

Health Care Market Oversight (HCMO) Program

HCMO-1: Notice of Material Change Transaction

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General Instructions

Pursuant to Oregon Revised Statute (ORS) 415.501, an entity to a material change transaction must submit a Notice to the Oregon Health Authority (OHA) notifying OHA of such transaction. This form must be used to comply with this statutory mandate.

You must file this Notice electronically with OHA, in a portable document form (pdf), by email to hcmo.info@oha.oregon.gov **no less than 180 days** before the expected closing date of your material change transaction.

The Notice is not complete until all required information is satisfactorily provided, and the 180-calendar day pre-merger period will not run until OHA deems the Notice complete. To avoid delays to your transaction, due diligence is required to complete this form correctly. Please apply Bates numbering to all confidential documents submitted with the Notice. Please include the applicable Bates number sequence on all redaction logs. The Notice will be published and serve as notice to the public. Contact program staff with any questions or to request technical assistance at hcmo.info@oha.oregon.gov.

Who must file a Notice

Under ORS 415.501, an entity entering into a transaction that constitutes a material change must submit written notice to OHA of such material change.

A material change transaction includes:

- A. A transaction in which at least one party had average revenue of \$25 million or more in the preceding three fiscal years and another party:
 - i. Had an average revenue of at least \$10 million in the preceding three fiscal years; or
 - ii. In the case of a new entity, is projected to have at least \$10 million in revenue in the first full year of operation at normal levels of utilization or operation as prescribed by the authority by rule.

Out-of-state entities

If a transaction involves a health care entity in this state and an out-of-state entity, a transaction that otherwise qualifies as a material change transaction must submit this Notice if the transaction may result in increases in the price of health care or limit

access to health care services in this state. See [OHA Guidance on Out-of-State Entities](#).

Confidentiality

Information on this Notice form shall be a public record and will be posted on OHA's website. Pursuant to ORS 415.501(13), OHA shall maintain the confidentiality of all confidential information and documents that are not publicly available that are obtained in relation to a material change transaction and may not disclose the information or documents to any person without the consent of the person who provided the information or document. Information and documents described in this paragraph are exempt from disclosure under Oregon Public Records Law (ORS 192.311 to 192.478).

Entities must follow the requirements of Oregon Administrative Rule (OAR) 409-070-0070 when designating portions of a Notice and any documents submitted by the applicant in support of the Notice as confidential. See [OHA Use of Confidential Information Guidance](#).

Definitions

"Acquisition" occurs when:

- a) Another person acquires control of the health care entity including acquiring a controlling interest as described in OAR 409-070-0025;
- b) Another person acquires, directly or indirectly, voting control of more than fifty percent (50%) of any class of voting securities of the health care entity other than a domestic insurer as described in OAR 409-070-0025(1)(c);
- c) Another person acquires all or substantially all of the health care entity's assets and operations;
- d) Another person undertakes to provide the health care entity with comprehensive management services; or
- e) The health care entity merges tax identification numbers or corporate governance with another entity.

"Legal entity name" means legal business name as reported with Internal Revenue Service.

"Merger" means a consolidation between two or more organizations, including two or more organizations joining through a common parent organization or two or more organizations forming a new organization.

"NPI" means 10-digit National Provider Identification number issued by the Centers for Medicare and Medicaid Services (CMS).

"Tax ID" means 9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the Internal Revenue Service.

"Transaction" means:

- a) A merger of a health care entity with another entity;
- b) An acquisition of one or more health care entities by another entity;
- c) New contracts, new clinical affiliations and new contracting affiliations that will eliminate or significantly reduce, as defined by the authority by rule, essential services (see [Essential Services and Significant Reduction](#) guidance);
- d) A corporate affiliation involving at least one health care entity; or
- e) Transactions to form a new partnership, joint venture, accountable care organization, parent organization or management services organization.

Additional defined terms can be found at ORS 415.500 et seq. and OAR 409-070-0000 to -0085.

I. Parties to the proposed transaction

List the entity name for all parties to the proposed transaction. Add extra rows as needed for additional parties.

Party A (Applicant)	Willamette Valley Hospice, Inc
Party B:	Chapters Health System, Inc.

Click or tap here to enter text.

II. Contact information for the parties

Provide contact information for the proposed transaction, as requested below.

