

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

In the Matter of the Proposed)	Proposed Findings of Fact, Conclusions
Material Change Transaction of)	of Law, and Order
The Oregon Clinic, P.C. and Broadway)	
Medical Clinic, LLP)	Transaction ID: 049

This Order resolves the Notice of Material Change Transaction (the “Notice”) filed by The Oregon Clinic, P.C. (“TOC”), with respect to its proposed acquisition of Broadway Medical Clinic, LLP (“BMC”). (TOC and BMC are sometimes referred to collectively as the “Entities.”) The Entities 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.

On April 25, 2025, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA’s review analyzed the potential impact of the Transaction. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085. OHA’s analysis will be posted to the HCMO website at www.oregon.gov/hcmo, which is incorporated herein by reference. A public comment period was open from April 25, 2025 through June 2, 2025. OHA received one comment.

Now, therefore, upon due consideration of the circumstances, including the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, public comments, regularly required reporting to OHA, databases maintained by OHA, databases maintained by federal agencies, websites of the Entities, press reports, academic research articles, and other publicly available reports, OHA enters the following Proposed Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

OHA FINDS that:

1. On or about February 28, 2025, TOC filed the Notice with OHA.
2. On or about April 2, 2025, OHA notified TOC that the Notice was incomplete, provided guidance about submission requirements, and requested additional information.
3. On or about April 15, 2025, TOC filed a revised Notice with OHA.
4. On or about April 25, 2025, OHA notified TOC that it received all requested information and confirmed receipt of a complete Notice. OHA commenced the preliminary review pursuant to OAR 409-070-0055 and communicated that the review would be completed within 30 days, unless extended in accordance with applicable statutes and administrative rules.
5. OHA accepted public comments on the Transaction from April 25, 2025, through June 2, 2025. OHA received one (1) public comment, which is posted at:
<https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notices-and-reviews.aspx>.
6. TOC is an Oregon professional corporation formed to provide medical care. TOC is governed by a board of directors, consisting of shareholder physicians, that is led by a physician president.
7. TOC operates 47 clinic locations in Oregon, offering more than 30 medical and surgical specialties and subspecialties. TOC has more than 1,500 employees in Oregon, including more than 270 physicians. TOC served more than 300,000 patients in 2024.
8. BMC is an Oregon limited liability partnership that is owned by nine of its employed physicians. Day-to-day operations of BMC are governed by a three-member Executive Committee consisting of three elected owners.
9. BMC operates one clinic location in Portland and provides primary care, behavioral health, and dermatology services. BMC served more than 22,000 patients in 2024. BMC employs 87 staff, including 14 primary care providers, 3 dermatology specialists, and 4 behavioral health providers.
10. According to the terms of the definitive agreements, TOC will acquire the assets of BMC. This will be effectuated through a multi-step process:
 - a. TOC will form an equipment corporation ("EC"), wholly owned by TOC, which will hold the assets of BMC.
 - b. BMC and EC will enter into an EC Subscription Agreement, under which BMC will acquire common stock in the EC.

- c. EC, TOC, and BMC physicians will enter into a Buy-Sell Agreement that governs the sale or disposition of the EC common stock.
- d. BMC will exchange the EC common stock for a corresponding series of TOC preferred stock and acquire TOC common stock in exchange for cash. The purchase process of the TOC common stock will be based on the adjusted book value of TOC and pro-rated among the BMC shareholders. TOC and BMC physicians will enter into a Buy-Sell Agreement that governs the sale or disposition of TOC common stock.
- e. Each BMC physician will enter into a Shareholder Physician's Employment Agreement to become a shareholder and employee of TOC.
- f. BMC will dissolve and operate as a division of TOC post-closing.

11. The Entities state the following in the notice and supplemental filings with OHA:

- a. BMC will function as a new division of TOC, governed by TOC's board of directors, with its own director of operations and managing partner.
- b. The proposed transaction will not change TOC's corporate governance.
- c. BMC will join TOC payer contracts and TOC will handle contracting functions for BMC. Some payers have contracts with BMC, but not TOC; in those cases, TOC intends to contract with those payers.
- d. BMC continue to comply with its existing supplier and vendor contract obligations, though it will ultimately transition to TOC's supply vendors and contracts.
- e. TOC will invest in EPIC implementation for BMC, aiming to begin in Fall 2025.
- f. The Entities do not expect any change to the type or level of staffing. BMC staff and providers will become TOC employees. Staff with duplicate roles will have the option to transition to other divisions within TOC.
- g. The Entities do not anticipate any changes to the type or level of services, locations, or geographic areas served.
- h. The Entities state that the transaction will benefit the public by increasing and improving care coordination between primary care and behavioral health providers.

12. The Entities provide different services, with the exception of dermatology services. For dermatology services, TOC has a 24% percent share of the market and BMC's market share is less than 1%. TOC is the largest provider of outpatient dermatology services in the service area.

13. The market for dermatology services in the Portland metro region is not highly concentrated and concentration is not likely to increase post transaction. The Herfindahl-

Hirschman Index (HHI), a measure of market concentration, is 1,418, with a post-transaction increase to 1,462. Transactions involving an HHI of more than 1,800 and a post transaction increase of more than 100 are presumed to substantially lessen competition. This transaction will result in an increase of 44.

CONCLUSIONS OF LAW

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to transactions involving health care Entities pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.
2. OHA finds that:
 - a. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.
 - i. The transaction will not affect the level and type of services provided by the Entities. Post-transaction, BMC and TOC will continue to operate current locations, serve the existing geographic service area, and accept current insurance plans. The transaction is unlikely to substantially increase market concentration. If the Entities comply with the approval conditions listed below, the transaction is unlikely to reduce access to affordable health care in Oregon.

