



ROPES & GRAY LLP  
PRUDENTIAL TOWER  
800 BOYLSTON STREET  
BOSTON, MA 02199-3600  
WWW.ROPESGRAY.COM

December 12, 2025

Michael B. Lampert  
T +1 617 951 7095  
michael.lampert@ropesgray.com

**BY E-MAIL**

Sarah Bartelmann, MPH Cost Programs Manager  
Oregon Health Authority  
421 SW Oak Street, Suite 850  
Portland, OR 97204  
c/o hcmo.info@oha.oregon.gov

Re: Notice of Material Change Transaction: 061N Asante - Surgery Center of Southern Oregon  
Response to November 14, 2025 Request for Information

Dear Ms. Bartelmann:

I write on behalf of Asante, to provide information and documents in response to Oregon Health Authority's ("OHA") November 14, 2025 request for information (the "RFI Letter") relating to Notice of Material Change 061N.

In Appendix A to this letter, I reproduce OHA's questions from the RFI Letter, and provide Asante's responses.

Asante respectfully believes that, with the information that has previously provided, and with the further information that I enclose here, it has provided sufficient information to support OHA's approval of Asante's planned acquisition of substantially all assets of Surgery Center of Southern Oregon. To facilitate OHA's timely conclusion of this matter, I provide, in Appendix B to this letter, a concise summary of the standards for favorable review, and the information that Asante has provided in support.

In review of the public commentary that OHA has posted, Asante observed that one physician practicing at SCSO submitted the following:

For the last several years, SCSO has had declining volumes and financial challenges . . . If this sale is unable to proceed, I personally don't believe SCSO will remain a financially viable option to the community for outpatient procedures that span multiple specialties and a valuable patient care option will be lost. The sale to Asante will allow for additional patient volumes and financial stability.

December 12, 2025

Asante understands that SCSO believes that—as the submission quoted above reflects—SCSO is at risk of closure if the transaction is not approved promptly. Asante joins the team at SCSO in respectfully urging OHA to approve the transaction, and preserve the facility’s ability to continue to provide health care services for southern Oregonians.

On behalf of Asante, I look forward to working with OHA as it finalizes its review of this matter.

Very truly yours,

Michael B. Lampert

Enclosures

cc: Kristen Roy  
Peter Stoloff

**Asante Response to OHA RFI of November 14, 2025**

The list below reproduces, in bold, each question from OHA's RFI of November 15, 2025. Asante's response follows each question in turn.

- 1. Entities' response to Item 13 of the HCMO-1, Exhibit 2, October 21st, 2025, submission does not clearly depict the relationship between Asante, Surgery Center of Southern Oregon (SCSO), and the new proposed LLC (Rogue Valley Healthcare Services) after the transaction has closed. Please provide an organizational chart that clearly displays the post-closing relationship between the entities.**

An updated organizational chart is enclosed as Exhibit 10.

- 2. The pre-transaction chart in Bates No. 258 states that Asante currently holds 20% economic interest in SCSO. Bates No. 17 provides that Asante owns 25% ownership interest in SCSO. Please provide a detailed written narrative explaining the difference between Asante's 20% economic interest and 25% ownership interest in SCSO for clarity.**

SCSO previously had five members with 20% management and economic rights. One such member no longer holds management rights but retains economic rights. Thus, Asante now holds a 25% management (but a 20% economic) interest in SCSO.

- 3. Will any physicians affiliated with or employed by Doctors for Outpatient Surgery, LLC ("DOS"), Southern Oregon Outpatient Neurosurgery, LLC ("SOON"), and Digestive Investigations, LLC ("DIV"), become employees of Asante post-transaction?**

Decisions with respect to employment have not yet been made, and are not contingent on this transaction (*i.e.*, there are scenarios in which Asante and such physicians may or may not consider employment relationships, both if this transaction is approved and if this transaction is not approved).

- 4. How many physicians affiliated with DOS, SOON, and DIV currently perform procedures at SCSO?**

There are 14 physicians affiliated with DOS, SOON, and DIV.

