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January 23, 2026

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BY E-MAIL

Sarah Bartelmann, MPH Cost Programs Manager
Oregon Health Authority
421 SW Oak Street, Suite 850
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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, in response to Oregon Health Authority's ("OHA") January 13, 2026 request for information relating to Notice of Material Change 061N.

I enclose, as Attachment A, Asante's response.

Very truly yours,

/s/ Michael B. Lampert

Attachment

cc: Kristen Roy
Peter Stoloff

Attachment A

Asante Response to OHA Requests of January 13, 2026

The list below reproduces, in bold, the requests in OHA's letter of January 13, 2026. Asante's response follows each question in turn.

1. **RFI #16: OHA requested "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." Entities acknowledged in the January 9 response that "third-party payor reimbursement for services provided at outpatient hospital facilities is higher than for services provided at ambulatory surgery centers" but refused to provide the contracts, citing staff time and cost. OHA routinely requests, and receives, payor contracts as a standard part of HCMO transaction reviews in order to understand the potential effects of the proposed transaction on pricing and reimbursement. ORS 415.501(13) prohibits Entities from refusing to provide documents on the basis of confidentiality. In order to move forward in preliminary review, Entities must provide the requested information.**

   In a teleconference on January 13, 2026, representatives of Asante asked why production of payor contracts is required, in light of the parties' stipulation that outpatient hospital services are more expensive than services furnished in an ambulatory surgery center, the parties' offer to validate that differential through service-specific data, and, as Asante previously communicated, the availability to OHA of actual payment data for both RRMC and SCSO through the All Payer All Claims Database. OHA declined to respond, other than to say that OHA routinely requests payor contracts in HCMO reviews.

   That statement does not appear to be well-founded in the public record. In the 55 applications publicly available on the HCMO Program site, Asante has identified only three other instances in which OHA requested payor contracts during preliminary review. And, significantly, the public record reflects that, in the transaction most comparable to this transaction (the acquisition by the St. Charles Health System of the Neuromusculoskeletal Center of the Cascades), OHA did *not* require production of payor contracts before approval. Like this transaction, that one involved a transition from the seller's payor contracts to the buyer's, and a transition of care from a non-hospital setting to (at least sometimes) a hospital outpatient department setting. Indeed, OHA's only supplemental condition when it revised its initial order to accommodate the transition to hospital outpatient billing (*i.e.*, to permit the buyer's billing of facility fees) was to require application of the St. Charles financial assistance policy. Asante has already confirmed to OHA that Asante's financial assistance policy will apply, post-transaction, to all services provided at the SCSO facility.

   OHA's precedent in the St. Charles acquisition, like the general trend evident in the public record, is, of course, consistent with OHA's own public guidance, made available in its *Health Care Market Oversight Analytic Framework*, that, at the preliminary review phase, OHA will consider data from the All Payer All Claims Database, and, as "supplemental information," "may request" "Hospital Price Transparency-Law-compliant data (if not readily available online), summarized or filtered as relevant." OHA's public guidance is clear that 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.

Asante has nonetheless reviewed the confidentiality provisions of its payor contracts, as referenced during the teleconference on January 13. Asante has identified a number of contracts containing confidentiality provisions that would require Asante to provide notice to payor, with the opportunity to object to Asante's provision of the contracts to OHA, or to obtain the payor's consent.

Asante is aware that OHA has asserted the position, based on ORS 415.501(13), that Asante may not refuse to provide the requested materials based on the confidentiality thereof and that Asante must provide requested information. Asante appreciates that ORS 415.501(13) does not afford a statutory basis for an applicant to compel OHA to conclude its review of a transaction if the applicant is unable, as a result of confidentiality obligations, to provide information that OHA has requested. At the same time, the statute does not amend Oregon law to authorize applicants to breach contractual obligations that they have to third parties, nor immunize applicants from damages that they may face as a result of contractual breach.

With those points in consideration, OHA may have the ability under the law to put an applicant between, on the one side, the rock of having OHA deem an application to be incomplete for the applicant's failure to provide information in response to supplemental requests and, on the other, the hard place of breaching obligations to third parties. But for reasons that Asante has shared previously in this matter, this is not a situation in which it would be appropriate for OHA to do that.

