

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Tracking #: 9405530109355143057425
Date Mailed: April 30, 2025

STATE OF OREGON
OREGON HEALTH AUTHORITY
HEALTH POLICY AND ANALYTICS DIVISION

In the Matter of the Proposed)	Proposed Findings of Fact,
Material Change Transaction of)	Conclusions of Law, and Final
Willamette Valley Hospice, Inc. and)	Order
Chapters Health System)	Transaction ID: 044

This Order resolves the Notice of Material Change Transaction (“Notice”) filed by Willamette Valley Hospice, Inc. d/b/a Willamette Vital Health (“WVH”) with respect to WVH’s proposed affiliation with Chapters Health System (“Chapters”). WVH filed the Notice with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight (“HCMO”) program pursuant to Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085. WVH and Chapters are collectively referred to herein as “the Entities.”

On January 14, 2025, OHA confirmed receipt of a complete Notice in compliance with OAR 409-070-0030 and -0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA’s review analyzed the potential impact of the proposed transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the [Health Care Market Oversight Analytic Framework](#), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085. OHA’s analysis is posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/044-Preliminary-Report.pdf> and is incorporated herein by reference. A public comment period was open from January 14, 2025, to April 30, 2025. OHA received no public comments.

Now, therefore, upon due consideration of the circumstances, including the Notice, documentation filed in support of the Notice, databases maintained by OHA, websites of the Entities, press reports, and other publicly available reports, OHA enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

OHA FINDS that:

1. On or about December 4, 2024, WVH filed an incomplete Notice with OHA.
2. Between December 13, 2024, and December 30, 2024, OHA provided guidance to WVH about Notice submission requirements.

3. On or about January 14, 2025, OHA confirmed receipt of a complete Notice and commenced the preliminary review pursuant to OAR 409-070-0055.
4. OHA held a public comment period from January 14, 2025, through April 30, 2025, and received no public comments.
5. WVH is a 501(c)(3) tax-exempt Oregon nonprofit corporation based in West Salem, Oregon. WVH provides hospice services to residents of Oregon's mid-Willamette Valley, including Marion and Polk counties and parts Yamhill, Clackamas, Linn, and Benton counties. WVH has 118 employees, including physicians, registered nurses, hospice aides, and administrative staff.
6. WVH is governed by a board of local community members. Board members hold an initial term of three years and can be re-elected for additional one-year terms. The board appoints officers and a Chief Executive Officer ("CEO") to operate WVH.
7. WVH's services include hospice care, palliative care, spiritual counseling, art therapy, music therapy, veteran services, grief care, pet placement services, massage therapy, and family caregiver resources. WVH also runs a specialty adult foster home licensed for up to five hospice patients, which it operates under the assumed business name of the Edward F Tokarski Home.
8. WVH relies on philanthropic contributions to fund certain services, including programs for veterans, children, and LGBTQ+ communities, which are not currently reimbursed by Medicare or other payers.
9. WVH describes its current geographic service area as Marion and Polk counties in Oregon and parts of Yamhill, Clackamas, Linn, and Benton counties ("WVH service area"). WVH served 946 hospice patients in 2023, providing more than 67,000 home visits. In 2022, WVH provided adult foster care to 37 hospice patients and palliative care to 72 patients. WVH also provided 103 instances of individual and family counseling and served 98 individuals in bereavement groups.
10. As of 2022, WVH provided approximately 5% of home hospice episodes statewide, making it the sixth largest home hospice provider in Oregon. Within WVH's primary service area ("PSA"), as defined by OHA through analysis of claims data, WVH was the largest home hospice provider, accounting for approximately 34% of hospice care episodes.
11. WVH has faced financial headwinds in recent years and has struggled to maintain the staffing levels needed to meet its budgeted patient count. WVH recorded an operating loss of \$1.7 million in 2023. More than 90% of WVH's total reimbursement from payers in the years 2018 through 2022 was from the Centers for Medicare and Medicaid Services ("CMS") under the Medicare fee-for-service program. The transaction is likely to improve WVH's long-term financial

stability by lowering operating costs, providing access to specialized resources, and alleviating staffing shortages.

