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January 9, 2026

Michael B. Lampert
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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

Dear Ms. Bartelmann:

I write on behalf of Asante, primarily in response to Oregon Health Authority's ("OHA") December 24, 2025 request for information relating to Notice of Material Change 061N. I also write in response to your letter of January 8, 2026 to Kristen Roy, General Counsel of Asante.

As you and your office of course know, Asante has for several months been seeking OHA's approval to acquire assets of Surgery Center of Southern Oregon ("SCSO"), a struggling ambulatory surgery facility that is located directly across the street from Asante's Rogue Regional Medical Center. Asante believes firmly that its acquisition of SCSO will be of substantial benefit to the community—and that, but for Asante's acquisition, SCSO will close, resulting in job losses for personnel at SCSO and in poorer healthcare delivery in the region. For those reasons, Asante has been committed to working with OHA throughout the process.

The process has been significant. Views may differ on why that is. But cause aside, Asante sought, by letter sent on January 7, to bring the process toward efficient resolution, inviting OHA to engage in productive dialogue with Asante if OHA, in application of the statutory and regulatory standards for approval, and with reflection on the information that Asante has provided, continues to have material questions or concerns. For ease of reference, I enclose Asante's letter as Attachment A.

It came as a disappointment to Asante that OHA chose to respond not in a spirit of productive dialogue, but instead with a threat of *criminal* sanctions, issuing a "Notification of Non-Compliance," for failure, apparently, to have submitted a response that was not even yet due. OHA's response, which I enclose for convenience as Attachment B, did not, in Asante's view, reflect OHA's Core Values of Integrity ("maintaining the highest standards and outcomes in all aspects of our work"), Partnership ("we seek out, listen to, and collaborate with our partners across

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diverse communities”), or Innovation (“We bring creativity, experience, and openness to our search for solutions to problems”). Asante is hopeful for a more collaborative process in the future.

I enclose, as Attachment C, Asante’s response to OHA’s pending request for information. Asante appreciates the opportunity to meet with OHA and its counsel, and can do so in the window that you offered, at 10 A.M. on January 13. Please let me know if I can facilitate that meeting with a Microsoft Teams or a Zoom link. Asante looks forward to a productive discussion.

Very truly yours,

/s/ Michael B. Lampert

Attachments

cc: Kristen Roy
Peter Stoloff

Attachment A



Kristen Roy, JD

SVP & Chief Public Affairs Officer and General Counsel

kristen.roy@asante.org

January 7, 2026

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
Preliminary Response to December 24, 2025 Request for Information

Dear Ms. Bartelmann:

I write on behalf of Asante, in response to Oregon Health Authority's ("OHA") December 24, 2025 request for information (the "RFI Letter") relating to Notice of Material Change 061N.

The Surgery Center of Southern Oregon ("SCSO") is at real risk of closure if the transaction is not approved in time to be finalized by March 1. And Asante asserts that the information that it has provided to date is sufficient to permit OHA's approval of the transaction and, therefore, preservation of operations at the SCSO facility. Almost five months have passed since Asante initially filed the application. Asante has answered over 105 supplemental questions and submitted 444 pages of information in total.

Based on the information submitted, Asante believes that approval at this juncture is required by ORS 415.501(6) and OAR 409-070-0055(2). Accordingly, Asante is extremely concerned that its written response to OHA's further requests, and the additional delay (and cost) that will attend the review of that response by OHA's outside advisors, and the potential further inquiries that OHA's outside advisors in turn may generate, is an exercise that may drain both institutional resources and time, with the result being the loss of SCSO as a resource for the community.

If OHA does not feel, on reflection, that it is in a position to approve the transaction at this time, on any one of the bases set forth in Appendix B to Asante's submission of December 12, 2025, Asante requests an urgent telephone call or videoconference, on Thursday or Friday of this week, with representatives of OHA who may engage in productive dialogue with Asante's representatives regarding this transaction. Time is of the essence to preserve access in the southern Oregon community.

We look forward to bringing this matter to resolution.

