



Health Care Market Oversight (HCMO) Program

HCMO-1: Notice of Material Change Transaction

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at hcmo.info@oha.oregon.gov or by phone at 503-945-6161. We accept all relay calls.

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. Please submit the notice, relevant HCMO forms, and any supplemental documents as separate files.

To avoid delays in OHA's review of your proposed transaction, due diligence is required to complete this form correctly. Your initial Notice filing will not be considered complete until all documents marked as confidential are reviewed and accepted by OHA and the Oregon Department of Justice. To avoid unnecessary delays, do not redact non-confidential content. This HCMO-1 Notice form should not contain any information you intend to designate as confidential. Any information designated as confidential must be supplied on a supplemental attachment to this HCMO-1 Notice in accordance with the requirements of OAR 409-070-0070. Please apply Bates numbering to all documents submitted with the Notice. Please include the applicable Bates number sequence on all redaction logs.

The Notice is not complete until all required information is satisfactorily provided, and the review period will not run until OHA deems the Notice complete.

The Notice, along with any public supporting documents, 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)	The Oregon Clinic, P.C.
Party B:	Northwest Gastroenterology Clinic LLC

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	The Oregon Clinic, P.C.
Assumed name	The Oregon Clinic, P.C.
Tax ID	93-1127856
Mailing address	541 NE 20 th Ave., Ste. 225, Portland, OR 97232
Website	www.oregonclinic.com
Contact Name	Thomas E. Sanchez
Title	Chief Executive Officer

Phone	(503) 963-2929
Cell Phone	Click or tap here to enter text.
Email	tsanchez@orclinic.com

Is Party A represented by legal counsel for this transaction?

☒ Yes

☐ No

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

Name	Kaley L. Fendall
Firm	Davis Wright Tremaine LLP
Address	560 SW 10 th Ave., Ste. 700, Portland, OR 97205
Phone	(503) 778-5375
Email Address	kaleyfendall@dwt.com

2. Provide information for Party B.

Legal entity name	Northwest Gastroenterology Clinic LLC
Assumed name	N/A
Tax ID	93-0884808
Mailing address	1130 NW 22 nd Avenue, Suite 410, Portland, OR 97210
Website	www.nwgastro.net
Contact Name	Rachel O'Brien
Title	Executive Director
Phone	(503) 229-7178
Cell Phone	Click or tap here to enter text.
Email	robrien@nwgastro.net

Is Party B represented by legal counsel for this transaction?

☒ Yes☐ No**Provide information regarding Party B's legal counsel, if applicable.**

Name	Kaley L. Fendall
Firm	Davis Wright Tremaine LLP
Address	560 SW 10 th Avenue, Suite 700, Portland, OR 97205
Phone	(503) 778-5375
Email Address	kaleyfendall@dwt.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	Thomas E. Sanchez
Address	541 NE 20 th Avenue, Suite 225, Portland, OR 97232
Phone	(503) 963-2929
Email Address	tsanchez@orclinic.com

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?

The proposed transaction is anticipated to close as soon as reasonably practicable after all closing conditions have been satisfied.

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

a. Goals and objectives

The purpose of the proposed transaction between The Oregon Clinic, P.C. (“TOC”) and Northwest Gastroenterology Clinic LLC (“NWGI”) is to maintain and increase access to critical gastroenterology (“GI”) services in the Portland metro area.

In recent years, NWGI – a small, physician-led, single specialty GI practice – has found it exceedingly difficult to meet the increasing administrative burdens of today’s healthcare landscape. The rise in administrative burdens associated with managing an independent practice have interfered with NWGI’s ability to expand services and increase access to critical services.

At the same time NWGI is facing increased administrative burdens, it is also seeing an increased demand for GI services in the community. NWGI’s physicians practice on the campuses of Legacy Health System’s Good Samaritan and Emanuel hospitals. As Legacy Good Samaritan and Emanuel have grown in size to meet the community’s increasing health needs, NWGI is struggling to meet the needs of this growing patient population. To meet community demand, NWGI needs to focus its efforts on increasing access and capacity through additional providers and staff.