12. Chapters is a Florida non-profit 501(c)(3) corporation that provides hospice and palliative care services in Florida, Georgia, Virginia, California, Nevada, Washington D.C., and Maryland through certain affiliates. Chapters and its affiliates together have 3,428 Full-Time Equivalent (“FTE”) employees. Chapters is governed by a board of directors.
13. Over the past five years, Chapters has expanded its national footprint by entering into affiliation agreements with hospice providers in Florida, Washington D.C., Georgia, Virginia, and Maryland. Chapters is currently the parent corporation of approximately 23 subsidiaries, including seven affiliated non-profit hospice and palliative care providers. Chapters and its subsidiaries offer hospice care, palliative medicine, behavioral health counseling, primary care services, Medicare Advantage insurance, and other services.
14. On October 28, 2024, the Entities entered into an Affiliation Agreement (“Agreement”). Under the terms of the Agreement, Chapters will become the sole member of WVH, and WVH will become a direct subsidiary of Chapters. There will be no monetary consideration exchanged between the Entities. The main purpose of the Agreement is to ensure the long-term sustainability of WVH, including the ability of WVH to deliver uncompensated care and additional hospice services that may not be eligible for reimbursement.
15. Under the Agreement, WVH will continue to be governed by its Board of Directors following close, with the exception of certain reserved governance powers held by Chapters. The Board of Directors of WVH will consist of the existing Board members, as well as the Chapters President/CEO, Chief Operating Officer (“COO”), and Chief Financial Officer (“CFO”). Other Chapters officers will serve as non-voting members of the board. The current CEO of WVH will continue to serve in this role following the close of the transaction.
16. The Agreement provides that WVH employees who are in good standing as of the closing date will continue to be employees of WVH for at least an interim period after closing. Chapters will offer employment (with materially the same compensation and benefits) to certain senior administrative staff of WVH for a period of no less than 12 months from the Agreement date.
17. Pursuant to the Agreement, WVH will become part of the Chapters Health West (“CHW”) regional operating division of Chapters. CHW was created and launched in October 2024 and will include three other nonprofit hospice agencies: Hospice East Bay (Pleasant Hill, CA), Hospice of Santa Cruz County (Santa Cruz, CA), and Nathan Adelson Hospice (Las Vegas, NV), each of which has independently negotiated to affiliate with Chapters.

18. The Agreement states that Chapters will design CHW with “substantial input and collaboration” from the leadership of the CHW hospices. According to the Entities, CHW will be overseen by a regional management team and an advisory council. CHW’s management and advisory council will focus on areas of regional and strategic importance to the CHW hospices. Chapters expects to expand CHW as part of future affiliations.
19. The Agreement provides that Chapters will make available to WVH the Chapters Support Center Services, which covers a number of functions including, but not limited to, information and telecommunications, human resources, legal, executive management, and fundraising. WVH will also participate in Chapters’ Shared Services program to obtain supplies from Chapters’ contracted third-party vendors.
20. The Entities expect that access to Chapters’ centralized services will benefit WVH by lowering its operating costs and providing specialized resources and expertise. The Entities further anticipate that the proposed transaction will help to reduce staffing shortages at WVH, allowing WVH to accept more patients and operate at its planned capacity level.
21. Following the close of the proposed transaction, the Entities plan to expand the range of services offered by WVH based on the needs of communities in WVH’s service area. The Entities do not anticipate any reductions in the availability of uncompensated services, undercompensated services, translation or interpretation services, on-site services, or adult foster care services following the close of the proposed transaction. The Entities have stated they are not planning any changes to the enrollment or discharge practices of WVH nor any changes to the criteria for patient eligibility for financial assistance. This transaction is unlikely to reduce access to services and may expand access to hospice care in Oregon.
22. There are no current plans to change or expand the geographic service area of WVH. The Entities state that such decision would be made collaboratively with WVH and informed by an analytic review of unmet health needs in the community. Per the Agreement, WVH’s service area must be limited to the state of Oregon. Chapters plans to explore possibilities for further expansion in Oregon via other affiliations.
23. The Entities have stated that there will be no immediate changes to payer contracts, and WVH will continue to be the contracted entity in most cases. Chapters expects to increase the number of payer contracts held by WVH in the longer term. WVH will have access to contracting and legal support from Chapters following closing, which may increase the reimbursement rates WVH obtains from commercial insurers. The impact of any such increases on patient costs is likely to be limited, because commercial contracts account for only about 3% of WVH’s reimbursement from payers, according to OHA’s analysis of claims data.