- a. How many of these identified physicians are owners of either DOS, SOON, or DIV?**

Each physician holds an ownership interest in their respective organization.

- b. Will the physicians identified in RFI #4 continue to perform procedures at the outpatient surgery facility post-transaction?**

13 of the 14 physicians currently hold privileges at the RRMC, which would authorize them to perform procedures at the facility post-transaction.

Asante maintains an open medical staff. The remaining physician, if interested, is welcome to apply for membership on the medical staff. Upon processing in accordance with Asante's standard procedures, this physician would be welcome to continue to perform procedures at the facility.

Structuring the facility as an outpatient department also will authorize every other physician holding surgical privileges at RRMC to perform procedures at the facility, thereby broadening its service to the community.

**5. How many physicians, other than those identified in RFI #4, currently perform procedures at SCSO?**

In the past 12 months, 37 physicians (in addition to the 14 physicians indicated above) have performed procedures at the facility.

**a. Will the physicians identified in RFI #6 continue to perform procedures at the outpatient surgery center post-transaction?**

Each physician with privileges at RRMC will be able to continue to perform procedures at the facility if they wish. Of the 37 physicians addressed in response to this question, 25 currently hold privileges at RRMC. The remaining physicians are welcome to apply for membership on the RRMC medical staff and, upon processing in accordance with Asante's standard procedures, would be welcome to continue to perform procedures at the facility.

**6. Please identify the affiliations or employers of the physicians identified in response to RFI #6.**

Asante understands this question to refer to 4.b. above. The physicians referred to in 4.b. are affiliated with one or more of SCSO, DOS, SOON, DIV, and RRMC.

**7. What role, if any, will SCSO's current administrator and medical director have in managing or overseeing the outpatient surgery center post-transaction?**

Asante has not yet determined the role of SCSO's current administrator and medical director in managing or overseeing the outpatient surgery center post-transaction.

**8. The HCMO-1 states that SCSO facilities need "significant physical plant renovations" and that it will take approximately six months to complete. Please describe in detail the renovations and/or upgrades that Asante is planning for the SCSO facility.**

Asante is continuing to assess the renovations and upgrades that will be necessary, and is balancing its general desire to bring the facility fully up to current standards with the simultaneous interest in minimizing downtime. To that end, Asante is currently evaluating whether it may be possible to undertake initially only those improvements that are high-priority and that are required for resumption of operations, and to phase further improvements in a serial manner that would permit portions of the facility to continue to operate at all times.

**a. Is there a prioritization of these planned renovations?**

Please reference the response provided above.

**b. What is the rationale for each planned renovation/upgrade?**

Please reference the response provided above.

**c. The HCMO-1 states that Asante “remains in the process of finalizing its funding request internally” for the planned renovations to the SCSO facility. Please provide the dollar amount of funding that has been requested and the status of the request. If pending, explain when the request is it expected to be finalized.**

Please reference the response provided above.

**d. Please provide a copy of the funding request and all other documentation, analyses, or information related to the planned renovations for the SCSO facility.**

Please reference the response provided above.

**9. The HCMO-1 states that “one of Asante’s objectives in the transaction is to increase the level of service activity at the facility” and that “a number of Asante-affiliated surgeons who do not currently perform surgeries at SCSO may do so.” Please provide more detail for planned service lines, days of activity, and staffing changes post-transaction at both the SCSO facility and Asante’s facilities.**

**a. What types of procedures will move from Asante’s main hospital facility (or other facilities) to the SCSO facility?**

Asante anticipates that a variety of surgeries that can be safely performed in an outpatient setting will occur at the SCSO facility. Overall, Asante would anticipate treating the facility as a general outpatient surgery unit, and would schedule cases at the facility in a manner consistent with other general surgical scheduling. Asante has not in its planning limited the procedure types that it would schedule for performance at the facility.

**b. Will any clinical or non-clinical staff currently employed or contracted by Asante be moved (fully or partially) to the SCSO facility?**

Asante does not have specific staff assignment plans developed at this date.