TOC has an optimized business structure and organization for provider practices that is necessary to maintain NWGI’s robust GI practice in the Portland metro area, as well as the protocols and procedures needed to continue providing top-quality endoscopic services in NWGI’s high-volume ambulatory surgery center, NGC Endoscopy Services LLC (“NGC”). By joining TOC, NWGI will become a part of TOC’s strong clinical and centralized business infrastructure, which will allow NWGI to focus on increasing capacity and access to critical GI services through the hiring of additional providers and staff (including the increased employment of MAs, RNs, and business office staff to support an increase in work). The proposed transaction will also support the expansion of endoscopic and advanced endoscopic procedures, thereby increasing access to preventive screenings and reducing the long-term cost burden of GI-related diseases. Moreover, joining TOC will allow NWGI to enhance care coordination with referring providers and invest in technology and infrastructure improvements to optimize patient outcomes and operational efficiency. By leaning on the practice management and administration services of TOC, NWGI will be able to focus its efforts on expanding access to clinical services and serving a larger number of patients in the community.

b. Summary of transaction terms

The proposed transaction between TOC and NWGI will be effectuated through several steps and material agreements, as summarized below:

Step 1: Equipment Corporation Subscription Agreement (“EC Subscription Agreement”). Prior to the close of the proposed transaction, TOC will form an Equipment Corporation (“EC”), wholly-owned by TOC, to which the assets of NWGI will be contributed. NWGI and the newly-formed EC will enter into an EC Subscription Agreement under which NWGI will acquire common stock in the EC. The purchase price for the EC will be based on the adjusted book value of the EC (determined in accordance with the EC Buy-Sell Agreement) and pro-rated among the NWGI shareholders.

Step 2: TOC Subscription Agreement. Immediately following Step 1, NWGI will enter into a Subscription Agreement with TOC under which (1) NWGI exchanges EC common stock for a corresponding series of TOC preferred stock, and (2) acquires TOC common stock in exchange for cash. The purchase price for the TOC common stock will be based on the adjusted book value of TOC (determined in accordance with the TOC Buy-Sell Agreement) and pro-rated among the shareholders of NWGI.

Additionally, each NWGI physician will become a shareholder and employee of TOC. Each NWGI physician will enter into a Shareholder Physician's Employment Agreement, which sets forth duties, compensation, benefits, and termination rights.

c. Why the transaction is necessary or warranted

As referenced above in Question No. 6(a), the administrative burdens associated with managing a contemporary GI subspecialty practice have become increasingly more complex and challenging over time. As a small, independent practice, NWGI has found it increasingly difficult to adequately keep up with the administrative burden imposed by payers, the challenges of managing complex human resources laws and practices, and ever-changing and evolving federal and state clinical guidelines. These increased administrative burdens have made it difficult for NWGI to focus its efforts on stabilizing and increasing access to important GI services to meet an increased need amongst the patient population it serves. NWGI hopes that by joining TOC, NWGI can lean on TOC's management of these many practice challenges and focus on enriching its clinical work. Specifically, with greater stability on the business management side, NWGI will be able to focus its efforts on increasing capacity and access by expanding its practice and the volume of its clinical activities.

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).

As described in response to Question No. 6(b) above, there will be an exchange of funds from NWGI to EC for NWGI's acquisition of common stock in the EC, as well as an exchange of funds from NWGI to TOC for the acquisition of TOC common stock.

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

Click or tap here to enter text.

a. How the entities were identified (e.g., did one party approach the other, did one party engage in a bid/auction process, etc.)

Given the increased burdens of maintaining an independent practice (as described in Sections 6(a) and 6(c) above), NWGI has been considering how it might provide stability to its practice and improve its ability to grow and expand access to services in the community since approximately 2021. As NWGI considered how best to optimize its business and practice administration, TOC was identified as NWGI's preferred partner due to its business practices, dedication to quality care, and strategic approach to operational excellence, which closely align with NWGI's mission and values. The following is a timeline summarizing the parties' transaction process:

- NWGI approached TOC regarding a potential partnership in approximately December 2023.
- In May 2024, the TOC Board approved the start of due diligence for a potential transaction with NWGI.
- TOC and NWGI entered into a Confidentiality and Non-Disclosure Agreement on May 22, 2024.
- TOC engaged in due diligence until approximately November 2024.
- TOC presented its due diligence findings to the TOC Board in November 2024, and the TOC Board approved moving forward with the NWGI transaction.

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

TOC and NWGI have engaged in limited due diligence for purposes of evaluating the potential transaction. TOC conducted due diligence in the areas of human resources, tax, HIPAA compliance, workers' compensation, physician performance, conflicts of interest, cybersecurity, and regulatory compliance.