1. Provide information for Party A.

Legal entity name	Willamette Valley Hospice, Inc
Assumed name	Willamette Vital Health
Tax ID	93-0738493
Mailing address	1015 3 rd Street NW, Salem, OR 97304
Website	www.wvh.org/
Contact Name	Iria Nishimura
Title	CEO
Phone	503 588 3600
Cell Phone	██████████
Email	iria.nishimura@wvh.org

Is Party A represented by legal counsel for this transaction?

☒ Yes

☐ No

Provide information regarding Party A's legal counsel, if applicable.

Name	Wayne A. Kinkade
Firm	Saalfeld Griggs PC
Address	Park Place, 250 Church St SE #200, Salem, OR 97301
Phone	503 399 1070
Email Address	wkinkade@sglaw.com

2. Provide information for Party B.

Legal entity name	Chapters Health System, Inc.
Assumed name	N/A
Tax ID	59-2264957
Mailing address	12470 Telecom Drive, Suite 301, Temple Terrace, Florida 33637
Website	https://www.chaptershealth.org/
Contact Name	Andrew K. Molosky
Title	President and CEO
Phone	813-871-8111
Cell Phone	Please use number above
Email	AMolosky@Chaptershealth.org

Is Party B represented by legal counsel for this transaction?

☒ Yes

☐ No

Provide information regarding Party B's legal counsel, if applicable.

Name	Dale S. Webber
Firm	Buchanan Ingersoll & Rooney PC
Address	401 E. Jackson Street, Suite 2400, Tampa, FL 33602-5236
Phone	813 222 8187
Email Address	dale.webber@bipc.com

For any additional Parties, please provide a supplemental attachment describing the information requested in Section 2.

3. Provide a billing contact for payment of review fees.

Name	Iria Nishimura
Address	1015 3 rd Street NW, Salem, OR 97304
Phone	[REDACTED]
Email Address	iria.nishimura@wvh.org

III. About the proposed transaction

4. Provide the type of material change transaction. (See OAR 409-070-0010 for definitions of transactions subject to review.)

☐ Merger

☐ Acquisition

☒ Affiliation

☐ Contract

☐ Other (specify)_____

5. What is the anticipated effective date of the proposed material change transaction? At a time to be mutually designated in writing by the parties immediately following receiving all required governmental approval of the transaction.

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

a. Goals and objectives

Willamette Valley Hospice, Inc. ("WVH") is experiencing income and cost pressures due to recent economic changes. Staffing and overhead costs have increased while reimbursement remains flat. WVH explored options for reducing its costs to maintain its services and determined that an affiliation with Chapters Health Systems, Inc., a Florida not for profit hospice provider ("Chapters"), was likely to provide increased stability and enhanced provider systems. The parties' objectives are to maintain WVH's hospice services, increase efficiency, and enhance care through the use of Chapters' tools, best practices, services, fundraising network, and other supports.

b. Summary of transaction terms

Chapters will become the sole member of WVH upon the satisfaction of all closing conditions, including obtaining all regulatory consents and approvals. As such sole member, Chapters will hold certain reserved governance powers relative to WVH as set forth in Article XIII of the proposed Amended and Restated Bylaws of WVH (attached to the Affiliation Agreement as Exhibit 2.2B). Except for the reserved governance powers held by Chapters, WVH's operations and affairs will continue to be governed by WVH's Board of Directors. The material change transaction will result in few changes to the current composition of WVH's Board of Directors. The individuals serving on the WVH Board at the time of the closing of the material change transaction are expected to continue to serve on such Board after the closing. After the closing, the Chairperson of such Board will be an individual who served on the WVH Board immediately prior to the closing. To help facilitate the integration of WVH into the Chapters health system, the Chapters President/CEO, Chapters Chief Administrative Officer and Chapters Chief Financial Officer will be added to the post-closing WVH Board of Directors. These same Chapters officers will become the officers of WVH. The individual currently serving as the WVH Chief Executive Officer will remain in that position after the Closing.

WVH and Chapters are both tax-exempt public benefit entities and no monetary consideration is included in this material change transaction.