**c. Will any clinical or non-clinical staff currently employed or contracted by SCSO be moved (fully or partially) to the Asante Rogue Regional Medical Center (“RRMC”) or another Asante facility?**

Please reference the response to RFI 3 and the response immediately above.

**d. Are there any other planned changes not already described in a-c?**

Overall, it is Asante's hope to operate the facility on a full-time basis (*i.e.*, at least five days each week) as an outpatient surgical department of RRMC, with opportunities to perform a variety of outpatient surgical procedures. Asante believes that approach can increase the facility's overall utilization, which, as the facility has operated on an independent basis, has proven insufficient to support the facility's long-term viability.

**10. The HCMO-1 states that lower-acuity procedures currently performed at Asante may be moved to the SCSO facility, "presenting future opportunities to repurpose hospital space for higher-acuity services."**

**a. Please explain which "lower-acuity procedures" would be moved from RRMC to the SCSO facility?**

Asante anticipates that a variety of surgeries that can be safely performed in an outpatient setting will occur at the SCSO facility. Overall, Asante would anticipate treating the facility as a general outpatient surgery unit, and would schedule cases at the facility in a manner consistent with other general surgical scheduling. Asante has not in its planning limited the procedure types that it would schedule for performance at the facility.

**b. Explain why additional hospital space is needed for higher-acuity services. In doing so, explain what these "higher-acuity services" are and describe in detail the current unmet need.**

High-acuity services are services that can be performed safely only in a hospital setting. As a matter of long-term planning, it is Asante's objective to be able to meet high-acuity needs as they present without necessarily needing to undertake capital-intensive hospital expansion efforts. One way to achieve that objective is to expand opportunities to perform lower-acuity services outside of the main hospital building, thereby creating capacity within existing hospital space for performance of higher-acuity services.

**c. Will any clinical or non-clinical staff currently employed or contracted by RRMC (or other Asante facilities) be moved (fully or partially) to the SCSO facility?**

Asante does not have specific staff assignment plans developed at this date

**11. Please provide copies of any plans, analyses, or other documentation related to anticipated staffing needs at SCSO and RRMC post-transaction.**

There is no responsive documentation.

**12. The HCMO-1 states that this transaction will increase capacity for outpatient surgical procedures and that operating SCSO at full capacity "may necessitate additional staffing."**

**a. Please explain why Asante expects increased demand for procedures at the SCSO facility that would require SCSO to operate at full capacity. In doing so, address where the increased demand will stem from and what the specific unmet need is.**

Asante plans to transition to the facility certain lower-acuity procedures that would otherwise be performed at RRM. Asante further plans for physician plant and equipment upgrades to bring the facility up to the standards necessary to operate as part of the Asante system, which will allow Asante to more seamlessly integrate patients between the two facilities. Finally, Asante is, on an ongoing basis, engaged in efforts to recruit additional surgeons to Medford; success of those efforts would be expected to increase procedural volumes generally.

- b. Explain how the staffing needs for the planned increased capacity will be met in terms of both physicians and other clinical staff. In doing so, provide copies of all data, analyses, or documents related to the staffing of the outpatient surgery center both pre- and post-transaction.**

Asante does not have specific staff assignment plans developed at this date. As the operator of a 378-bed acute care hospital located approximately 355 feet from SCSO, with a system-wide medical staff of 1,200+ physicians and allied health professionals, and as an employer of 6,000+ team members, Asante is confident that it can manage staffing for increased capacity at SCSO.

- c. Please identify the types of procedures and/or patient populations currently being underserved that will benefit from increased capacity at the SCSO facility.**

Asante has not in its planning limited the procedure types that it would schedule for performance at the facility. Over the long-term, by increasing RRM's ability to provide high-acuity services to more patients while not precluding lower-acuity care, and by doing so through a relatively more capital-efficient approach (*i.e.*, by acquiring an extant facility located literally across the street, rather than by undertaking new construction), Asante believes that all members of the community will benefit.