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.

Not applicable.

- 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.**

Not applicable.

IV. About the entities involved in the proposed transaction

10. Describe Party A.

[Click or tap here to enter text.](#)

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

TOC is a private multi-specialty physician practice with more than 270 providers and over 1,500 employees. TOC's practice covers over 30 medical and surgical specialties and subspecialties at 60 locations across the Portland, Oregon, metro area. All of TOC's physicians are affiliated with one or more Portland-area hospital systems, but remain independent practitioners.

TOC's specialties include: Allergy; Audiology; Bariatric Treatment; Burn Treatment; Cardiology; Colon & Rectal Surgery; Dermatology; Ear, Nose, & Throat; Endocrine Surgery; Foot & Ankle; Foregut Surgery; Gastroenterology; General Surgery; Head & Neck Surgery; Hemorrhoid Treatment; Hernia Surgery; Imaging Center; Liver & Pancreas Surgery; Neurosurgery & Spine; Obstetrics & Gynecology; Plastic Surgery; Pulmonary Medicine; Radiation Oncology; Sleep Medicine and Critical Care; Surgical Oncology; Urogynecology; and Urology.

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

TOC is a physician-led specialty medical group.

TOC has a Board of Directors led by a physician President, which consists of shareholder physicians. The Board of Directors meets regularly to discuss and make decisions about clinic-wide business.

TOC also has an Executive Committee, which consists of TOC's President, Chief Executive Officer, and three physician Vice Presidents. The Executive Committee is responsible for directing organizational vision, planning, and making high-level management decisions.

TOC also has a robust administrative and clinical management team to assist physicians in the operation of their clinics, which consists of TOC's: Chief Executive

Officer, Chief Operating Officer, Chief Financial Officer, Director of Patient Accounts, Director of Human Resources, Director of Information Technology, Compliance Officer, Director of Quality & Risk Management, Director of Ancillary Services, Director of Operations (for each specialty group), and Director of Marketing and Communications.

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

See HCMO Notice Attachment No. 4, No. 22, and No. 28.

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.

See HCMO Notice Attachment No. 2.

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 HCMO Notice Attachment No. 12 and No. 20.

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

Click or tap here to enter text.

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

TOC is a physician group.

ii. Service lines, both overall and in Oregon

TOC provides the following services: Allergy; Audiology; Bariatric Treatment; Burn Treatment; Cardiology; Colon & Rectal Surgery; Dermatology; Ear, Nose, & Throat; Endocrine Surgery; Foot & Ankle; Foregut Surgery; Gastroenterology; General Surgery; Head & Neck Surgery; Hemorrhoid Treatment; Hernia Surgery; Imaging Center; Liver & Pancreas Surgery; Neurosurgery & Spine; Obstetrics & Gynecology; Plastic Surgery; Pulmonary Medicine; Radiation Oncology; Sleep Medicine and Critical Care; Surgical Oncology; Urogynecology; and Urology.

iii. Products and services, both overall and in Oregon

Please see response to Question No. 10(f)(ii) above.

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

TOC has 1,504 total employees and 1,375 FTEs. Of the total employees, 1,448 work in Oregon, which amounts to approximately 1,324 FTEs in Oregon. TOC has 56 employees that work remotely in Washington, which amounts to 51 FTEs in Washington.

v. Geographic areas served, both overall and in Oregon

In Oregon, TOC serves the following counties: Benton, Clackamas, Columbia, Hood River, Marion, Multnomah, Wasco, Washington, and Yamhill. In Washington, TOC serves the following counties: Clark, Cowlitz, and Klickitat.

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

See HCMO Notice Attachment No. 3.

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

In 2024, TOC served a total of approximately 323,159 patients, with approximately 542,708 total visits. For a breakdown of the number of patients seen by TOC physicians by service type in 2024, please see HCMO Notice Attachment No. 14.

viii. Annual number of services provided in Oregon

For a breakdown of the number of services provided by TOC by service type in 2024, please see HCMO Notice Attachment No. 14.

ix. For hospitals, number of licensed beds

Not applicable.

