), Samaritan will become the sole member of Santiam. As the sole member Samaritan will have certain reserve rights which will be included in Santiam’s updated bylaws.*

*The specific investments and initiatives have been described in the response to 6(b)(vi) above, and more specifically in 6(d) above.*

*The type and level of staffing at Santiam will not change. Samaritan intends to offer employment to all or significantly all current employees of Santiam.*

*Samaritan does not intend to change any providers, services, locations or geographic areas where those services are being provided. In fact, pursuant to Section 10(a) of the Affiliation Agreement, for a period of 5 years following the effective date of the Affiliation Agreement, subject to any conditions of approval by the Oregon Health Authority under the Oregon Health Care Market Oversight Program, Santiam will remain an Oregon nonprofit corporation operating under a general acute care hospital license with the following Service Lines: 24/7 emergency care, trauma services, ICU/CCU care, inpatient and outpatient medical and surgical services, family birth center, women's services (inpatient and outpatient obstetrical*

*and gynecological services), comprehensive diagnostic imaging services, primary care services, and ambulance services, unless approval is obtained from the Santiam Hospital Board to discontinue or change one or more of the Service Lines. We do expect to renegotiate payor contracts with insurers as appropriate, to ensure that Santiam receives the same reimbursement for services that the other Samaritan hospitals receive. Over time, contracts Santiam and Samaritan have with third parties for equipment or services will be evaluated to minimize redundancies and maximize efficiencies.*

14. Describe how the proposed material change transaction will impact the public and people served by the entities in Oregon.

- a. If there are any negative effects, describe how the entities will seek to mitigate negative impacts.

*Santiam and Samaritan are committed to growing the services already provided by Santiam so this transaction will have a significant positive impact for all the communities presently served by Santiam. By joining Samaritan, Santiam will gain access to Samaritan's expansive network of employed healthcare providers, allowing them to expand the conditions they are able to treat within their service area.*

*Santiam will also benefit from the administrative infrastructure of healthcare professionals already employed by Samaritan, allowing Santiam's existing managers and executives to integrate into Samaritan's management and executive teams. Very important operational functions like information security, auditing and compliance, and in-house legal counsel which have largely been too expensive for Santiam's annual budget will now be immediately available to them.*

*The cornerstone benefit of this transaction is that Santiam and Samaritan will partner to ensure that Santiam's long term financial footing allows it to continue to provide exceptional care to the communities it serves, something that is in jeopardy should the transaction fail to close for any reason.*

15. Explain how the proposed material change transaction will:

- a. Impact health outcomes for people in Oregon. Provide applicable data, metrics, or documentation to support your statements.

*Samaritan Health Services and Santiam Hospital & Clinics are a good fit for affiliation, culturally and geographically. Both organizations are well-regarded, non-profit, integrated, locally governed health care delivery*

networks with [similar missions, visions and values](#). Operationally, both organizations will benefit as Santiam gains more direct access to Samaritan's services and infrastructure, while both organizations will have the opportunity to expand access by the community to their services as a result of their combined resources under the proposed affiliation.

The affiliation of Samaritan Health Services and Santiam Hospital & Clinics will positively impact health outcomes for the people of Oregon by stabilizing and strengthening health care delivery in the region, allowing Santiam to stabilize its financial position and maintain Santiam as a viable, locally governed, time-honored and respected institution in the community.

The affiliation will allow both Samaritan and Santiam to better serve patients and the community with shared knowledge, services, programs and infrastructure, including but not limited to the following. (Click on the links for more information, documents, etc.)

- *Enhancing reliability and safety as a High Reliability Organization. Samaritan's focused efforts since 2020 have built a system-wide culture of safety and reliability with daily safety huddles across all patient-care departments, safety and reliability dashboards, increased reporting and robust root cause analysis of safety events and near misses.*
- *Increased, appropriate use of hospital bed capacity for patients of the region, utilizing Santiam Hospital's acute care beds in coordination with Good Samaritan Regional Medical Center, one of only three Level II trauma centers in the state, Samaritan Albany General Hospital, a Level IV trauma center and Samaritan Lebanon Community Hospital, a critical access hospital. Careful coordination and appropriate routing of patients to the right level of care will maintain trauma center bed capacity for the patients who need it most while also increasing direct access to acute care bed capacity for patients of the region.*
- *In addition to collaboration with shared knowledge and application of best practices across service lines such as orthopedics, cardiology, labor and delivery, general surgery, emergency care, etc. the affiliation will enable more direct access for Santiam service area patients to Samaritan's specialty services across an integrated network, including [a full-service heart center](#) that is affiliated with*