Asante

2650 Siskiyou Blvd, Medford, OR 97504

Very truly yours,

Kristen Roy, JD

cc: Michael B. Lampert

Peter Stoloff

Attachment B

SENT VIA EMAIL: kristen.roy@asante.org

Kristen Roy
SVP & Chief Public Affairs Officer and General Counsel
Asante
2650 Siskiyou Blvd
Medford, OR 97504

RE: Notification of Non-Compliance
061N Asante – Surgery Center of Southern Oregon

The Oregon Health Authority (“OHA”) is in receipt of your correspondence dated January 7, 2026 (the “correspondence”). Asante issued this correspondence in response to OHA’s December 24, 2025, notification (“December 24th letter”) detailing items Asante failed to respond to in its December 12, 2025, submission in response to OHA’s November 14, 2025, Request for Information (“November 14th RFI”). This December 24th letter also included two additional requests for information, responses for which are necessary for OHA to complete its review of the proposed transaction between Asante and Surgery Center of Southern Oregon (“SCSO”).

OHA promptly reviewed the materials supplied by Asante in its December 12, 2025, submission, and provided feedback and detailed information necessary for OHA to continue its preliminary review of the proposed transaction to Asante on December 24th. Any perceived timeline delays in OHA’s preliminary review of this proposed transaction stem directly from Asante’s responsiveness to OHA’s requests for information.

As noted in the December 24th letter, OHA is unable to continue its review of the proposed transaction absent a complete submission to the November 14th RFI and responses to its two additional requests for information.

While OHA appreciates the urgency presented in your correspondence, OHA issues this Notice of Non-Compliance to notify you that failure to respond to OHA’s December 24th letter in full may result in OHA imposing civil penalties under Oregon Revised Statutes (ORS) 415.900 and seeking any other remedy, civil or criminal, that may be available under Oregon law pursuant to ORS 415.501(22) and (23).

Further, failure to provide OHA with all information deemed necessary to approve the proposed transaction, with or without conditions, following preliminary review may result in OHA determining the proposed transaction must move to comprehensive review pursuant to ORS 415.501(7)(a) and Oregon Administrative Rule 409-070-0055(3). This will result in a longer and more comprehensive review of the proposed transaction.

If the transacting parties have questions on items noted in the December 24th letter or the HCMO review process, OHA and its legal counsel from the Oregon Department of Justice will be happy to meet and discuss early next week. OHA can offer the following dates and times for a virtual meeting:

- Monday, January 12th at 3 PM
- Tuesday, January 13th at 10 AM

Dated this 8th day of January, 2026



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

Attachment C

Asante Response to OHA Requests of December 24, 2025

The list below reproduces, in bold, each question from OHA's letter of December 24, 2025. Asante's response follows each question in turn.

Part I. November 14 RFI Outstanding Issues

- 1. RFI #4 & Exhibit 11:** The response to RFI #4 states that surgeons currently performing procedures at SCSO are welcome to apply for privileges at Asante post-transaction. The e-mail communications provided to SCSO surgeons, produced as Exhibit 11, state "I am also aware of concerns from surgeons not currently privileged at Asante facilities. To clarify with information provided: surgeons would not be required to have Asante privileges to operate at SCSO if the transaction proceeds. There would be no call obligations associated with outpatient facility credentialing." (Exhibit 11, Bates 272) Please clarify whether or not surgeons will need Asante privileges to operate at the SCSO facility post-transaction. If privileges are not needed, please explain what process will be utilized to allow the physicians to perform surgeries at the SCSO facility.

Surgery Center of Southern Oregon ("SCSO") will become an outpatient department of Rogue Regional Medical Center ("RRMC") post-transaction. Accordingly, all providers performing procedures at the facility will require privileges with RRMC, in compliance with regulatory standards. SCSO's Executive Director, who authored the e-mail communications, appears not to have appreciated the requirements of hospitals, consistent with ORS 441.055(1)(b), to credential as members of the medical staff all providers who perform procedures in hospital space.

However, for the 13 physicians who currently perform procedures at SCSO and do not currently hold medical staff privileges at RRMC, as well as for other physicians who might in the future seek similar arrangements, Asante is evaluating either an amendment to its medical staff bylaws that would establish a new category of medical staff membership, or a new delineation of privileges, in each case that would permit the performance of surgery at outpatient locations without a requirement for call coverage.