11. Describe Party B.

[Click or tap here to enter text.](#)

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

NWGI is a physician-owned private practice with two (2) clinic locations and one ASC, (NGC), collectively providing high-quality gastrointestinal care to the Portland metro area and surrounding regions for over 30 years. NWGI is comprised of nine (9) physician owners, one (1) employed physician, and three (3) advanced practice clinicians, all dedicated to delivering comprehensive care across a broad spectrum of gastrointestinal services.

NWGI's primary clinic locations are situated in NW Portland on the campus of Legacy Good Samaritan Hospital and in North Portland on the campus of Legacy Emanuel Hospital. The ASC, NGC, is its own entity and is located in NW Portland on the campus of Legacy Good Samaritan Hospital.

NWGI offers a diverse array of services, including consultations, infusion services, outpatient procedures at both its ASC and local hospitals, and inpatient services (consultations and procedures) at Legacy Good Samaritan and Legacy Emanuel Hospitals. Over the course of its operation, NWGI has established a strong track record of providing high-quality, cost-effective care. NWGI's commitment to excellence is demonstrated through its participation in the Merit-Based Incentive Payment System ("MIPS") reporting, its continued accreditation by the Accreditation Association for Ambulatory Health Care ("AAHC"), and its recognition through the American Society

for Gastrointestinal Endoscopy's Endoscopy Unit Recognition Program ("ASGE EURP"). Furthermore, patient satisfaction surveys consistently reflect high marks for the quality of care provided by NWGI's team.

However, in order to continue to offer the level and quality of care that has been the hallmark of NWGI's practice for over 30 years, as well as to maintain and expand access to NWGI's services in the future, NWGI requires greater administrative support to address the challenges and increasing complexities of modern healthcare.

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

NWGI operates under a physician-led governance structure. The business is owned by nine (9) physician owners, each of whom holds a stake in the practice based on Full-Time Equivalent ("FTE") status. These physician owners are responsible for overseeing the overall direction and strategic objectives of the organization.

To manage the day-to-day operations, the physician owners (the "Board") hire an Executive Director, who is responsible for the business and administrative functions of the practice. To assist with decision-making, the Board has also selected an Executive Committee, which includes the Managing Partner, the Medical Director of the ASC, and the Executive Director. The Executive Committee is responsible for making recommendations regarding key operational and strategic decisions, which are then presented to the full Board of physician owners for final approval.

In addition to the Executive Committee, NWGI has several other key committees that support the governance and operational functions of the practice. These include the Quality Assurance and Performance Improvement ("QAPI") Committee and the Compliance Committee.

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

See HCMO Notice Attachment No. 5 and No. 23.

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.

See HCMO Notice Attachment No. 2.

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 HCMO Notice Attachment No. 13 and No. 21.

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

Click or tap here to enter text.

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

NWGI is a physician group.

ii. Service lines, both overall and in Oregon

NWGI provides the following GI services: ASC and Hospital Outpatient Services; Inpatient GI Services; and Adult Ambulatory Services.

iii. Products and services, both overall and in Oregon

Please see response to Question No. 11(f)(ii) above.

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

NWGI has 66 employees and 62 FTE. Of the total employees, 57 employees work in Oregon and 9 work remotely in Washington.

v. Geographic areas served, both overall and in Oregon

In Oregon, NWGI serves the following counties: Multnomah, Columbia, Washington, Clackamas, Clatsop, Columbia, Marion, Umatilla, and Yamhill. In Washington, NWGI serves the following counties: Clark and Cowlitz.

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

See HCMO Attachment No. 3.

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

NWGI served 20,316 Oregon patients in 2023. For a summary of the total number of patients served by NWGI by insurance type in 2023, please see HCMO Attachment No. 15.

viii. Annual number of services provided in Oregon

Below is a breakdown of the annual number of services NWGI provided to Oregon patients in 2023:

Clinic Visits: 9,486

ASC Procedures: 8,385

Inpatient Hospital Services: 1,156

Outpatient Hospital Services: 998

ix. For hospitals, number of licensed beds

Not applicable.

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**

See HCMO Attachment No. 16.

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 HCMO Attachment No. 4, No. 6, No. 22, No. 23, and No. 28.

b. Corporate governance and management

There will be no change to TOC's corporate governance and management as a result of the proposed transaction.

As reflected in HCMO Attachment No. 6, NWGI will function as a new division of TOC post-close, with its own Managing Partner and a Director of Operations.

c. Investments or initiatives

Post-transaction, TOC will invest significant resources in implementing the EPIC electronic health record system and its associated hardware and training for NWGI. This implementation will result in increased coordination and improved patient care.