*Stanford Health Care, with cardiothoracic surgery, electrophysiology, a coordinated congestive heart failure program and a structural heart program offering advanced procedures including transcatheter aortic valve replacement; [comprehensive cancer care](#) including hematology and oncology, breast and surgical oncology, gynecologic oncology, radiation therapy, chemotherapy and patient navigation and support services; [pediatric hospitalists](#) at Good Samaritan Regional Medical Center; inpatient and outpatient [drug and alcohol treatment and recovery](#) services offering gender-responsive treatment, robust [behavioral and mental health services](#) including psychiatry, child and adolescent services, partial hospitalization and inpatient services; [neurosurgery](#) for the brain and spine, a [weight management institute](#) featuring medical weight management and bariatric surgery; [hospice and palliative care](#), including an inpatient hospice house; the state's first [sexual assault nurse examiner](#) center; and other specialty services such as sleep medicine, endocrinology, nephrology, rheumatology, urology, infectious disease, occupational medicine, podiatry, robotic-assisted surgery; advanced wound care including [hyperbaric medicine](#); integrated inpatient and community retail [pharmacy services](#) and more.*

- *Access to Samaritan's [same-day and virtual care](#) offerings, including walk-in clinics, SamCare Express, MyChart E-Visits and KeyCare video visits.*
- *Combining the two organizations' medical groups of employed clinicians. Santiam's 70 employed clinicians would join with Samaritan's 438 employed clinicians and 113 resident physicians for shared governance, learnings and application of best practices to optimize patient care and clinician satisfaction.*
- *Sharing in the potential success of efforts to increase access to primary care. Samaritan Medical Group's recent capacity management project has standardized and opened up patient scheduling, helping patients access the right care at the right time at the right location. Patients can schedule with any clinician with an appropriate opening if their primary care provider is unavailable.*
- *Sharing in the benefits of Samaritan's Graduate Medical Education program, the second largest GME program in the state. Samaritan's [GME programs](#) in the fields of internal medicine, family medicine, family medicine rural training, psychiatry, psychology, cardiology,*

*general surgery, orthopedic surgery, dermatology and sports physical therapy are designed to create a legacy of quality physicians and lifelong learners through a rigorous academic program integrated with clinical practice. Teaching hospitals and clinics keep all care providers up to date on scientifically based best practices in health care, benefitting patients in real time, while growing the next generation of clinicians for our region and beyond.*

- *Access to [clinical trials and research](#) conducted by Samaritan.*
- *Sharing Samaritan's electronic medical record infrastructure, which utilizes the Epic platform already familiar to Santiam Hospital & Clinics, as well as benefitting clinicians and patients with a clinical informatics team dedicated to optimizing the medical record for ease of use for both clinicians and patients as well as for the best-possible patient outcomes.*
- *Shared value-based care and quality improvement infrastructure to help both organizations improve patient care and population health and meet regulatory requirements.*
- *Collaboration on the management and metrics tracking associated with the Patient Centered Primary Care Home program of the state of Oregon, with the shared value-based care and quality improvement infrastructure.*
- *Access to the expertise of [Samaritan Health Plans](#) and the [InterCommunity Health Network Coordinated Care Organization](#), which serves Oregon Health Plan patients of Benton, Lincoln and Linn counties.*
- *Combined [Samaritan Health Services](#) and [Santiam Hospital & Clinics](#) community benefit (a combined total of more than \$186,000,000 in 2023) in free health care and health care services of non-profit community based organizations.*
- *Investment by Samaritan to benefit Santiam Hospital & Clinics with contributions to unrestricted funds, equipment, furnishings, infrastructure, construction and maintenance, construction of a new medical office building in Stayton and assumption by Samaritan of the remainder of Santiam's debt, freeing up funds for health care delivery in the region served by Santiam. Santiam will realize short- and long-term financial benefit, as detailed in section 17 of this application.*

- *Santiam Hospital & Clinics' [ambulance and medical transport](#) infrastructure and expertise will address one of Samaritan's biggest challenges, patient transport.*

- b. Benefit the public good by reducing the growth in health care costs. Provide applicable data, metrics, or documentation to support your statements.