To ensure that the charitable assets of WVH continue to be used for the benefit of the citizens residing in WVH's service area, WVH's assets and operations are restricted from being used outside of Oregon. [REDACTED]

c. Why the transaction is necessary or warranted

WVH's operations and fundraising have begun operating at a loss due to changes in staffing costs following the global COVID-19 epidemic. WVH's investment assets have partially counterbalanced those losses due to unusually high returns. [REDACTED]

[REDACTED] Based on WVH's projections, unless overhead expenses are further reduced its current level of services will not be sustainable. WVH's operations

are already limited due to its inability to maintain staffing levels necessary to meet its planned patient count.

The parties anticipate that WVH will benefit significantly from Chapters' support services that will be made available to WVH after the closing. These services include financial and accounting; information and telecommunications; regulatory and corporate compliance; human resources; marketing, communications and public affairs; legal; facilities management; development and fundraising; chief medical officer support; and executive management and consulting. As the post-closing integration process moves forward, Chapters will offer to include WVH in Chapters' corporate level shared service contracts, [REDACTED]

[REDACTED] Due to the lower cost of these services than those typically available on the market, these efficiencies are expected to result in lower post-Closing operational costs for WVH, which means more resources will be available to support programs and services focused on patient care.

After the closing, Chapters will work with WVH to develop additional health services in WVH's geographic market that supplement those services now provided by WVH. Chapters and WVH will evaluate opportunities for such expanded services taking into account Chapters' significant experience providing expanded services in other geographic markets. With WVH's affiliation, Chapters will form an advisory board for its affiliates in California, Nevada, and Oregon to guide Chapters' relationship with the western hospices and focus on the issues relevant to those hospices' legal and cultural frameworks.

- 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 remuneration in exchange for, or in any way related to, the provision of health care services).

Following the consummation of the material change transaction, Chapters will provide WVH with certain administrative services. WVH will pay Chapters for these administrative services. The intention is that WVH will receive services from Chapters at a lower price than what WVH currently pays for those same services. No other consideration is being paid by Chapters to WVH.

WVH may, at the election of its Oregon-based board of directors, transfer its investment funds to Chapters' affiliated foundation. Such transfer would be structured as a restricted gift to be used only for nonprofit healthcare in Oregon.

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

WVH sought to identify a solution to its financial concerns and determined affiliation would be the most likely to have long term positive outcomes. WVH selected Chapters for affiliation after a review of WVH's options. The parties entered into a Letter of Intent and underwent a significant due diligence process wherein both parties reviewed the operations and financials of the other party. Based on negotiations and the due diligence review, the parties entered into an Affiliation 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.)

In 2023, WVH's Board of Directors and agency leadership team developed a strategic plan to address financial viability, readiness for reimbursement changes, and service integration. Recognizing the challenges faced by non-profit hospices, WVH prioritized seeking affiliation and partnership opportunities that would ensure long-term sustainability while maintaining its mission-driven focus.

Exploration and Selection Process:

1. Initial Collaboration:

In April 2023, WVH joined discussions with other non-profit hospices facing similar financial and operational challenges. This group recognized the need for innovative solutions and new partnership models to secure their futures.

2. Engaging Experts:

The group of non-profit hospices, including WVH, engaged Healthsperian LLC, a healthcare strategic planning consultancy based in Washington, D.C., to facilitate the work of the group with a goal to evaluate partnership structures and assess options for long-term viability. From fall 2023 to spring 2024, WVH participated in meetings to analyze various non-profit hospice partnership models across the United States.

3. Determination of Sole Member Affiliation:

By early spring 2024, based on published, documented analyses, sole member affiliation emerged as the most viable option. This model allowed for maintaining WVH's mission while leveraging resources, scale, and expertise from a larger partner.

After interviewing several potential sole member affiliations, the group identified Chapters Health System, Inc., the largest non-profit hospice system, as the best fit. Chapters Health demonstrated alignment in mission, values, and operational goals.

Key Milestones in the Affiliation Process:

- **April 16, 2024:** WVH Board representatives met with Chapters Health leadership to confirm shared missions and explore the feasibility of affiliation.
- **May 24, 2024:** WVH Board authorized the CEO to sign a non-binding Letter of Intent with Chapters Health System.
- **July 8–9, 2024:** A two-day meeting in Tampa, Florida, brought WVH leadership together with Chapters Health to deepen understanding of culture, mission, and strategic goals.
- **October 3, 2024:** Following an extensive due diligence process, WVH's Board unanimously approved a motion for the CEO to sign an affiliation agreement with Chapters Health System.
- **October 28, 2024:** After final revisions, the affiliation agreement was executed.