TOC and NWGI are also exploring the possibility of an additional capital investment at NWGI's existing ASC, NGC. Specifically, as part of the EPIC implementation, TOC is looking at implementing additional specialty modules for the ASC.

d. Type and level of staffing

TOC and NWGI do not anticipate any change in the type and level of staffing as a result of the transaction. NWGI providers and staff will become employees of TOC at closing. To the extent NWGI has any staff whose roles are duplicative, they may have the option to become TOC employees post-close by transitioning to other divisions within TOC, provided they are qualified and in good standing.

e. Type and level of services provided

No change is anticipated. To the extent there is a change, the proposed transaction will allow NWGI to increase access and availability of its current services.

f. Number and type of locations

No change is anticipated.

g. Geographic areas served

No change is anticipated.

h. For providers, payer contracts and payer mix

Post-transaction, NWGI will join TOC's payer contracts and TOC will handle payer contracting functions for NWGI.

i. For insurance carriers, provider contracts and networks

Not applicable.

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

Post-transaction, NWGI will be integrated or transitioned to TOC's supply vendors and contracts. NWGI, however, will continue to comply with any of its existing contractual obligations or commitments post-close.

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 transaction will stabilize and expand access to critical GI services to patients in the Portland metro area. Due to the increased management and administrative burdens associated with maintaining a small, independent specialty practice, NWGI has been unable to expand its practice to meet growing community demand. Partnering with TOC will relieve NWGI of its administrative burdens and allow NWGI to focus its efforts on expanding its practice to reach more patients. Accordingly, the proposed transaction will benefit the public by increasing access and the number of patients served in the same locations from which NWGI currently operates.

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

The parties do not anticipate any negative effects as a result of the transaction. As described above, the parties anticipate the transaction will increase access to GI services in the community.

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.

The proposed transaction will improve health outcomes for Oregon patients by increasing access to GI services. A partnership with TOC will allow NWGI to expand its practice through increased providers and staff. With expansion of providers working at NWGI, Oregon patients in the Portland metro area will experience greater access to GI care. Additionally, TOC has established committees dedicated to optimizing quality and safety in their clinics and ASCs. Post-transaction, NWGI providers will actively participate in these committees and operate under TOC's established practices, policies, and procedures, further strengthening clinical quality and patient safety.

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

The proposed transaction between TOC and NWGI will allow NWGI providers and staff to benefit from TOC's centralized business infrastructure, which includes centralized IT, billing services, human resources, marketing, financial, and legal resources. TOC's strong infrastructure will result in efficiencies with respect to the management of NWGI's practice and eliminate the costs associated with several necessary back-of-house functions, such as billing practices, hardware and software infrastructure, human resources, etc.

Additionally, the parties anticipate that the increased access to quality, preventative GI services made possible through the proposed transaction should result in reduced emergency department and outpatient hospital utilization, which will result in lower overall costs to both patients and the healthcare system as a whole.

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

TOC has engaged in several efforts to increase access for the medically underserved and address health inequities. Post-transaction, as a part of TOC, NWGI will also participate in these efforts.

Internally, TOC has made several efforts to advance equity and access in all aspects of clinical practice and administration, including:

- Implementation of internal policies and trainings on non-discrimination and de-escalation;
- Provision of additional aids and services to patients with limited English;
- Consideration of social determinants of health (SDOH) in TOC's daily operations, such as addressing barriers to care rather than terminating patients for no-shows or other non-compliance; and
- Data collection and analysis on TOC's patients (i.e., race, ethnicity, language, and sexual orientation/gender identity (SOGI)), to help TOC deepen its understanding of its patient population and highlight areas for improvement.

TOC is also focused on advancing equity in healthcare through its value-based contracts, which NWGI will participate in post-transaction. TOC's value-based contracts with payers include required metrics that are all focused on promoting equity in health care, which include:

- Patient satisfaction outcomes by REALD (i.e., race, ethnicity, language, and disability) and SOGI;
- Access to healthcare (i.e., Third Next Available Appointment (TNAA)) data, which measures how soon TOC can see the patient from the time of referral; and
- Meaningful language access, which measures TOC's offering and use of language interpreters for patients with limited English proficiency.

