

Health Care Market Oversight (HCMO) Program

HCMO-2: Request for Emergency Exemption from Material Change Transaction Review

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A health care entity should complete this form to request emergency exemption from material change transaction review. Under OAR 409-070-0022, Oregon Health Authority (OHA) may exempt an otherwise covered transaction from review if there is an emergency situation that immediately threatens health care services, and the proposed transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity.

Submit this completed form, in a portable document form (pdf), by email to hcmo.info@oha.oregon.gov. OHA may request additional information or discussion as needed to determine emergency exemption status. OHA will post the completed form on the Health Care Market Oversight Program website for public comment in accordance with OAR 409-070-0022. OHA will strive to accommodate an expedient review of this application for emergency exemption but must consider each application on a case-by-case basis.

I. Parties to the proposed transaction

1. List the entity name for all parties to the proposed transaction. Add extra rows as needed for additional parties.

Party A (Applicant)	Asante
Party B:	Surgery Center of Southern Oregon, LLC ("SCSO")
Party C:	Rogue Valley Healthcare Services, LLC

2. Provide the requested information for Party A.

Legal entity name	Asante
Assumed name	Asante
Tax ID	93-0223960
Mailing address	2650 Siskiyou Blvd, Medford, Oregon 97504
Website	www.asante.org
Contact Name	Kristen Roy
Title	SVP, Chief Public Affairs Officer and General Counsel
Phone	541-789-5668
Email	Kristen.Roy@Asante.org

3. Provide the legal name, assumed name, Tax ID, mailing address, and website of all other parties to the transaction.

Party B:

- Legal Name: Surgery Center of Southern Oregon, LLC
- Assumed Business Name: N/A
- Address: 2798 E. Barnett Rd., Medford, Oregon 97504.
- Tax ID: 93-1189291
- Website: <https://www.sosurgi.com/>

Party C:

- Legal Name: Rogue Valley Healthcare Services, LLC
- Assumed Business Name: N/A
- Address: Formation of entity in progress
- Tax ID: Formation of entity in progress
- Website: None.

II. About the proposed transaction

4. Is the transaction urgently necessary to maintain the solvency of an entity involved in this transaction?

Yes No

If yes, explain why and include a complete statement of the facts, circumstances, and conditions which justify emergency exemption.

SCSO is nearing insolvency and will become insolvent immediately without prompt approval by OHA and the needed capital from Asante’s investment in the facility.

SCSO has served the Medford, Oregon community since 1997. It has acted as a vital access point for members of the Rogue Valley community and beyond for outpatient surgical services.

For a long period of time, SCSO was owned by five members, each of whom held a 20% management and economic interest in SCSO. These members were: (1) Southern Oregon Outpatient Neurosurgery, LLC; (2) Doctors for Outpatient Surgery, LLC; (3) Digestive Investigations, LLC; (4) Southern Oregon Orthopedic Properties, LLC (“SOOP”); and (5) Asante. The owners of SOOP, who operate a large orthopedic group in the region, departed the organization in 2022 and opened a competing surgery center a short distance away in Medford shortly thereafter.

Since that time, SCSO’s financial condition has steadily declined due to the decreased

volumes and revenue due to the loss of the orthopedic group.

During the summer of 2025, SCSO determined that it was no longer financially viable and needed to explore a lifeline. Asante Rogue Regional Medical Center (“RRMC”), already a partial owner and located across the street, agreed to purchase the assets of SCSO in order to keep this access point available to the local community. Given the fast-declining finances of SCSO, familiarity among the parties, and ability to keep the resources within the community, the sale to Asante was the most expedient and best option to preserve both services and jobs within the local community.

Asante and SCSO entered into a Non-Binding Term Sheet for Asset Purchase effective on August 19, 2025, and then subsequently submitted a Notice of Material Change on August 28, 2025. The application was accepted and preliminary review began on October 27, 2025. The process remains in review as of the date of this filing.

SCSO’s financial condition has worsened since the date the parties entered into the Term Sheet in August of 2025.

Asante has noted the declining condition of SCSO in RFI Response letters dated December 12, 2025, January 9, 2026, and April 3, 2026, as well as verbally in several meetings with the Oregon Health Authority during the review period.

While SCSO has made steadfast efforts to stay afloat as long as possible, its ability to do so is waning. Both volumes and charges continue to decline from last year. As of March 26, 2026, [REDACTED] As of April 16, 2026, that number remained untenably low at [REDACTED] According to Dialogue Health, the industry average for days’ cash on hand for an Ambulatory Surgery Center is 56 days’. [REDACTED] [REDACTED] coupled with the loss of key personnel and continued decline in volume, it is only a matter of time before SCSO is insolvent. For additional details, please see the Financial Health Report as of April 16, 2026 attached as Appendix A.

Further compounding these concerns is the fact that SCSO has lost key personnel, [REDACTED] [REDACTED] for a new role out of state; it will be nearly impossible to hire a replacement in the current situation.

SCSO has indicated that its anticipated closure date is no later than [REDACTED]. Without this transaction, SCSO will almost certainly become insolvent in the immediate future and will be required to shut its doors. Southern Oregonians already have a difficult time accessing timely medical care in the Rogue Valley, and this closure would effectively mean that more outpatient surgeries would need to be absorbed by other facilities, likely increasing wait times for patients and decreasing overall access.