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 of Material Change Transaction to date.
2. For a period of five (5) years following the close of the transaction, this Order shall be conditioned upon and subject to the following:
 - a. The Entities shall adhere to the representations made in the Notice and subsequent filings with OHA.
 - b. TOC shall not subject former employees of BMC who transition to TOC following the closing of the Transaction to employment agreements that contain any restrictions on future employment opportunities as a condition for employment or subsequent bona fide advancement of the former BMC employee by TOC.
 - c. TOC shall not subject former physicians of BMC who become new shareholders of TOC following the closing of the Transaction to employment agreements that restrict such physician from providing professional services that directly or

indirectly compete with TOC in the event such former physician of BMC be terminated from employment by TOC for any reason.

- d. TOC shall maintain its current and active enrollment in the Medicare program in accordance with 42 C.F.R. § 424.510, the Oregon Medicaid Program in accordance with OAR § 410-120-1260, and their direct enrollments in other government healthcare programs in which both TOC and BMC were actively enrolled as of the date of the Notice submitted to OHA.
- e. TOC shall make commercially reasonable best efforts to maintain any contractual agreements to participate with managed care organizations (MCOs), coordinated care organizations (CCOs), prepaid inpatient health plans (PIHPs), prepaid ambulatory health plans (PAHPs), primary care case management entities (PCCMs), or other arrangements in which both TOC and BMC are, as of the date of the Notice submitted to OHA, a first-tier, downstream or related entity (42 C.F.R. 422.500), or a network or participating provider (e.g., 42 CFR 438.2 and OAR 410-141-3500(56) and (57)).
- f. Entities shall provide an annual Compliance Report to OHA. The first such report shall be due no later than 12 months following the closing date of the Transaction, and subsequent reports shall be due every 12 months thereafter. Each annual submission shall include a publicly shareable version of the Compliance Report, which shall be published on the HCMO program website. The report shall include:
 - i. Information demonstrating compliance with each of the conditions in this order. For each condition:
 - 1. Provide a detailed narrative description of all progress toward meeting the condition, including timelines, milestones, and outcome, as relevant and/or applicable; and
 - 2. Provide supporting documentation, if any, reflecting compliance with each condition.
 - ii. Information about all contracts currently in effect between the Entities and payers, including, but not limited to, contracts with payers for behavioral health services. For purposes of complying with this condition, such information shall consist of a list of all payer contracts currently in effect between the Entities, which will identify the name of the payer contract; the parties to the contract; execution date; termination date; and a summary of any material changes and/or amendments to the payer contract since the Entities' last annual Compliance Report.
 - iii. An annual staffing report that includes a detailed description outlining the transition of BMC employees to TOC after the closing of the Transaction. Such report must include information showing the number of former BMC employees who transitioned to become TOC employees following the

closing date of the Transaction and the number of BMC staff departures following the closing date of the Transaction, including the reason for any such departures (if known by TOC).

3. TOC will be permitted to petition OHA for any needed modifications to or exceptions from any of the conditions contained in Paragraphs 1(a) through 1(e) herein. To petition for modification, TOC shall apply in writing to OHA for any needed modifications to or exceptions from the conditions and include any documentation supporting the need for the modifications or exceptions. Within ten (10) business days following receipt of TOC's petition, OHA shall either (1) notify TOC of its determination of TOC's requested modification or exception; or (2) notify TOC of any additional information needed by OHA to further evaluate TOC's petition. If OHA requires additional information to evaluate TOC's petition, OHA shall notify TOC of the information required and the running of the ten (10) business days shall be tolled upon such notification and shall resume upon OHA's receipt of the requested information. To the extent TOC is aggrieved by OHA's determination on a petition, TOC will have the right to request a contested case hearing pursuant to ORS 415.019 and OAR 409-070-0075.
4. The Entities shall not make any modifications to the terms of the definitive agreements pursuant to which this proposed Transaction will be effectuated and closed without the prior consent of OHA. Such modifications do not include scrivener's errors such as typos, incorrect numbers, or omitted words. If any modifications to the definitive agreements has occurred or will occur, it shall be presented to OHA no later than fifteen (15) days before the scheduled closing of the Transaction.
5. In accordance with Oregon Administrative Rule 409-070-0045(5), the Entities must furnish the Authority with complete and final executed copies of all the definitive agreements pursuant to which the transaction will be documented and closed, together with a detailed description of any respect in which the final executed definitive agreements materially deviate from the submitted template definitive agreements no later than fifteen (15) days before closing the Transaction.
6. 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/health-care-market-oversight.aspx>.

OHA reserves the right to enforce the Conditions set forth herein to the fullest extent provided by the law. In addition to civil penalties and any legal remedies available, OHA shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of these Conditions.

OHA is required to analyze and publish the Entities' compliance with Conditions placed on the Transaction and to assess the impact of the Transaction under ORS 415.501(19) and (20). OHA is required to publish its analyses and conclusions. Per OAR 409-070-0080, OHA may require the

Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the Transaction.

NOTICE OF RIGHT TO REQUEST A HEARING

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

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

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

hcmo.info@oha.oregon.gov

or

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

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

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

Dated this 2nd day of June, 2025



Sarah Bartelmann, MPH
Health Care Market Oversight Program
Manager
Oregon Health Authority

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