- 2. RFI #12.a.** This RFI requested Entities explain where the increased demand for procedures at the SCSO will stem from and what the specific unmet need is. Entities' response speaks to increasing capacity through efforts to recruit additional physicians but does not answer the question of where Asante expects increased demand and what the specific unmet need is. Please provide this previously requested information.

In response to RFI #12.a, Asante wrote that it "plans to transition to the facility certain lower-acuity procedures that would otherwise be performed at RRMC." Asante also wrote that it is "on an ongoing basis, engaged in efforts to recruit additional surgeons to Medford." The brief answer to OHA's question therefore is that increased demand will stem (i) from RRMC, which will offload lower-acuity volume to the facility, and (ii) from expanded professional capacity.

The result will be increased patient access, improved care coordination, and reduced burdens on physician staff, with resulting improvements in provider retention in the region. Some more detail follows.

RRMC occupies an important role as the community's largest acute care hospital and only Level II trauma center. Reflecting RRMC's importance to the community, and the community need for the high-acuity services that RRMC provides, the incoming transfer volume to RRMC has increased 15% from CY24 to CY25, and total inpatients have increased by 20% during this time period. RRMC is committed to continue to serve that growing need, and anticipates the volume to continue to increase.

Operating room capacity, with fully qualified staff, is an ongoing challenge. If an operating room is not available, transferred patients (as well as patients presenting initially at RRMC) must wait and be triaged, with other patients in similar situations, in the emergency department. In some cases, patients scheduled for important but non-emergent procedures will experience delay, when the operating room for which they were scheduled must be used instead for an emergent case. In other cases, patients experience delay in scheduling, as a result of the understandable need for RRMC to reserve operating room time for emergent cases.

For outpatients, delayed care of course is suboptimal care; for inpatients, delayed surgery can extend length of stay, which has its own adverse impacts on patient care and access. And the impacts of scheduling pressure create domino effects. For example, to schedule lung biopsies, which are critical for detection of cancer and prompt commencement of treatment, while maintaining capacity to meet emergent trauma needs, RRMC has assigned for biopsy cases surgical slots historically used for gastroenterology cases. That, in turn, delays scheduling in gastroenterology, which creates a barrier for easy patient access for procedures like preventative screening colonoscopies.

RRMC has sought to mitigate the need for surgical delay or triage by scheduling elective surgeries late at night or on weekends. That, however, creates undesirable situations for patients and their families. It also imposes a burden on staff, requiring surgeons and other staff to work deep into the evening and on weekends—which, in turn, creates challenges for provider retention.

Acquisition of SCSO will relieve substantial pressure in a number of ways, in a capital-efficient manner. SCSO's operating rooms, while staffed, are not operating at capacity. Maintaining an operating room requires constant cleaning, resupply, monitoring, staffing, and other upkeep. As but one example, to be functional, an operating room must have anesthesia coverage, with skills and training appropriate for the procedures being performed. By consolidating an array of low-acuity surgical cases (such as colonoscopies) at SCSO, Asante will be able to make use of open surgical blocks at SCSO, while reducing pressure on surgical blocks at RRMC, and reducing the inefficiency of crowding RRMC's blocks with procedures that do not require the level of clinical support that RRMC must maintain. And being able to accomplish that consolidation within a single system and operating hospital environment will maintain important levels of care coordination.

Asante believes that it has the opportunity to employ [REDACTED] and [REDACTED]. RRMC's ability to rationalize service locations for [REDACTED] and similar procedures would enable those physicians to provide timely care. Asante's recruitment of those physicians would occur against the backdrop of a broader expansion of Asante's cohort of employed physicians. Over calendar year 2025, Asante doubled its annual recruitment of physicians into the community. Retention of proceduralists amongst those recruits will be improved by their ability to schedule, at appropriate times, the procedures that they perform. Asante anticipates that procedures that it will be able to concentrate at the SCSO facility will include gastroenterology, gynecology, low-acuity spine, urology, and outpatient general surgery.