- b. Any due diligence performed by any of the parties to the transaction. Provide any products, reports, or analyses resulting from due diligence processes.

The parties performed typical due diligence review in an affiliation, reviewing each others' contracts, financial records, legal history, obligations, licensing, and history of operations. The following products, reports and analyses were produced (see Exhibit 7(b)):

- A. Chapters' Diligence Review Memorandum;
- B. WVH's affiliation assessment discussion with Chapters' board and executives;
- C. WVH's financial consultant's review of potential impact of affiliation;
- D. WVH's consultant presentation; and
- E. WVH's healthcare consultant's summary of WVH's concerns and recommendations for solutions.

8. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

☒ Yes

☐ No

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.

As required, the parties to the material change transaction will file form HCMO-1 and the related attachments and exhibits with the Oregon Department of Justice, Charitable Activities Section.

- a. If a pre-merger notification was filed with the Federal Trade Commission or U.S. Department of Justice, please attach the pre-merger notification filing along with this notice submission.

N/A

IV. About the entities involved in the proposed transaction

10. Describe Party A.

WVH is a nonprofit 501(c)(3) tax exempt hospice provider in West Salem, Oregon, serving around 1000 patients each year. WVH's mission is providing innovative, personalized, and compassionate care to patients and families facing serious illness. WVH supplies its community with comprehensive hospice care services, supportive care for pain & symptom management for those with serious illness, and grief support. WVH supports diversity, committing to fostering spaces where all feel respected, heard, valued, and supported. WVH's practice is to (i) take all patients regardless of ability to pay and (ii) provide enhanced hospice services including spiritual therapy, music therapy, animal therapy, and respite. WVH is served by nearly 100 volunteers who help to provide WVH's respite services.

- a. Describe Party A's business, including business lines or segments

As a nonprofit hospice provider, WVH provides hospice services to patients in the mid-Willamette Valley regardless of the ability to pay. WVH primarily provides hospice services through home visits, but has a small number of housing on site. Supporting services include grief support, music therapy, spiritual therapy, art therapy, animal therapy, respite services provided by volunteers, massage therapy, and pet placement.

- b. Describe Party A's governance and operational structure (including ownership of or by a health care entity)

WVH is a nonprofit public benefit hospice provider that is governed by a board of local community members. The board appoints officers and a CEO to operate WVH.

- c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

See attached Exhibit 10(c).

- 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.

WVH is the sole Party A operating in Oregon.

- 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.

See attached Exhibit 10(e).

- f. Describe and identify Party A's health care business. Provide responses to i-ix as applicable:

WVH is a 501(c)(3) tax-exempt, nonprofit corporation providing primarily home hospice care to the mid-Willamette Valley.

- i. Provider type (hospital, physician group, etc.)

Hospice

- ii. Service lines, both overall and in Oregon

Hospice care

- iii. Products and services, both overall and in Oregon

Hospice care, home-based supportive/palliative care, spiritual counseling, art therapy, music therapy, massage therapy, pet placement services, and adult foster care.

- iv. Number of staff and FTE, both overall and in Oregon

118 employees and 106 FTE overall and in Oregon.

- v. Geographic areas served, both overall and in Oregon

The Counties of Marion, Polk, and parts of Yamhill, Clackamas, Linn and Benton, State of Oregon.

- vi. Addresses of all facilities owned or operated using [HCMO-1c: Facilities and Locations form](#)

See attached HCMO-1c: Facilities and Locations form.

- vii. Annual number of people served in Oregon, for all business, not just business related to transaction

946 for the year of 2023

- viii. Annual number of services provided in Oregon

Provided in 2023:

Routine Home Care	67,749 (visits)
Impatient Respite	29 (days)
General Inpatient	27 (days)
Continous Home care	4 (days)
Total	67,809

- ix. For hospitals, number of licensed beds
Not applicable.

11. Describe Party B.

Chapters is a premier health system solution and partner for addressing today's personal, social and financial healthcare issues. The organization is on a quest to redefine care for those with demanding health conditions and help families enjoy a better quality of life long before the end. Through the combination of a business model across the continuum of care, operational enhancements that leapfrog competitors and a brand position that redefines how we think about healthcare needs, Chapters seeks to become the provider of choice in every region it serves.