- 13. Please provide copies of all communications made to current SCSO or RRM staff regarding this proposed transaction and/or any changes to SCSO facilities, governance, organization, or staffing that may result from it.**

A copy of SCSO's communications to staff is enclosed as Exhibit 11. To date, Asante has not made applicable communications to its staff regarding the Transaction.

- 14. Please describe in detail any anticipated changes post-closing to non-clinical staff employed or contracted by SCSO in positions such as front office, finance, and management.**

Asante does not have specific staff assignment plans developed at this date.

- 15. Please describe all anticipated impacts or changes for current SCSO clinical and non-clinical staff post-transaction. In doing so, address the following:**

- a. How will the current SCSO employment agreements be handled pre- or post-transaction?**

Please refer to the response to RFI 3.

- b. Provide copies of all draft definitive agreements underlying the terms of the transaction. If draft definitive agreements are not yet available, explain when the entities anticipate these draft agreements will be available.**

The definitive agreement remains under negotiation, and is not a document that must be provided at this time. According to OHA's guidance on furnishing final definitive agreements, a Notice of Material Change may be filed with a term sheet, and the final definitive agreement is due to OHA no later than 15 days prior to closing, after the transaction is approved. The definitive agreements will memorialize the terms summarized in the Non-Binding Term Sheet for Asset Purchase that has been provided to OHA.

Respectfully, as a result of the increasingly indeterminate duration of OHA's process, and the uncertainty that has created as to its conclusion, the parties are managing their and their counsel's efforts. Accordingly, there is not presently a targeted completion date for draft agreements. The parties are confident that they could finalize the definitive agreements promptly following OHA's approval.

- c. How will employee benefits, including but not limited to paid time off, health insurance, retirement, and seniority status, be impacted for current clinical and non-clinical staff of SCSO that become Asante employees post-transaction, if applicable?**

The terms of employment will be finalized in the parties' negotiations.

- d. Will SCSO clinical or non-clinical staff be assigned to positions outside of the SCSO facility? Where will they work during the renovations? Are there anticipated changes to their work schedules?**

Asante does not have specific staff assignment plans developed at this date.

**16. Please provide copies of all payer contracts for SCSO and Asante Rogue Regional Medical Center for the past 3 years that cover procedures performed at the SCSO facility.**

Asante would refer OHA to the Oregon All Payer All Claims reporting program, available through OHA's website.

All patients who receive services at all Asante facilities, including, post-transaction, the SCSO facility, are covered by Asante's financial assistance policy, which provides free care to families with incomes up to three times the federal poverty level, and discounted care to families with incomes from three times up to four times the federal poverty level.



- a. **Does Asante plan to assume SCSO’s current payer contracts? If no, please describe the plans and timeline for ending those contracts.**

Asante does not plan to assume SCSO’s payor contracts.

- b. **Will Asante’s current payer contracts cover procedures performed at the SCSO facility post-transaction?**

Asante anticipates that its contracts covering services at RRMCM will cover services at the SCSO facility.

- c. **Does Asante plan to enter into any new payer contracts related to services provided at the SCSO facility?**

Asante does not currently anticipate entering into new contracts specific to services to be performed at the SCSO facility.

- 17. Does Asante plan to charge a facility fee for procedures performed at the SCSO facility? If yes, please provide the rationale for charging such facility fees and provide copies of all data, analyses, and documentation pertaining to this rationale.**

Asante expects to bill for procedures performed at the SCSO facility as it bills for all outpatient hospital services. Asante will bill a facility fee for the technical component, and Asante (if an Asante physician performs the surgery) or the applicable independent surgeon will bill for the professional component. Asante believes that outpatient hospital billing is appropriate for outpatient hospital services that it provides to the community, and that associated reimbursement enables Asante to provide its services.

- a. **Please provide the most current chargemaster rates for all outpatient procedures performed at SCSO and RRMCM.**

Asante’s chargemaster rates are available at [www.asante.org/patients-visitors/bill-pay/standard-charges](http://www.asante.org/patients-visitors/bill-pay/standard-charges).