5. When is the threatened entity anticipated to become insolvent without this proposed

transaction? (e.g., how many days cash on hand does the entity have?)

As of April 16, 2026, [REDACTED]

For additional details on SCSO’s anticipated insolvency, please see the cash runway analysis and financial statements attached as Appendix B.

6. Is the transaction in the interest of consumers?

Yes No

If yes, explain why and include any other relevant information not already provided that justifies the emergency exemption.

This transaction will ensure that patients and the public retain access to an outpatient surgery center in Asante’s and SCSO’s service areas. Asante’s purchase of the facility will ensure its long-term financial viability, as well as access to vital outpatient services for the local community. Asante’s plans to improve the financial outlook of the facility include, but are not limited to: (i) increasing recruiting efforts; (ii) engaging in certain physical plant improvements; and (iii) integrating the facility into the Asante system, which presents opportunities to increase volume at the facility and achieve better utilization of RRMC higher-acuity resources.

Asante serves patients primarily in Jackson and Josephine Counties, as well as surrounding counties. The vast majority of the geographic region that Asante serves is rural. Rural Oregonians typically have fewer providers, limited access to specialized care, and aging demographics.

The loss of capacity will impact consumers – this will result in delay of care, increased travel to receive care and avoidance of obtaining needed and preventive services.

7. Provide a detailed explanation of all the terms, conditions and agreements of the transaction and the manner in which such terms, conditions and agreements will respond to the conditions necessitating expedited consideration of the emergency exemption application (e.g., how will the transaction change ownership/governance, how will the transaction change providers or support staff). Attach supporting documentation as needed.

The parties anticipate that the transaction will involve payment of the purchase price, and any adjustment amounts thereto, pursuant to a definitive asset purchase and sale agreement. Asante anticipates purchasing substantially all tangible assets of SCSO. Those include assets traditionally associated with ambulatory surgery centers, including the building, imaging

equipment and viewers, surgical lighting, surgical equipment, surgical supplies and inventory, furnishings, and computer equipment. Asante anticipates that a wholly owned subsidiary of Asante will hold the assets purchased from SCSO. That subsidiary's anticipated name is Rogue Valley Healthcare Services, LLC. For additional details, please see the term sheet attached as Appendix C.

Asante anticipates that the measures discussed below will respond to the conditions necessitating expedited consideration of this emergency application.

One of Asante's objectives in the transaction is to increase the level of service activity at the facility. A paired objective is to improve Asante's own ability to meet community needs, by securing, at a reasonable level of capital investment, clinical space adjacent to the RRMC building, and thereby being able to provide integrated but lower-acuity services at the current SCSO site, presenting future opportunities to repurpose hospital space for higher-acuity services. For efficiency of operations and integration, Asante anticipates that the facility will become licensed as an outpatient department of RRMC. As a satellite of RRMC, services provided at the facility will be integrated with the RRMC, allowing for greater coordination of care for patients of SCSO. Services will be billed as a department of RRMC.

Asante anticipates that, in the future, under Asante ownership, and with full integration into Asante's operations and Asante's electronic health records system, a number of Asante-affiliated surgeons who do not currently perform surgeries at SCSO may do so.

Further, as mentioned above, Asante anticipates undertaking additional recruiting efforts and certain physical plant improvements that are expected to increase volume at the facility. As discussed, reduced volume is a significant factor driving SCSO's current financial decline.

8. Has any entity involved in the material change transaction engaged with consumers about the proposed transaction and received input from consumers?

Yes No

If yes, describe.

For several months, public comments have been collected by OHA regarding the transaction. Please see the public comments received by OHA as of March 30, 2026 attached as Appendix D.

9. As a result of the emergency transaction, will there be a significant reduction or elimination of essential services? Please see [Essential Services and Significant Reduction](#) guidance document.

No, Asante intends to generally preserve access to the same types of procedures that are currently provided at the surgery facility. Over time, Asante intends to increase volumes, increase the number of providers with access to the facility, and transition outpatient surgeries from RRMC operating rooms to provide more capacity for complex, higher-risk procedures or care.

10. Ideally, by what date does the applicant want a decision from OHA?

Based on the circumstances outlined above, Asante respectfully requests approval of this application by May 1, 2026.

Please see next page

III. Certification

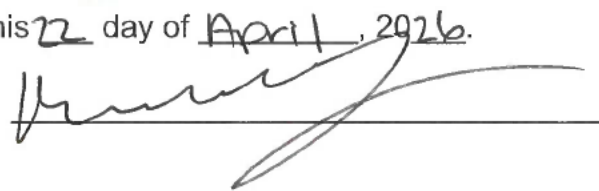
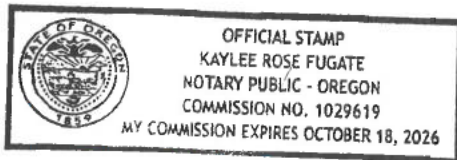
I, the undersigned, being first duly sworn, do say:

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 22 day of April, 2026.



SUBSCRIBED AND SWORN TO before me, this 22 day of April, 2026.


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Notary Public in and for Oregon

My Commission Expires: 10/18/2026