Additionally, TOC is working to create equitable access to healthcare through The Oregon Clinic Foundation, a newly-formed nonprofit entity, which will partner with small, local non-profits dedicated to advancing health and equity. The Oregon Clinic Foundation provides grants to small, local non-profits that address barriers that limit access to healthcare; implicit bias and racism in healthcare; management of health comorbidities; social inequities; and housing challenges. The Oregon Clinic Foundation will make its first round of grants in early 2025.

Finally, NWGI already serves a large medically underserved population through its work at Legacy Good Samaritan and Emanuel hospitals. Because the proposed transaction will allow NWGI to focus its efforts on expanding its practice to increase access, an expansion of NWGI's practice will also increase outpatient access to medically underserved patients.

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.

Please see response to Question No. 15(c) above, which addresses TOC and NWGI's efforts to date to address the medically underserved and health inequities.

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.

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

Click or tap here to enter text.

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

The proposed transaction between TOC and NWGI will not result in a decrease in competition. To the contrary, because the objective of the transaction is to provide stability to NWGI (by alleviating costly and burdensome administrative burdens) and

allow NWGI to focus its efforts on expanding its practice and increasing the availability of GI services in the community, the proposed transaction will result in increased access to GI services and competition.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

A proposed transaction between TOC and NWGI will allow NWGI to maintain and expand its existing practice. TOC has a strong infrastructure to provide many needed management and administrative resources to NWGI, such as centralized IT, billing services, human resources, marketing, and financial and legal resources. These resources will allow NWGI to maintain its existing practice and focus on expanding its practice to meet increased community demand. In addition to these important resources, TOC may be able to contribute capital to expand capacity at NWGI's existing ASC (NGC).

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)**

See HCMO Attachment No. 1

- ☒ **[HCMO-1b: Business Entities form](#) (required parties with multiple business entities licensed to operate in Oregon)**

See HCMO Attachment No. 2

- ☒ **[HCMO-1c: Facilities and Locations form](#)**

See HCMO Attachment No. 3

- ☒ **Pre- and post-transaction organizational structure diagram**

For TOC's pre-transaction organizational chart, please see HCMO Attachment No. 4. For a post-transaction organizational chart, please see HCMO Attachment No. 6. For additional entity organizational charts, please see HCMO Attachment No. 5, No. 22, No. 23, and No. 28.

☒ Copies of all current agreements and term sheets for the proposed transaction

See HCMO Attachment No. 7, No. 26, and No. 27.

☒ Financial statements for all entities for the most recent three fiscal years

For TOC's financial statements for the most recent three fiscal years, please see HCMO Attachment No. 12 and No. 20. For NWGI's financial statements for the most recent three fiscal years, please see HCMO Attachment No. 13 and 21.

☒ Copies of current governance documents for all entities (for examples, bylaws, articles of incorporation, corporate charter, etc.)

For TOC's bylaws and articles of incorporation, please see HCMO Attachment Nos. 8 and 9, respectively. For NWGI's organizational and governance documents, please see HCMO Attachment No. 10, No. 11, and No. 24. For TOC's Equipment Corporation organizational documents, please see HCMO Attachment No. 25.

☒ Documentation or analytic support for your responses, as applicable

Please see HCMO Attachment No. 18 and No. 19.

☒ 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 15 day of April, 2025.

Signed by:

Thomas E. Sanchez

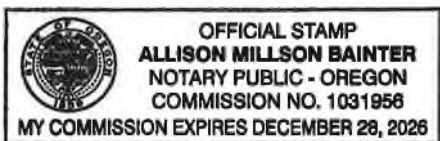
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SUBSCRIBED AND SWORN TO before me, this 15th day of April, 2025.

DocuSigned by:

Allison Bainter

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Notary Public in and for OR

My Commission Expires: 12/28/2026

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and notarized online using
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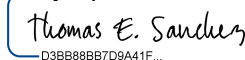
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tsanchez@orclinic.com

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Electronic Record and Signature Disclosure:

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In Person Signer Events

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Agent Delivery Events

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Intermediary Delivery Events

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Witness Events

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Signature

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Allison Bainter

allisonbainter@dwt.com

Legal Assistant

Davis Wright Tremaine LLP

Notary for Thomas E. Sanchez

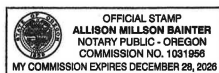
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