- 18. The HCMO-1 states that “the parties expect the payer mix for the outpatient surgery facility to reflect Asante’s payer mix following closing. In Fiscal Year 2024, Asante’s payer mix was 16.2% commercial, 75.6% government payer and 8.3% other.”**

- a. **Please further separate Asante’s and SCSO’s provided payer mix for “government payer” into Medicare FFS, Medicare Advantage, and Medicaid.**

For Asante the “government payer” category breaks down as follows:

- i. Original Medicare: 28.6%
- ii. Medicare Advantage: 26.8%
- iii. Medicaid: 20.2%

For SCSO, the “government payer” category breaks down as follows:

- i. Original Medicare: 24.8%
- ii. Medicare Advantage: 21.6%
- iii. Medicaid: 11.7%
- iv. TRICARE: 4.5%

**b. Please describe in detail what falls into the “other” category.**

For Asante, “other” includes TRICARE, workers’ compensation, motor vehicle accident coverage, and other third-party liability programs.

For SCSO “other” includes self pay.

**c. Please explain why it is expected that the payer mix at the SCSO facility will shift to reflect Asante’s current payer mix post-transaction.**

As a general matter, post-transaction, the facility is expected to continue to serve patients who have historically received care at the facility, in addition to supplemental volume from RPMC. Asante has not, at this point in time, sought to predict with precision the mix of patients whose outpatient surgery cases will be performed at the SCSO facility versus other Asante outpatient surgery suites. As described above, Asante has not in its planning limited the procedure types that it would schedule for performance at the facility. Accordingly, in the absence of other bases for estimation, Asante has assumed that the facility’s payer mix will generally align with that of Asante.

**d. If it is expected that the SCSO facility payer mix will shift to Asante’s current payer mix, which is lower in commercial and higher in government payer revenues, how will that affect the SCSO facility’s profitability?**

A substantial challenge to the facility’s current financial viability is volume. As described elsewhere, Asante anticipates that, as Asante integrates the facility into RPMC’s operations over time, volumes at the facility will increase, which will increase revenue, which will support the financial viability of operations, even if at a lower payor mix.

**19. The HCMO-1 Notice states that the outpatient surgery facility “is anticipated to serve a higher number of patients on Oregon Health Plan.” Provide copies of all data, reports, or analyses that have been conducted regarding any unmet need by Oregon Health Plan members for outpatient surgical procedures in the service area.**

Asante would defer to OHA’s data and analyses with respect to particular resources for Oregon Health Plan members. As reflected in response to RFI 18, on a percentage basis Asante serves approximately twice the Medicaid population as SCSO and, in the absence of information to the contrary, Asante would expect the payer mix at the outpatient surgery facility to resemble Asante’s overall payer mix. Operating the facility as an outpatient surgery department, Asante would provide all support to Medicaid members, and to Medicaid-eligible members who are not

yet enrolled in Medicaid, as Asante provides to patients receiving outpatient surgery at other Asante facilities.

**20. Explain whether RRMC currently performs the same types of outpatient procedures that are performed at the SCSO facility. If yes, please identify the types of procedures currently being performed at both facilities, along with the annual volumes of each type of procedure at each facility for 2024 and 2025 YTD.**

Please see Exhibit 12, which lists, by Current Procedure Terminology (“CPT”) code, procedures performed at the SCSO facility and, for each, also indicates the number performed by RRMC.

**21. How does Asante plan to “improve and enhance the quality of the services offered at the surgery facility,” as stated in the HCMO-1?**

Asante plans to invest in physical plant and equipment upgrades; to integrate the site into Asante’s Epic EHR; and to apply system-level quality, safety, finance, compliance, contract management, and materials management standards. These steps are intended to standardize operations to hospital-level quality and safety and improve care coordination.

**22. The HCMO-1 states that it anticipates that wait times for surgical procedures will decrease post-transaction. Please explain the basis for this statement and provide copies of all data, reports, or analyses conducted related to wait times for surgical procedures.**

Asante’s statement is based on the observations that the SCSO facility currently operates well below capacity; the SCSO facility therefore can absorb additional volume; and, with additional capacity available, RRMC will be able to make more surgical slots available in its scheduling that it otherwise could.