The explanation above also has referred to the importance of appropriately experienced anesthesia staffing. Anesthesiologists are not interchangeable. At RRMC, anesthesiologists perform their services in a manner appropriate for a high-acuity environment, with a focus on sedation of patients. That is not, however, the appropriate anesthesia for hand surgeries that require a patient to be awake, to respond to commands during surgery. Hand surgery is currently performed at SCSO, with anesthesia teams experienced in treatment of conscious patients.

3. **RFI #29: Entities' response indicates that the Southern Oregon Orthopedics Properties, LLC ("SOOP") departure reduced volume, which led to a significant decline in revenue. Please explain why Asante thinks SCSO will expect increased demand for procedures when demand has recently decreased at SCSO. Specifically, identify the particular types of procedures for which there is currently unmet demand.**

Asante has addressed this question in its response to the question immediately above.

4. **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." The response failed to provide copies of such contracts and referred OHA to the Oregon All Payer All Claims reporting program. This response is insufficient. Entities must provide the requested information.**

It is established, and should be assumed to be the case here, that third-party payor reimbursement for services provided at outpatient hospital facilities is higher than for services provided at ambulatory surgery centers. *See e.g.*, Medicare Payment Advisory Commission *Report to the Congress: Medicare Payment Policy, Chapter 10: Ambulatory Surgical Center Services: Status Report* (March 2025). Asante would posit that reimbursement differential, together with the reduced volumes at SCSO, has contributed to SCSO's inability to operate sustainably as a going concern.

Respectfully, Asante does not believe that the time and expense for Asante and SCSO, and, in turn, for OHA and its outside advisors, to review Asante's and SCSO's payor contracts is justified. That review would simply demonstrate what Asante acknowledges above: the per-procedure cost of services at the SCSO facility would increase post-transaction.

Asante also incorporates by reference the contents of Appendix B to Asante's December 12, 2025 submission, and would respectfully submit that quantification of the amount of the reimbursement differential is immaterial to the transaction's qualification for approval. While Asante believes that the transaction is eligible for approval under each criterion identified in Asante's December 12, 2025 submission, the precise reimbursement differential is particularly immaterial in the setting of this transaction to eligibility for approval under OAR 409-070-0055(2)(b) (as a transaction "unlikely to substantially reduce access to affordable health care in Oregon) or OAR 409-070-0055(2)(d) (as a transaction "not likely to substantially alter the delivery of health care in Oregon").

SCSO is an important resource. And, when incorporated into Asante's larger system, will, for the reasons described above at #1, will become a more important resource. But the facility, as currently operating, is candidly too small for its transition from independent (if unsustainable) operations to operations as an outpatient department of RRMC to impose any "substantial" negative change. And the options facing SCSO now appear to be either to be acquired by Asante or to close, in which case its presence as a potentially lower-cost provider would be eliminated anyway.

In light of these considerations, submission of Asante's and SCSO's payor contracts to OHA, and their review once submitted, would be highly burdensome, would impose substantial costs, and would impose substantial delay—none of which is warranted, for the simple reason that quantification of the precise reimbursement differential does not affect the transaction's qualification for approval under at least two bases. Additionally, by their nature, third-party payor contracts are proprietary contractual documents with outside parties not subject to and not a party to this transaction and the HCMO process, and so their production would require careful review and navigation of contractual confidentiality obligations, which could require payors' consent.

If, however, it is absolutely critical for OHA to validate that Asante's rates for hospital outpatient procedures indeed are higher than rates currently paid to SCSO for comparable procedures, Asante would suggest that OHA could perform that validation through targeted review of rates for one or two illustrative procedures, which OHA might wish to select based on the procedure mix data that Asante has provided. Asante and SCSO could, in turn, with efficiency provide data regarding relative reimbursement rates.

- 5. 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." Asante failed to provide an explanation for the decrease. Entities must provide the requested information.**

As Asante shared in its December 12, 2025 submission, 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), and that OHA's review of this transaction therefore is not the appropriate forum to resolve any questions that OHA may have regarding Asante's community benefit spending. Related to this transaction, there are no plans to materially alter the philosophy, policy or practices related to community benefit spending. Asante is, of course, open to discussion with OHA regarding its community benefit spending in other appropriate fora.