24. WVH's PSA includes low-income and migrant farm worker communities that have been federally designated as a Medically Underserved Population ("MUP") or Health Professional Shortage Area ("HPSA"). Close to one quarter of PSA residents identify as Hispanic or Latino/a/x, and five zip codes in the PSA have poverty rates exceeding the statewide average. Following the close of the transaction, Chapters intends to implement plans for ensuring access to hospice services for underserved populations. This transaction has the potential to improve access to hospice services for communities of color, low-income communities, and LGBTQ+ patients in WVH's service area.

CONCLUSIONS OF LAW

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care Entities pursuant to ORS 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.
2. OHA finds that:
 - a. The transaction is not likely to substantially alter the delivery of health care in Oregon.
 - i. The proposed transaction involves a single hospice agency location that serves less than 1,000 hospice patients annually and accounts for approximately 5% of home hospice care episodes statewide. The Entities have stated they expect to maintain all services currently offered by WVH, including uncompensated and undercompensated services. The Entities are not expecting any reduction in WVH's patient care staffing levels, geographic service area, or locations because of the transaction. OHA has placed conditions on its approval of the transaction to ensure that services and direct patient care staffing are maintained and that WVH's services meet the needs of communities in its service area. The transaction may help to strengthen WVH's financial sustainability so that it can continue operating in the longer term.

ORDER AND CONDITIONS

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

1. The transaction is hereby APPROVED WITH CONDITIONS upon the basis of the information contained in the Notice to date.

2. This Order shall be conditioned upon and subject to the following:
- a. The Entities shall complete the Transaction consistent with the Notice, and as conditionally approved by OHA.
 - b. The Entities shall adhere to the representations made in the Notice and any subsequent filings with OHA.
 - c. The Entities shall not materially modify the Agreement without the prior consent of OHA. If any modification to the Agreement is proposed, it shall be presented to OHA no later than fifteen (15) days before the scheduled closing of the Transaction.
 - d. Subject to the term limits and other provisions set forth in the WVH Bylaws as adopted by WVH under the Agreement, the individuals serving on the WVH Board of Directors ("WVH Board") at the time of closing shall continue to serve as voting members on the WVH Board post-closing, unless an existing WVH Board member voluntarily elects to resign from the WVH Board.
 - e. At least two members of the WVH Board serving at the time of closing shall serve on the initial Chapters Health West Regional Advisory Council for a minimum of five (5) years, unless such WVH Board members voluntarily resign, at which point each individual shall promptly be replaced by another WVH Board member for the duration of the time imposed in this condition.
 - f. Iria Nishimura, or current Chief Executive Officer of WVH ("CEO"), shall serve on the Chapters Health West leadership team for a minimum of five (5) years, unless the CEO voluntarily elects to resign from the Chapters Health West leadership team, at which point the CEO's replacement, or if no replacement has been named, a designee of the current CEO's choosing who is an officer or member of the leadership team of WVH, shall assume the position on the Chapters Health West leadership team for the duration of the time imposed in this condition.
 - g. Within one year of the date of closing, Chapters and WVH shall complete an assessment of end-of-life hospice needs and services for the WVH service area and its residents ("Community Assessment"). Within 30 calendar days of completion of the Community Assessment, Chapters and WVH shall submit a report to OHA detailing the results of the Community Assessment. To designate any portions of the report as confidential, Chapters and WVH shall follow the requirements of OAR 409-070-0070.
 - h. Within six (6) months from the date of completion of the Community Assessment, Chapters and WVH shall develop an Implementation Plan for ensuring access to hospice services for underserved populations in WVH's service area. The Implementation Plan shall be informed by the

results of the Community Assessment. Chapters and WVH shall provide a report detailing this plan to OHA within 30 calendar days of its completion.