**23. Please provide a narrative explanation for the decrease in the Asante community benefit spending relative to the assigned minimum spending floor for fiscal years 2022-2024. Please include what efforts or initiatives, if any, are in place or are planned to increase community benefit spending to levels above the minimum spending floor. Please describe any risks to these efforts and initiatives.**

Asante respectfully submits that this question is not required to satisfy the criteria and standards of review established pursuant to ORS 415.501, the goals established at OAR 409-070-0000(3), or the criteria and approval standard set forth at OAR 409-070-0055(2).

With that said, Asante would note that its system-wide community benefit spending in fiscal year 2023 was 104.3% of the minimum spending floor, and in fiscal year 2022 was 202.3% of the minimum spending floor.

Asante also would note that community spending floors do not apply to independent ambulatory surgery centers. Approval of and closing of this transaction therefore would bring the facility within the scope of the program established by HB 3076 in 2019.

**24. The HCMO-1 states that “this transaction will infuse liquidity into existing provider groups.”**

- a. Is “existing provider groups” referring to the DOS, SOON, and DIV? Are other provider groups included?**

The reference is to the provider groups that hold economic interests in SCSO. Those groups are DOS, SOON, SOOP and DIV. Asante makes reference to no other group.

- b. Do any of these provider groups have plans for how they will utilize the capital they will receive post-closing? If so, please describe all plans and provide copies of any data, analyses or documents related to same.**

Acknowledging the variety of determinations that each group might make, Asante would defer to each individual group as to its planned use of transaction proceeds.

**25. The governing documents of SCSO indicate that the sale of substantially all of its assets by SCSO requires the approval of the members of SCSO. Has approval by all members of SCSO been obtained, or will it be obtained prior to the consummation of the proposed transaction?**

Approval by members of SCSO would be obtained prior to closing.

**26. The HCMO-1 states that Asante intends to purchase substantially all of the assets of SCSO including the underlying real estate. What assets, if any, will not be acquired in this proposed transaction?**

As stated in the HCMO-1 Notice, the parties have not generated a list of the specific assets to be transferred or excluded, but anticipate doing so at a later date. Please see the response to RFI 15.b for further context. As reflected in response to RFI 16.a, payor agreements will not be assumed.

- a. Provide copies of all lists identifying assets to be acquired or excluded from this proposed transaction.**

Please reference the response provided above.

- b. If not, by when do the entities anticipate identifying the specific assets to be acquired and/or excluded?**

Please reference the response provided above.

**27. Please clarify when SOOP officially exited ownership from SCSO in 2022. The notice and the organizational chart are not consistent on this point. Please update these documents so they are aligned. The First Amendment to the Fifth Restated Operating Agreement of SCSO indicates that SOOP was expelled from membership on June 8, 2022 (Bates No. 238). The organizational chart provided in Exhibit 8 shows that SOOP still retains a 20%**

**ownership of SCSO (Bates No. 258). Please update the document(s) to ensure SOOP ownership is accurately characterized.**

SOOP departed SCSO on June 8, 2022. From that point forward, SOOP retained only economic rights (20%).

The organizational chart provided in Exhibit 8 shows that SOOP retains a 20% ownership in SCSO and it is denoted in the lower left corner that “Percentages refer to economic interest only.” This accurately characterizes SOOP’s ownership interest.

- a. As of what date did SOOP physicians stop performing procedures at the SCSO facility?**

Physicians affiliated with SOOP last performed procedures at SCSO on August 12, 2024.

- 28. Please provide copies of the Consent of Physician Group Members and Unanimous Vote to Expel and all definitive agreements underlying the purchase of SOOP’s ownership units by Asante, DOS, DIV, and SOON.**

The requested document is attached hereto as Exhibit 13.