Open communication for the more than 3,500 Chapters team members is evidenced by the successful participation in the Great Place to Work Survey. In 2024, the survey yielded resounding results for employee trust and satisfaction, securing the Great Place to Work accolade for the seventh consecutive year. In addition, Chapters was honored with the 2023 Top Workplace USA award by Energage, validated by 15 culture drivers crucial for organizational success. Additionally, Chapters has earned recognition for work-life flexibility for two consecutive years.

Chapters is a charitable organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

- a. Describe Party B's business, including business lines or segments

Chapters is the largest not-for-profit chronic illness management and hospice organization in the country. Chapters currently provides hospice and palliative care through its affiliated hospice organizations operating throughout Florida, as well as in Georgia, Virginia, Maryland and Washington D.C.

Chapters is dedicated to delivering innovative care throughout chronic illness progression and beyond. The organization offers choices in palliative medicine, hospice care, grief services and a medical staffing company and pharmacy via affiliate companies.

Grief services provide support to family members and friends navigating the loss of a loved one, while Chapters' Centers for Wellbeing offer behavioral health counseling to individuals facing various life challenges. Additionally, PACE Centers provide older

clients with a comprehensive, conveniently located healthcare solution. Chapters' Center for Health Equity is dedicated to ensuring equitable advanced illness care for all regardless of race, ethnicity or sexual orientation. A medical staffing company and pharmacy help increase efficiencies across Chapters' footprint of affiliated healthcare organizations.

Chapters also offers unique services to patients and their families such as children's bereavement camps, the Valor Program honoring Veterans and First Responders, and robotic pet therapy. Through a variety of unique resources, culture shifts, technology and a strong team that believes in the power of change, Chapters is transforming care in the communities served.

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

Chapters is a Florida not for profit corporation without Members that is governed by a self-perpetuating Board of Directors.

- c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

See attached Exhibit 11(c).

- 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.

Chapters does not operate in Oregon.

- e. Provide financial statements for the most recent three fiscal years. If Party B operates outside of Oregon, provide financial statements both for Party B nationally and for Party B's Oregon business.

See attached Exhibit 11(e).

- f. Describe and identify Party B's health care business. Provide responses to i-ix as applicable.

Chapters does not provide health services itself. It serves as a parent company to nonprofit hospices and related healthcare providers.

- i. Provider type (hospital, physician group, etc.)

None, but its affiliates are hospices.

- ii. Service lines, both overall and in Oregon

Overall its affiliates are involved in the following service lines: Hospice, pharmacy, staffing services, palliative care services, behavioral health services, PACE, and primary care services.

Oregon: None.

- iii. Products and services, both overall and in Oregon

Overall its affiliates provide the following products and services: Hospice, pharmacy, staffing services, palliative care services, behavioral health services, PACE, and primary care services.

Oregon: None.

- iv. Number of staff and FTE, both overall and in Oregon

Chapters has 605 FTE. Chapter and its affiliates have 3428 FTE.

Oregon: None.

- v. Geographic areas served, both overall and in Oregon

Affiliates serve Florida, Georgia, Virginia, Maryland and District of Columbia.

- vi. Addresses of all facilities owned or operated using [HCMO-1c: Facilities and Locations form](#)

None.

- vii. Annual number people served in Oregon, for all business, not just business related to transaction

0

- viii. Annual number of services provided in Oregon

0

- ix. For hospitals, number of licensed beds

N/A

For any additional Parties, please provide a supplemental attachment describing the information requested in Section 11 (a) – (f).

12. Describe all mergers, acquisitions, and joint ventures that closed in the 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

WVH has not been involved in any mergers, acquisitions, or joint ventures in the past ten years prior to filing this notice.

Chapters has been involved in the following which close in the ten years prior to filing this notice:

1. Joint venture transaction involving Chapters Health Hospice
 - a. Good Shepherd Hospice, Inc. (subsidiary of Chapters Health System, Inc.) and Medcare Hospice Services, LLC
 - b. Sale of assets and joint venture of hospice
 - c. Good Shepherd Hospice, Inc. sold the assets used in the operation of its South Florida hospice known as Chapters Health Hospice to Medcare Hospice Services, LLC, and Good Shepherd Hospice, Inc. acquired a 20% membership interest in Medcare Hospice Services, LLC
 - d. Transaction was completed effective September 9, 2024
2. Affiliation with Capital Caring Health and its subsidiaries
 - a. Chapters Health System, Inc. and Capital Caring Health
 - b. Affiliation via membership substitution
 - c. Chapters Health System, Inc. became the sole corporate member of Capital Caring Health which through its subsidiaries, Capital Hospice, Capital Palliative Care Consultants, LLC, and Capital Caring Advanced Illness Services, Inc., provides hospice and other health care services in parts of Virginia, Maryland and Washington, D.C.
 - d. Transaction was completed effective May 1, 2023
3. Affiliation with Hope Hospice and Community Services, Inc.
 - a. Chapters Health System, Inc. and Hope Hospice and Community Services, Inc.
 - b. Affiliation via membership substitution
 - c. Chapters Health System, Inc. became the sole corporate member of Hope Hospice and Community Services, Inc. which provides hospice and other health care services in parts of Southwest Florida
 - d. Transaction was completed effective March 1, 2023
4. Affiliation with Cornerstone Hospice & Palliative Care, Inc., Cornerstone Health Services, Inc., and their subsidiaries
 - a. Chapters Health System, Inc., Cornerstone Hospice & Palliative Care, Inc., and Cornerstone Health Services, Inc.

- b. Affiliation via membership substitution
 - c. Chapters Health System, Inc. became the sole corporate member of both Cornerstone Hospice & Palliative Care, Inc. and Cornerstone Health Services, Inc. which, together with subsidiaries Cornerstone Hospice & Palliative Care of Georgia, LLC, Cornerstone Health Services, LLC, and Cornerstone Centers for Wellbeing, LLC, provide hospice and other health care services in parts of Central Florida and Georgia
 - d. Transaction was completed effective March 31, 2022
5. Acquisition of Hospice of the Florida Keys
- a. Chapters Health System, Inc. and Hospice of the Florida Keys, Inc.
 - b. Purchase of assets
 - c. Chapters Health System, Inc. acquired certain assets used in the operation of Hospice of the Florida Keys including its inactive license to operate a hospice in South Florida
 - d. Transaction was completed effective February 14, 2020
6. Affiliation with Hospice of Okeechobee, Incorporated.
- a. Chapters Health System, Inc. and Hospice of Okeechobee, Incorporated
 - b. Affiliation via membership substitution
 - c. Chapters Health System, Inc. became the sole corporate member of Hospice of Okeechobee, Incorporated, which provides hospice services in parts of South Florida
 - d. Transaction was completed August 1, 2019
7. Affiliation with Hernando-Pasco Hospice, Inc. d/b/a HPH Hospice
- a. Chapters Health System, Inc. and Hernando-Pasco Hospice, Inc.
 - b. Affiliation via membership substitution
 - c. Chapters Health System, Inc. became the sole corporate member of Hernando-Pasco Hospice, Inc. which provides hospice services in parts of Central Florida
 - d. Transaction was completed on February 1, 2015
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 entities.

See attached Exhibit 13(a).

b. Corporate governance and management

Upon the Closing of the Transaction, Chapters will hold certain reserved governance powers relative to Willamette Valley Hospice as set forth in Article XIII of the proposed Amended and Restated Bylaws of Willamette Valley Hospice (attached to the Affiliation Agreement as Exhibit 2.2B). Except for the reserved governance powers held by Chapters, Willamette Valley Hospice's operations and affairs will continue to be governed by Willamette Valley Hospice's Board of Directors. The Transaction will also result in few changes to the current composition of Willamette Valley Hospice's Board of Directors. The individuals serving on the Willamette Valley Hospice Board at the time of the closing of the Transaction are expected to continue to serve on such Board after the Closing. After the Closing, the Chairperson of such Board will be an individual who served on the Willamette Valley Hospice Board immediately prior to the Closing. To help facilitate the integration of Willamette Valley Hospice into the Chapters health system, the Chapters President/CEO, Chapters Chief Administrative Officer and Chapters Chief Financial Officer will be added to the post-Closing Willamette Valley Hospice Board of Directors. These same Chapters officers also will become the officers of Willamette Valley Hospice. The individual currently serving as the Willamette Valley Hospice Chief Executive Officer will remain in that position after the Closing.

c. Investments or initiatives

After the Closing Chapters will work with Willamette Valley Hospice to develop additional health services in Willamette Valley Hospice's geographic market that supplement those services now provided by Willamette Valley Hospice. Chapters and Willamette Valley Hospice will evaluate opportunities for such expanded services taking into account Chapters' significant experience providing expanded services in other geographic markets.