*Some health care cost growth is to be expected as costs increase across the health care sector nationwide. Following the COVID-19 pandemic, health care costs have increased due to inflation in goods and services, as well as wage increases. Samaritan and Santiam do not anticipate additional cost growth beyond national and statewide trends. Affiliation of Samaritan Health Services and Santiam Hospital & Clinics will benefit the public good while maintaining expected cost growth. It will be imperative to continue to manage costs in the face of expected and unforeseen economic pressures. These efforts will be balanced with strategic investments to increase services and access to care, to fulfill the missions of each organization and improve health care equity. See Section 6(d) for planned investments in Santiam Hospital & Clinics. The affiliated organizations will continue to manage costs with the following.*

- *Sharing of administrative infrastructure, including accounting, information services, human resources, patient financial services, professional development, legal and compliance, marketing and communications, project management and more.*
- *Increased ability of the combined organizations to negotiate with payors for fair and adequate compensation to drive the mission of building healthier communities.*
- *Increased ability of the combined organizations to negotiate better prices for services, materials and supplies, pharmaceuticals, etc.*

- c. Benefit the public good by increasing access to services for medically underserved populations. Provide applicable data, metrics, or documentation to support your statements.

*The affiliation of Samaritan Health Services and Santiam Hospital & Clinics is expected to increase access for inpatient care across the region as well as access to specialty care within the integrated health care network for patients in Santiam's service areas. These benefits will be realized by all*

*patients of the region, and especially medically underserved populations, as both organizations operate non-profit hospitals that do not turn away patients for inability to pay.*

*According to the National Institute for Health Care Management, [80% of rural America is medically underserved](#). Much of Santiam's service area is rural, and the eastern portion of the service area (Mill City/Gates) is included on the [Oregon Office of Rural Health's 2024 Areas of Unmet Health Care Need Scores by Service Area Map](#) with a below-average score of 38, compared with the average score of 49.7 for the state.*

*The affiliation will benefit underserved patients in all the ways listed in section 15-a. above, including but not limited to the following.*

- Shared value-based care and quality improvement infrastructure to help both organizations improve patient care and population health and meet regulatory requirements.*
- Collaboration on the management and metrics tracking associated with the Patient Centered Primary Care Home program of the state of Oregon, with the shared value-based care and quality improvement infrastructure.*
- Shared focus on preventive care and appropriate use of the spectrum of care, providing the right care at the right location at the right time.*
- Planned investments by Samaritan, which demonstrate commitment to increasing access for the community, including medically underserved. Investment by Samaritan will benefit Santiam Hospital & Clinics with contributions to unrestricted funds, equipment, furnishings, infrastructure, construction and maintenance, construction of a new medical office building in Stayton and assumption by Samaritan of the remainder of Santiam's debt, freeing up funds for health care delivery in the region served by Santiam.*
- Increased access to specialties detailed above in 15-a.*
- Shared infrastructure and services to ensure equitable care for the medically underserved, including qualified interpreters, patient navigation, [patient experience](#) coordinators and [Patient and Family Advisory Councils](#).*
- Coordinated patient transfers between hospitals to ensure the right level of inpatient care is available to each patient.*

d. Benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services. Provide applicable data, metrics, or documentation to support your statements.

- *The shared value-based care and [quality improvement](#) infrastructure will have access to a wider set of data from which to glean information about areas of need and track progress in areas on inequities.*
- *The shared value-based care and quality improvement infrastructure will realize increased potential to serve a wider population with preventive care, value-based care and population health efforts.*
- *The shared value-based care and quality improvement infrastructure will realize increased ability for collaboration on patient-care quality measures associated with the management and metrics tracking associated with the Patient Centered Primary Care Home program of the state of Oregon.*
- *Samaritan and Santiam will be able to collaborate on [Diversity, Equity and Inclusion plans](#), programs and initiatives, including data collection and use; awareness, education and training; culturally and linguistically appropriate care and service; community engagement and recruitment and retention.*
- *Increased, combined abilities to maximize [community benefit activities](#) across the region, such as charity care for people who are unable to pay, community health improvement activities such as education events, immunizations for low-income children, free or low-cost health screenings and transportation assistance; health research and clinical trials; health professions education; and cash and in-kind contributions to individuals or non-profit groups in the community.*
- *Increased charity care for some patients. Samaritan's charity care policy provides for a 100% Financial Assistance Adjustment Percentage for patients with income from 0-250% of the Federal Poverty Level, 75% for those at 251-300% and 60% from 301-400%. Santiam's current adjustment for those at 301-400% is 55%, so patients at that level will receive 5% greater adjustment.*

- e. If the transaction will not benefit the public good as described in b-d, explain why this proposed material change transaction is in the best interest of the public.