- a. Explain whether any portion of the transaction to purchase SOOP’s ownership units remains pending as part of the ongoing litigation between SCSO and SOOP, captioned Surgery Center of Southern Oregon, LLC, v. Southern Oregon Orthopedic Properties, et. al., No. 24CV35720 (Jackson, Complaint filed July 26, 2024) (“SCSO-SOOP Litigation”).**

Asante understands that it does. Asante would anticipate that resolution of the litigation (*e.g.*, through settlement or dismissal) would be a condition precedent to the transaction.

- 29. What impact, if any, did the departure of the SOOP physicians from the SCSO facility have on the types of procedures performed, the volume of procedures performed, and any changes in revenues, costs, or staffing for the SCSO facility?**

SOOP’s departure has reduced volume has led to a significant decline in revenue. SCSO’s costs have declined given the reduced volume; however, due to fixed costs and the decline in higher-margin procedures historically performed by SOOP, SCSO has been unable to maintain adequate margins needed to remain viable, especially as reimbursement per case has not increased in proportion to the rising costs to deliver care. On May 31, 2022, before SOOP’s departure, the facility had 80 full-time equivalent (“FTE”) staff. As of November 30, 2025, there were 59 FTEs.

- 30. Please describe the current status of the SCSO-SOOP Litigation and explain how this pending litigation might this affect the terms/shape of the proposed transaction.**

The SCSO-SOOP litigation remains pending. Please refer to the response to RFI 28.a.

**31. Describe SCSO’s plans should the proposed transaction not be completed.**

The executive director of SCSO has indicated in public comments to OHA that “industry-wide economic pressures and volume changes have created financial challenges that place the long-term viability of SCSO at risk” and that “the proposed transaction with Asante represents the most responsible and sustainable path forward.” Indeed, Asante understands that SCSO has determined that it is at risk of imminent closure if this transaction is not approved promptly. Closure would impose unemployment upon SCSO staff, and disruption of care relationships upon SCSO patients.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

\* \* \*

## **Appendix B**

### **Review of Asante Submission**

In evaluation of this transaction, Asante has considered the standards established by statute and regulation for the transaction's approval. Put simply, Asante would not have undertaken to seek approval of a transaction that it did not believe should be approved.

As OHA draws together the information that Asante has submitted over the period since its initial filing on August 28, 2025, Asante considered that it may be of assistance for Asante to share with OHA a summary of the facts as relevant to the applicable standards.

ORS 415.501(6) provides that OHA "shall approve a transaction" following OHA's preliminary review, if the transaction meets criteria established by regulation, including *any* of the following three criteria:

- The "transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction."
- The transaction "does not have the potential to have a negative impact on access to affordable health care in this state."
- The transaction (1) will benefit the public good and communities by (i) reducing growth in patient costs, or (ii) increasing access to services in medically underserved areas, or (iii) rectifying factors contributing to lack of health equities or access to services, or (iv) improving health outcomes, and (2) will not present anticompetitive effects outweighing the benefits to underserved populations.

The implementing regulation at OAR 409-070-055(2) similarly instructs that OHA "must approve" a transaction upon the conclusion of preliminary review if the transaction meets "*one or more*" of the following five criteria:

- The transaction "is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction."
- The transaction "is unlikely to substantially reduce access to affordable health care in Oregon."
- The transaction "is likely to meet the criteria set forth in OAR 409-070-0060" (which are similar to those summarized in the third bullet in the series of bullets above).
- The transaction "is not likely to substantially alter the delivery of health care in Oregon."



- “Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.”

Simply for purposes of brevity, this analysis does not consider the third criterion, which, with multiple layered factors, would be a more extensive analysis. Putting that aside, this transaction quite clearly satisfies *all* of the criteria above—and, pursuant to OHA regulation, approval following the preliminary review is required if it meets *any one* of them.

First, the transaction is in the interest of consumers and is urgently necessary to maintain the solvency of SCSO.