- i. WVH shall continue to provide hospice care to the residents of the WVH service area for a minimum of five (5) years after the date of closing.
- j. For the first five (5) years after the date of closing, the Entities shall not take the actions set forth in subs i., ii., or iii. below, except in compliance with this Condition 2.j.
 - i. Reduce the number of WVH's direct patient care FTE staff positions assigned to WVH's service area, except for good cause shown as approved by OHA.
 - ii. Materially reduce WVH's provision of, or cease to provide, any of the following end-of-life or palliative services currently offered by WVH as of the date of the Notice, except for good cause shown as approved by OHA.
 - 1. Hospice care
 - 2. Spiritual counseling
 - 3. Grief care
 - 4. Volunteer services
 - 5. Translation or interpretation services
 - 6. Pediatric services
 - 7. On-site and adult foster care home services
 - 8. Palliative services
 - iii. Conditioned on WVH's receipt of sufficient philanthropic funding necessary to support the following hospice-adjacent services, either materially reduce the provision of, or cease to provide, such services, except for good cause shown as approved by OHA:
 - 1. Music therapy
 - 2. Massage therapy
 - 3. Veteran services
 - 4. Pet therapy and pet peace of mind program
 - 5. Family caregiver resources
 - 6. Other uncompensated or undercompensated services provided by WVH as of the date of the Notice.
 - iv. "Good cause" under this Condition 2.j. shall consist of one or more of the following circumstances or conditions:
 - 1. The position, FTE, or service is no longer needed due to changes in the end-of-life care needs of WVH service area residents.
 - 2. WVH will incur substantial financial losses disproportionate to the losses historically incurred by hospice agencies unless staffing or services are reduced or eliminated.

3. The position, FTE, or service has been or will be promptly replaced with positions, FTE, or services provided by other qualified health care providers in the WVH service area.
 4. Such other conditions or circumstances as OHA may deem to constitute “good cause” under the facts presented.
- v. Should the Entities believe that “good cause” exists for a reduction in staff or services pursuant to section iv. above, the Entities shall apply in writing to OHA for approval as outlined below.
1. Entities shall submit their application no later than sixty (60) days prior to taking action under this Condition 2.j. Such application shall include a description of the proposed action, the rationale for the action, and any relevant documentation.
 2. If asserting that “good cause” exists for a reduction in services pursuant to section iv., sub 1 above, the Entities shall conduct a comprehensive community assessment focused on the impact of the proposed service reduction on the WVH service area and include the results of such assessment with their application.
 3. OHA shall make such investigations, which may include soliciting public comment or other community engagement, and request such information from the Entities as OHA shall deem necessary under the circumstances.
 4. OHA shall notify the Entities of its determination no later than 45 calendar days following OHA’s written confirmation of receipt of the request for approval, unless OHA’s investigation is extended by mutual agreement or tolled under sub 5.
 5. If OHA requires additional information or clarification of any information to proceed with its review, OHA shall notify the Entities of the information or clarification that is required, and the running of the 45 calendar days shall be tolled upon such notification and shall resume when OHA confirms receipt of the requested information or clarification.
- k. For a period of five (5) years following the close of the transaction, Entities shall provide an Annual Compliance Report to OHA. This Annual Compliance Report shall be due on the first day of the subsequent month following the closing date of the proposed transaction (e.g., if the closing date is May 25, 2025, the first Annual Compliance Report would be due on June 1, 2026). The Annual Compliance Report shall include, at minimum, the following:
- i. Information demonstrating compliance with each of the conditions in this order. This shall include:

1. A detailed narrative description of all progress toward meeting the condition, including timelines, milestones, and outcomes, as relevant.
 2. Supporting documentation, as relevant.
 - ii. Sworn certification that the Entities have complied with each of the conditions in this order and that the information provided in the Annual Compliance Report is accurate and true.
3. The Entities shall notify OHA within one (1) business day following completion of the Transaction by email to hcmo.info@oha.oregon.gov.

This Order will be posted to the Health Care Market Oversight Program website at <https://www.oregon.gov/oha/HPA/HP/Pages/044-WVH-Chapters.aspx>.

OHA will conduct follow-up reviews to assess the impact of the transaction in accordance with ORS 415.501(10). OHA will publish findings from follow-up reviews. Per OAR 409-070-0082, OHA may require the Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the Transaction.

NOTICE OF RIGHT TO REQUEST A HEARING

You are entitled to a hearing as provided by the Administrative Procedures Act (ORS Chapter 183), ORS 415.019, and OAR 409-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Final Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

hcmo.info@oha.oregon.gov

or

Health Care Market Oversight Program
421 SW Oak St
Suite 850
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing, and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 30th day of April, 2025



Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

NOTICE TO ACTIVE DUTY SERVICEMEMBERS. Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a tollfree telephone number.