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BY E-MAIL

Sarah Bartelmann, MPH Cost Programs Manager
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Re: Notice of Material Change Transaction: 061N Asante - Surgery Center of Southern Oregon

Dear Ms. Bartelmann:

I write on behalf of Asante, regarding Notice of Material Change 061N.

As your office of course is aware, Asante has answered over 100 supplemental questions, submitted over 450 pages of information, and participated in teleconferences with Oregon Health Authority (“OHA”). Asante understands that just one request remains outstanding: copies of all payor contracts for Surgery Center of Southern Oregon (“SCSO”) and Asante Rogue Regional Medical Center for the past three years that cover procedures performed at the SCSO facility.

As Asante has previously observed, OHA’s Analytic Framework, which is less than a year old, and in accordance with which OHA “must” conduct its review, *see* Oregon Admin. Rules 409-070-0045(9), is clear that the data sources to be reviewed at the preliminary review stage do not include contract data, which OHA has instead characterized as a “potential additional data source[]” that might be considered at the *comprehensive* review phase. Health Care Market Oversight Analytic Framework, pages 6 & 8, available at www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf.

During the teleconference with representatives of Asante and OHA on February 3, 2026, representatives of OHA represented that OHA routinely requests payor contracts during preliminary review. Representatives of Asante observed that is not reflected in information publicly available on OHA’s website. Representatives of OHA stated, in response, that OHA “routinely does not post actual [requests for information]” that seek payor contracts. Accordingly, Asante submitted (at additional expense to Asante) public record requests regarding eight representative transactions involving healthcare providers that, by their nature, are parties to payor contracts, and that OHA approved during preliminary review. In response to that public records request, OHA indicated that

there were eight other transaction reviews in which OHA requested payor contracts. OHA produced, and Asante has now reviewed, supplemental records from those sixteen transactions.

Based on Asante's thorough review—of materials for 61 transactions (other than the Asante-SCSO transaction) posted on OHA's website, of supplemental records that OHA produced in response to Asante's public records request regarding eight particular transactions, and of supplemental records that OHA produced regarding additional eight transactions in which OHA indicated that it requested payor contracts—Asante has concluded that, contrary to OHA's representations on February 3, requests for all payor contracts are hardly routine.

Of the sixteen transactions covered by the public records requests (*i.e.*, the eight initially identified by Asante, and the eight more identified by OHA), there is some indication of payor contract requests in nine. But that number is misleadingly high when applied here. As OHA acknowledged, two of the nine were at *comprehensive* review, therefore leaving just seven at the preliminary stage. And as OHA also indicated, one of those requests was made to an insurance carrier, which of course is quite different from requiring a provider to produce all of its contracts. That leaves just six. And of those six, another two appear distinguishable: the request in the Dragonfly-Enclara transaction appeared to be for just the “three largest customers in Oregon,” which of course is a much tidier set than *all* payor contracts held by a health system, and the request in The Permanente Medical Group transaction seemed to target only the relevant Kaiser contract. That brings the number down to four.

So, of the 61 other transactions for which information is available on the OHA website and through Asante's public records request, it appears that there are *four* instances—approximately 6.5%—in which OHA required transaction parties to provide a large volume of payor contracts during preliminary review. And three of those four involved markedly different transactions in terms of the scope of the transacting entities. And, as Asante has observed to OHA before, OHA approved the most directly comparable transaction (St. Charles and the Neuromusculoskeletal Center of the Cascades) *without* any request for payor contracts.

Not only is OHA's request contrary to OHA's Analytic Framework, and contrary to the weight of OHA's demonstrated practice, but OHA's request is unnecessary. As Asante has indicated since December 2025, OHA has payor rate information available to it through Asante's All Payer All Claims data. And Asante has offered to validate that information for OHA by providing reimbursement rates for one or two illustrative procedures. In response to Asante's inquiries, OHA has declined to provide any explanation as to why it believes that payor contracts must be produced for this transaction. OHA's insistence on receipt of payor contracts therefore has appeared to Asante to be an inconsistent exercise of OHA's discretion, without backing of reason, precedent, or regulatory standards.

In conclusion, Asante has encountered agency practice that it believes has diverged from OHA's own regulatory directive that the agency “must” “us[e] the Analytic Framework, published

on the Program website,” applying “standards that [a]re clear, fair, predictable and consistent.” Oregon Admin. Rules 409-070-0045(9). Asante also believes that OHA has diverged from OHA’s generally established practice, and that OHA has not represented its practice accurately. And with that unfortunate experience, Asante is mindful that, even with production of payor contracts, OHA might yet impose new hurdles as conditions of approval—that is a particular concern in light of OHA’s refusal to comment in any way on potential conditions of approval when Asante’s representatives asked. Accordingly, Asante has determined not to proceed with production of its contracts with payors. Nonetheless, Asante continues to believe that it has provided sufficient information at this time so that OHA, operating consistent with the statutory and regulatory framework, can approve Asante’s planned acquisition of substantially all assets of SCSO.

Despite prior expectations, SCSO has been able to continue to operate in limited capacity for some period beyond March 1; however, SCSO is out of runway. SCSO’s liquidity has steadily declined and, as of March 26th, was down to [REDACTED]. Asante understands that SCSO will not be able to continue operating for much longer. Asante urgently renews its request for approval at this stage, potentially forestalling closure of the facility.

Very truly yours,

/s/ Michael B. Lampert

cc: Kristen Roy, Peter Stoloff