d. Type and level of staffing

Staffing levels currently in place at Willamette Valley Hospice will not change as a direct result of the Transaction. Under the Affiliation Agreement, subject to Chapters' standard hiring practices and policies, the intention is that all of Willamette Valley Hospice's employees employed and in good standing with Willamette Valley Hospice as of the Closing will continue to be employees of Willamette Valley Hospice for at least an interim period after the Closing.

e. Type and level of services provided

Services will initially remain the same, with the planned goal of increasing patient census over the following two years. Chapters plans to add additional

hospice adjacent services after evaluating the service area to determine what additional services are most needed.

f. Number and type of locations

No changes.

g. Geographic areas served

Geographic areas will remain the same, but Chapters plans to use this experience to explore expanding its services in the Willamette Valley and in Oregon, whether as part of WVH's operations or as part of an expansion through another Chapters' affiliated entity.

h. For providers, payer contracts and payer mix

No immediate change is expected, but the parties plan to develop a strategy to increase the number of WVH's payer contracts and payer mix to expand its ability to serve patients.

i. For insurance carriers, provider contracts and networks

None.

j. Other contractual arrangements, including contracts with suppliers, partners, ancillary service providers, PBMs, or management services organizations

[REDACTED]
[REDACTED] As a 501(c)(3) public benefit hospice, WVH will make all decisions regarding its contractual relationships to best achieve its charitable purpose. [REDACTED]
[REDACTED]
[REDACTED]

V. Impacts from the proposed material change transaction

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

The proposed affiliation transaction is not expected to have any immediate impact on the public or people serviced by WVH. Over the next two to five years, the planned impact will be the continued availability of WVH as the (currently) sole nonprofit hospice care provider in the greater Salem area and expanded health services, including expansion of WVH's patient volume.

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

N/A

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.

Upon the closing of the affiliation transaction the main priority of both Chapters and WVH will be to improve access to hospice and palliative medicine to residents in all service areas where we have the privilege to serve. The affiliation will increase community educational opportunities about end-of-life care assuring that all those entitled to access hospice care have the opportunity to benefit from WVH exceptional programs. The affiliation will also significantly expand the size of WVH's fundraising and business development team which will greatly assist WVH in its ability to provide uncompensated and undercompensated care. In addition to the benefits required by the Medicare Conditions of Participation, Chapters and WVH will work together to help ensure uncompensated and specialized services for its patients, their loved ones, and the community are made available through programs to support the special needs including those that benefit veterans, community/children bereavement, culturally specific communities, and the LGBTQ+ community.

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

A critically important aspect of hospice affiliations that often goes unnoticed is its ability to significantly reduce overall healthcare costs. By focusing on palliative care and providing support to patients and their families, hospice care not only improves the quality of life for those facing serious illness but also helps to minimize unnecessary hospitalizations and medical interventions. According to The National Hospice and Palliative Care Association, hospice care contributed to \$3.5 billion in Medicare savings in one year. Each of Chapters affiliations has resulted in affiliation partner program benefits such as back-office efficiencies, improvement in contract pricing, and the ability to recruit and retain specialized professionals to support unique business needs. As a basis for comparison, below is an example of the financial improvements that inured to the benefit of Hope Hospice as a result of their affiliation with Chapters in 2023 including on a per patient/per day (PPD) expense basis:

These cost savings have placed Hope Hospice on a much stronger financial footing and also enabled Hope Hospice to responsibly provide hospice care to residents in their community.

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

In the years of 2023 and 2024, WVH provided little hospice care to the Hispanic or African American populations per HealthPivots. In comparison, Chapters affiliates in other markets are serving 9% of all the African American population and 10% of all Hispanic hospice patients. While the demographics of WVH's service area are dissimilar with regard to the African American population, according to the Marion-Polk 2024 update to the 2019 Community Health Assessment, around 27% of Marion County residents and 14% of Polk County residents identify as Hispanic. Upon the closing of the affiliation transaction Chapters will complete a community assessment and put plans in place to ensure that end of life care is focused on in all underserved populations and is a significant part of the local business development plan and community education plan.

- 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.