*Not applicable. As detailed in the responses to this Section 15, the proposed transaction will benefit the public good and is in the best interest of the public.*

16. Describe any competitive effects that may result from the proposed material change transaction.

- a. Will the proposed material change transaction result in a decrease in competition?

- i. If yes, describe any anticompetitive effects that will result from the proposed transaction.
- ii. If yes, describe any plans to mitigate potential anticompetitive effects, including any divestiture plans.
- iii. Provide applicable data, metrics, or documentation to support your statements

*No, the proposed transaction will not result in a decrease in competition. While the primary service area for Santiam and Samaritan are geographically contiguous, Samaritan does not compete with Santiam in any material way. Current Santiam patients and medical care providers will continue to be Santiam patients and providers. Santiam will, however, be able to benefit from being part of a larger system, including negotiating with third parties for equipment and services.*

*Santiam's patients primarily reside in Linn County and Marion County and this transaction will have no impact to those members seeking medical care. The Linn County residents are and will remain members of Samaritan's coordinated care organization and the Marion County residents are and will remain part of the PacificSource coordinated care Organization.*

17. Describe the proposed material change transaction's impact on the financial stability of any entity involved in the transaction.

*As shown by the tables below, when Santiam joins Samaritan and is able to be included under Samaritan's contractual reimbursement rates, Santiam will realize a short term and long-term financial benefit from the transaction allowing for continued investment and expansion of services within their respective service areas.*

## Professional Analysis Results

The below table represents the result for each Professional scenario.

PROFESSIONAL SCENARIOS				
Scenario	Current Est. Reimb	Projected Est. Reimb	Change \$	Change %
BASELINE <sup>1</sup>				0.0%
PRIMARY COMPARISON <sup>2</sup>				8.5%
SHORT TERM COMPARISON <sup>3</sup>				0.3%
LONG TERM COMPARISON <sup>4</sup>				11.2%

<sup>1</sup>Baseline Comparison = This represents [Santiam's](#) current estimated reimbursement for Contracted Commercial and Medicare Advantage Payers using [Santiam's](#) contract terms and current pricing.  
<sup>2</sup>Primary Comparison = This represents [Santiam's](#) estimated reimbursement for Contracted Commercial and Medicare Advantage Payers using Samaritan contract terms and current pricing.  
<sup>3</sup>Short Term Comparison = This represents [Santiam's](#) estimated reimbursement for Contracted Commercial and Medicare Advantage Payers using Santiam contract terms and Samaritan pricing.  
<sup>4</sup>Long Term Comparison = This represents [Santiam's](#) estimated reimbursement for Contracted Commercial and Medicare Advantage Payers using Samaritan contract terms and Samaritan pricing.

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# Combined System Financial Model: Summary Results

Based on preliminary analysis, the combined system would allow for continued investment in critical services and support growth of both Samaritan Health Services and Santiam Hospital & Clinics. The combined system will provide continued quality healthcare access to its shared communities.

### Samaritan

Dollars (in millions)	12/31/2022	12/31/2023	TTM 4/30/2024	Year 1	Year 2	Year 3	Year 4	Year 5
Total Operating Revenue								
Total Operating Expenses								
<b>Operating Income</b>								
Operating Margin Percentage								
Days Cash and Investments on Hand								

### Santiam

Dollars (in millions)	12/31/2022	12/31/2023	TTM 4/30/2024	Year 1	Year 2	Year 3	Year 4	Year 5
Total Operating Revenue								
Total Operating Expenses								
<b>Operating Income</b>								
Operating Margin Percentage								
Days Cash and Investments on Hand								

### Combined System

Dollars (in millions)	12/31/2022	12/31/2023	TTM 4/30/2024	Year 1	Year 2	Year 3	Year 4	Year 5
Total Operating Revenue								
Total Operating Expenses								
<b>Operating Income</b>								
Operating Margin Percentage								
Days Cash and Investments on Hand								