The production of payor contracts, if ultimately possible, would impose substantial administrative burden on Asante and on SCSO. That is a burden that need not be borne for OHA to assess the relative cost of services in RRMC outpatient departments, on the one hand, and at SCSO, on the other: OHA has access to that information through the All Payer All Claims Database; Asante has stipulated to the existence of a price differential; and, to the extent that OHA might have any question arising from the time lag in the All Payer All Claims Database, Asante has offered to validate the differential through reference to particular exemplar services (indeed, Asante would invite OHA to select a reasonable number of services, by CPT, for that validation). It also is a burden that Asante believes is unnecessary for OHA to approve the transaction under applicable regulatory standards.

Asante therefore respectfully requests that, with due regard for OHA's general practice as reflected in the public record, guidance to the public as reflected in the *Health Care Market Oversight Analytic Framework*, and mitigation of undue burden on healthcare providers seeking to serve the community with finite resources, OHA consider its ability to act on this matter, in preliminary review, on the basis of the record currently available.

2. **RFI #23: OHA requested a "narrative explanation for the decrease in the Asante community benefit spending relative to the assigned minimum 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." On both December 12, 2025, and January 9, 2026, Asante failed to provide an explanation for the decrease, asserting that this question is not relevant to HCMO review. OHA remains steadfast; Entities must provide the requested information in order for OHA to complete its review of the proposed transaction.**

   Asante prides itself on providing high-quality, accessible, and cost-effective care across a broad range of health programs and services. In many cases, the revenue from these needed programs does not cover Asante's costs.

   The apparent decrease in Asante's community benefit spending form FY22 to FY23 is attributable to Asante's high spending—almost $75M—on COVID-related expenses in FY22. Normalized for that, Asante's community benefit spending has grown in each successive year, from a normalized amount of $87M in FY22 to $88.8M in FY23 to $91.2M in FY24. This growth is the result of efforts that Asante has been undertaking.

   Consistent with regulation, Asante considers community benefit spending to include spending on programs or activities that provide treatment or promote health and healing, address health disparities, or address the social determinants of health; that are not provided primarily for marketing or to increase market share; that generate negative margin; and that meet at least one of the criteria of improving access to health services, enhancing population health or improving health disparities, advancing generalizable knowledge, demonstrating charitable purpose, or addressing social determinants of health. *See* OAR 409-023-0100(5).

   Improving access to care, Asante has successfully increased the number of Asante-employed primary and specialty providers and assisted community-based Asante Health Network providers with recruitment and retention, resulting in reduced wait times for community members to receive primary care for routine or emergent needs as well as post-diagnosis consultations with specialists. Additionally, Asante's certified application counselors have supported nearly 16,000 community members across the three hospitals with completing Oregon Health Care applications.

   Advancing generalizable knowledge and improving access to care, Asante's hospitals have collaborated on education efforts about various chronic conditions through a variety of programs, including online physician educational talks. Other initiatives include ensuring the provision of low and no-cost breast cancer screenings for uninsured and underinsured community members and partnering with Oregon Health and Sciences University ("OHSU") in a two-year hospital-based opioid treatment study that resulted in new approaches and order sets that were ultimately shared throughout the state. The OHSU partnership supported Asante's local community members navigating substance use disorder, as well as individuals throughout the state.

Advancing population health and improving health disparities, Asante has initiated a number of mental health initiatives. For instance, Asante Ashland Community Hospital worked in concert with Asante Hospice to support the mental health of community members and their families through social, emotional and mental health support with in-home end-of-life care and individual and group support throughout the bereavement process. Asante Rogue Regional Medical Center has invested heavily in mental health programs and services provided in its behavioral health unit, with over $4.4 million directly benefiting community members in need of behavioral support services over the past two years.

Asante offers the foregoing as illustrative examples of its efforts and undertakings to support community benefit activities, which, on a normalized basis, have led to increased community benefit spending in each year.

3. **RFI #36: OHA requested that Entities "please explain how payer contracting and billing currently works at SCSO", including the following subparts:**

   a. **"Does SCSO contract with payers for technical/facility fees and do individual physicians/physician groups contract with payers for professional fees?**

   [redacted]

   b. **When someone undergoes a procedure at SCSO, does SCSO always submit a separate technical/facility fee claim to the payer?**

   [redacted]

      i. **Is it ever bundled with a professional fee claim submitted by another entity such that only a single claim is submitted?**

      [redacted]

      ii. **Does any entity other than SCSO ever submit for the technical/facility fee portion of a claim? If so, please identify those entities and their NPIs."**

      [redacted]

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