In addition to need for expanded hospice care in the Hispanic and African American populations, care and support for the LGBTQ+ community is another great example of need. Chapters is committed to service diverse and underserved communities, such as the LGBTQ+ community. Chapters maintains a SAGECare certification, which is a cultural competency training program for:

- Skilled nursing facilities
- Health care organizations
- Assisted living communities
- Hospice and palliative care
- Long-term care communities
- Home health providers
- Anyone providing services to older adults

We strive to provide an inclusive environment for the LGBTQ+ communities. SAGECare training helps our staff create a more LGBTQ+ welcoming organizations and SAGECare credentials help LGBTQ+ people find those certified organizations.

- 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.

N/A

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

No immediate change is expected as Chapters and its affiliates do not presently conduct operations in Oregon. Expected long term pro-competitive effects include maintaining WVH as the only nonprofit hospice provider in Salem and any other potential regional expansion Chapters engages in as a result of its affiliation with WVH.

Billing rates for hospice services are set by CMS and as a result profit driven hospices are financially motivated to provide the minimum required hospice services to satisfy billing requirements. WVH's longterm practice has been providing holistic hospice care that treats every part of life as valuable. Art therapy, music therapy, and pet therapy are not required by CMS, but WVH provides them, respecting the ongoing value to those persons experiencing what is likely an end-of-life journey. The material change transaction offers the opportunity to maintain this level of service in its service area.

As a growing nonprofit hospice provider, Chapters is interested in exploring unmet hospice needs in Oregon. Chapters is excited to support and learn from WVH, and believes this is a good opportunity to explore expanding the idea of hospice as an opportunity for life.

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

No.

- i. If yes, describe any anticompetitive effects that will result from the proposed transaction.

N/A

- ii. If yes, describe any plans to mitigate potential anticompetitive effects, including any divestiture plans.

N/A

- b. Provide applicable data, metrics, or documentation to support your statements.

The proposed material change transaction will not result in a decrease in competition as it does not involve a reduction in the number of providers available to the public and its purpose to prevent a reduction in the number of such providers.

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

WVH and Chapters believe that over time the affiliation Transaction will significantly enhance the financial stability of Willamette Valley Hospice. Such parties anticipate that Willamette Valley Hospice's balance sheet will improve incrementally over time as new strategic plans are developed and implemented, and as Willamette Valley Hospice gains new efficiencies in its operations and takes advantage of opportunities as part of the Chapters health system that would not otherwise be available.

After the Closing Chapters and Willamette Valley Hospice will work to improve back-office efficiencies by reducing outsourcing and through employee attrition, achieve savings through third party contract negotiations, and Willamette Valley Hospice will have access to Chapters' departments and professionals who are specialized in areas that smaller organizations may not be able to afford or invest in.

It is also intended that after the Closing Chapters will work with Willamette Valley Hospice to develop additional health services in Willamette Valley Hospice's geographic market to supplement those services now provided by Willamette Valley Hospice. Chapters and Willamette Valley Hospice will closely evaluate opportunities for such expanded services that in certain instances Chapters already has significant experience operating in other geographic markets.

VI. Supplemental materials

Submit the following materials, if applicable, with your submission. Apply Bates numbering to all confidential documents submitted with the Notice and include the applicable Bates number sequence on all redaction logs.

- ☒ [HCMO-1a: NPI form](#) (required for health care provider entities)
- ☐ [HCMO-1b: Business Entities form](#) (required parties with multiple business entities licensed to operate in Oregon)
- ☒ [HCMO-1c: Facilities and Locations form](#)
- ☒ Pre- and post-transaction organizational structure diagram
- ☒ Copies of all current agreements and term sheets for the proposed transaction
- ☒ Financial statements for all entities for the most recent three fiscal years
- ☒ Copies of current governance documents for all entities (for examples, bylaws, articles of incorporation, corporate charter, etc.)
- ☒ Documentation or analytic support for your responses, as applicable
- ☒ Redaction log

VII. Certification

I, the undersigned, being first duly sworn, do say:

1. I have read ORS 415.500 et seq. and OARs 409-070-0000 to 409-070-0085.
2. I have read this Notice of Material Change Transaction and the information contained therein is accurate and true.

Signed on the 2nd day of January, 2025.

[Signature]

SUBSCRIBED AND SWORN TO before me, this 2nd day of January, 2025.

[Signature]



Notary Public in and for Marion County, Oregon

My Commission Expires: Oct. 1, 2028