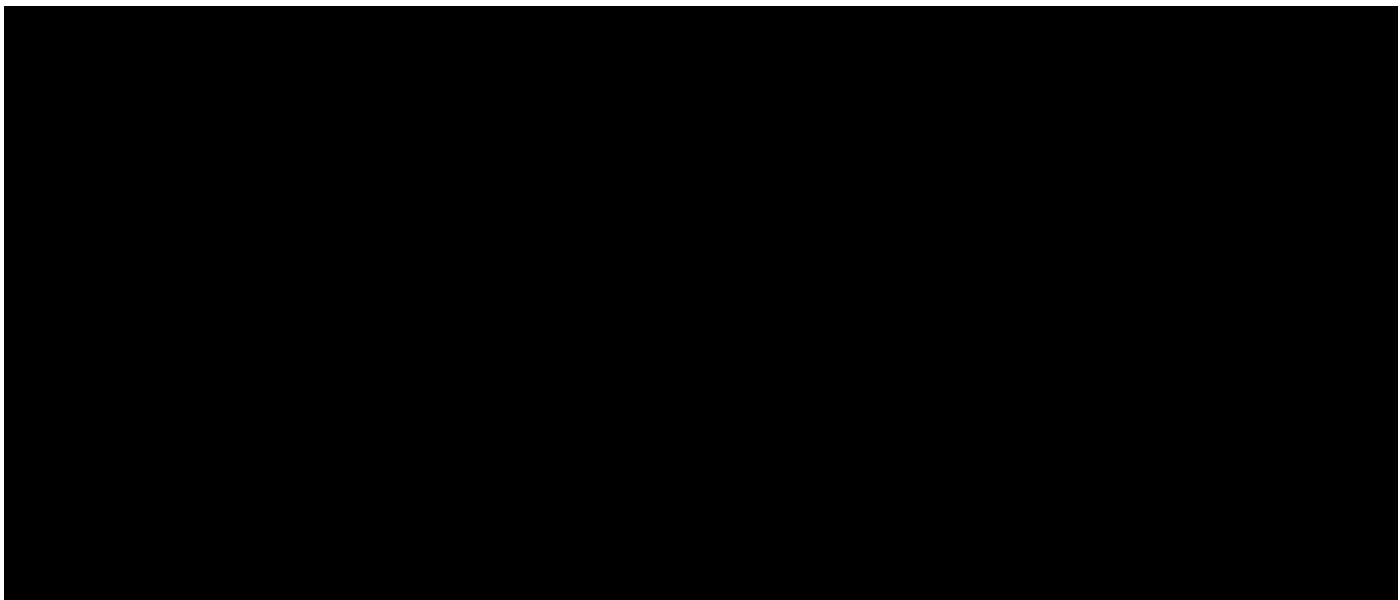
- 6. RFI #27 & Exhibit 10: Thank you for providing clarification regarding SOOP's economic ownership interest share and management interest. As SOOP continues to hold a 20% economic ownership interest, please provide an updated version of Exhibit 10 reflecting this and clarifying that SOOP holds a 20% economic ownership interest, but 0% management interest.**

An updated version of the transaction structure chart is attached hereto as Exhibit 16.

- 7. Redactions: Please address the redaction-related request listed in Attachment A to this letter.**

An updated version of the requested information is attached hereto as Exhibit 17.

Part II. November 14 RFI Outstanding Issues



- 36. Please explain how payer contracting and billing currently works at SCSO.**

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

Asante does not presently have adequate information to answer this question, but assumes that this is the case. Asante would like to better understand the relevance of this question in relation to OHA's approval standards, and looks forward to discussing this question with OHA.

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

Asante does not presently have adequate information to answer this question, but would expect that SCSO bills for its own services. Asante would like to better understand the relevance of this question in relation to OHA's approval standards, and looks forward to discussing this question with OHA.

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

Asante does not presently have adequate information to answer this question. Asante would like to better understand the relevance of this question in relation to OHA's approval standards, and looks forward to discussing this question with OHA.

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.

Asante does not presently have adequate information to answer this question. Asante would like to better understand the relevance of this question in relation to OHA's approval standards, and looks forward to discussing this question with OHA.

* * *