- Asante plans to undertake significant physical plant improvements essential for safe and reliable operations, including replacing the medical vacuum system and one of the emergency generators, reconfiguring facility space, and upgrading utilities. See HCMO-1 Notice, page 16.
- SCSO is currently operating on a reduced basis, limiting consumer access to surgery four days per week and pain clinic services only two days per week. See HCMO-1 Notice, page 15. Asante’s support will enable broader operations.
- There has been a sustained decline in SCSO’s financial position. See HCMO-1 Notice, pages 14–15.
- SCSO’s financial statement demonstrate a precipitous decline in financial performance. [REDACTED]
- SCSO’s financials have not improved in 2025. [REDACTED]
- The executive director of SCSO has indicated in public comments to OHA that “industry-wide economic pressures and volume changes have created financial challenges that place the long-term viability of SCSO at risk” and that “the proposed transaction with Asante represents the most responsible and sustainable path forward.” See Supplemental Responses, Appendix A, Page 12.
- Asante separately understands that SCSO has determined that SCSO is at risk of imminent closure if this transaction is not approved promptly. Closure would, of course, compel SCSO staff to seek new employment, and SCSO patients to seek care elsewhere. See Supplemental Responses, Appendix A, Page 12.

Second, the transaction is unlikely to substantially reduce access to affordable health care in Oregon.

- Asante intends to operate the facility on a full-time basis, expanding access to care. See HCMO-1 Notice, page 18.
- Asante’s financial assistance policy will apply to patients utilizing this facility just as it does to patients at any other location within the health system, supporting access to care for patients of limited means. Asante maintains a generous financial assistance policy that provides a 100% discount to patients at or below 300% of Federal Poverty Line (“FPL”), and 65% discounts for those between 300% and 400% of FPL. See HCMO-1 Notice, page 18.

Third, the transaction is not likely to substantially alter the delivery of health care in Oregon.

- OHA’s list of licensed ambulatory surgical centers indicates that, in addition to SCSO, there are at least eleven other ambulatory surgery centers in Jackson and Josephine counties: seven in Medford, two in Grants Pass, one in Talent, and one in Ashland. That is in addition to other hospital facilities in the area, and to any physician offices that perform in-office procedures.
- Preservation of the SCSO facility is important to the local community and to the staff at the facility. However, the transaction is not material on a state-wide basis, nor, in the larger picture, to delivery of health care in the region. Even without considering SCSO’s currently precarious state and recently limited volumes, a conclusion that Asante’s acquisition of the assets of *one of twelve* ambulatory surgery centers in the immediate two-county area could *substantially* alter the delivery of care in the state is simply not credible.

Fourth, comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

- The transaction ultimately intends to stabilize an underperforming facility with 11 procedure rooms that is not operating at full capacity and that is facing solvency pressures. See HCMO-1 Notice, page 15.
- The transaction consists of a fair-market-value purchase of a single-site ambulatory surgery center in Medford, serving patients primarily from Jackson and Josephine counties. HCMO-1 Notice, page 14.
- There are numerous alternative outpatient surgical options in the local market. See HCMO: Asante/SCSO Bates No. 259 – 262. SCSO’s recent financial statements show thin margins and cash constraints with an unsustainable downward trend that is expected to continue absent significant change. HCMO-1 Notice, page 15.
- Asante knows the local market well and has demonstrated experience in outpatient care. HCMO-1 Notice, pages 11–12. Asante operates RRMC

adjacent to the facility, positioning it to seamlessly integrate services across sites.  
HCMO-1 Notice, page 15.

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Overall, the transaction is important to preserve operations at the facility, which is of benefit to the local community, including patients and clinical personnel. The transaction affords an opportunity for Asante to expand outpatient services in an integrated fashion at a location barely a football field's length from RRMC's front door. These are important benefits: patients will experience improved access to care (with the benefit of Asante's financial assistance program), and RRMC will gain operational flexibility with more limited capital outlay than would be required were RRMC to build capacity from the ground-up. However, the transaction merits assessment in a broader scale as well. It involves but one ambulatory surgery center in a two-county region that currently has twelve. Consumers, and clinicians, will retain broad access to other options for care. While it presents real benefits, the transaction also does not present a degree of materiality warranting delay.

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