I. Parties to the proposed transaction

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

Party A (Applicant)	MultiCare Health System (“MultiCare”)
Party B:	Samaritan Health Services, Inc. (“Samaritan”)

II. Contact information for the parties

Provide contact information for the proposed transaction, as requested below.

1. Provide information for Party A.

Legal entity name	MultiCare Health System
Assumed name	
Tax ID	91-1352172
Mailing address	820 A Street Tacoma, WA 98402
Website	https://www.multicare.org
Contact Name	Aaron Cohen
Title	Senior Vice President, Chief Growth Officer
Phone	253-403-1000
Cell Phone	
Email	aaron.cohen@multicare.org

Is Party A represented by legal counsel for this transaction?

☒ Yes

☐ No

Provide information regarding Party A's legal counsel, if applicable.

Name	Timothy Hatfield
Firm	Hatfield Knivila, LLC
Address	
Phone	(503) 208-5037
Email Address	tim@hkhealthlaw.com

2. Provide information for Party B.

Legal entity name	Samaritan Health Services, Inc.
Assumed name	N/A
Tax ID	93-0951989
Mailing address	2300 NW Walnut Blvd, Ste. 1-A, Corvallis, OR 97330
Website	www.samhealth.org
Contact Name	Tyler Jacobsen
Title	VP & Chief Legal Officer
Phone	541-768-4478
Cell Phone	NA
Email	Tjacobsen@samhealth.org

Is Party B represented by legal counsel for this transaction?

☐ Yes

☒ No

3. Provide a billing contact for payment of review fees.

Name	MultiCare Accounts Payable
Address	315 MLK Jr Way, M/S 5299, Tacoma WA 98415
Phone	
Email Address	MHSAPINVOICES@multicare.org

III. About the proposed transaction

4. Provide the type of material change transaction. (See OAR 409-070-0010 for definitions of transactions subject to review.)

☐ Merger

☐ Acquisition

☒ Affiliation

☐ Contract

☐ Other (specify)___________

5. What is the anticipated effective date of the proposed material change transaction?

While Samaritan has meaningfully improved its financial and operational performance, this proposed affiliation between Samaritan and MultiCare ("Affiliation") is essential to maintain Samaritan's services and preserve its mission. Please see Exhibit 6.a for further details. As such, Samaritan and MultiCare intend to close this transaction upon the receipt of all necessary regulatory approvals.

This Affiliation with MultiCare will provide Samaritan with the capital, infrastructure, and expertise necessary to address Samaritan's most acute needs, including any needed recapitalization of its health plans, infrastructure improvements at Good Samaritan Regional Medical Center, expansion of access points for care across the region, and additional clinicians to meet the growing needs of its communities. Samaritan cannot accomplish these on its own. Thus, this Affiliation directly supports the goals of the Health Care Market Oversight Program by:

- Expanding access to primary, specialty, and behavioral health services through additional investments in ambulatory services;
- Improving health outcomes and promoting equity through population health initiatives;
- Enhancing quality via investments in facilities, technology, and clinical integration;
- Supporting affordability through better care coordination and more efficient care delivery; and
- Making the investments necessary to ensure Samaritan will continue serving Oregonians for generations to come.

The sooner this Affiliation closes, the sooner these benefits can be realized by Oregonians and the communities served by Samaritan.

6. **Briefly describe the proposed material change transaction, including:**

   a. **Goals and objectives**

Samaritan Health Services is a high-performing, nonprofit, integrated network of hospitals, outpatient clinics, and health plans providing comprehensive care to residents of Benton, Lincoln, Linn, and portions of Marion and Polk counties. Since the founding of Samaritan Albany General Hospital more than a century ago, Samaritan has continuously evolved to meet the changing health care needs of its communities. Over the past two decades, this evolution has included launching InterCommunity Health Network Coordinated Care Organization ("InterCommunity CCO"), partnering with Western University of Health Sciences to establish Oregon's first new medical school in more than 100 years, and developing community-based primary care clinics that address social determinants of health.

Samaritan is an irreplaceable community asset that plays a vital role in maintaining access to care for hundreds of thousands of Oregonians. However, like many health systems, Samaritan has experienced operating losses over the past several years driven by national and regional trends, including workforce shortages, inflationary pressures, and rising costs of care. Moreover, there are unmet community needs that Samaritan is unable to fully meet without substantial additional investment and specialized expertise, particularly in expanding access to affordable, high-quality ambulatory and specialty services.

Ultimately, Samaritan determined that it cannot continue to meet the health care needs of our community alone. As such, Samaritan undertook a comprehensive process to identify a like-minded partner that will allow Samaritan to reach its full potential. After evaluating multiple potential partners, Samaritan determined that this Affiliation with MultiCare would best advance its mission and strengthen its ability to serve the people of Oregon into the future.

The proposed Affiliation with MultiCare positions Samaritan to thrive in the years ahead. Through this partnership, Samaritan will gain the capital, tools, and resources necessary to invest in its facilities, people, and communities, ensuring it can continue to deliver exceptional care and expand access to meet the evolving health needs of those it serves.

The primary goals of this Affiliation are to:

- Meet Samaritan's near-term capital needs, particularly related to the Corvallis campus and health plan infrastructure
- Grow Samaritan's preeminent position as the regional provider, clinical partner, and employer of choice

- Optimize Samaritan’s clinical and system integration to support high value care through access to innovative resources
- Implement an efficient and effective governance structure that supports Samaritan’s ability to operate fluidly and make decisions based on what is best for the community
- Expand access, improve quality, promote health equity and reduce the cost of healthcare for all residents of the region
- Sustain a strong culture that allows Samaritan to maintain its operations and build on its proven ability to meet the needs of the community

These goals are not merely aspirations—they are reflected in the structure of this Affiliation and the shared values and strategic vision of those most intimately involved in shaping the combined entity’s future. This notice describes in detail how the proposed Affiliation furthers each of these goals.

- *Addressing Samaritan’s capital needs:* As more fully described in Exhibit 6.a, Samaritan has acute short- and long-term capital needs that it cannot address on its own, particularly with respect to the Samaritan Health Plans, InterCommunity CCO, and the physical plant at Good Samaritan Regional Medical Center. This Affiliation addresses these needs through recapitalization of Samaritan Health Plans and InterCommunity CCO as needed, together with an unprecedented commitment to invest at least $700 Million in the Samaritan health system over 10 years (the “Capital Commitment”). Samaritan and MultiCare will allocate this capital commitment according to a jointly developed capital plan that reflects shared priorities and community needs. See Sections 6.d and 13 for more detail on the investments and initiatives that this Affiliation will support.

- *Growing Samaritan’s status as the preeminent provider in the region:* At the heart of this Affiliation lies the ambition to strengthen Samaritan’s position as the region’s foremost provider, clinical partner, and employer. Doing so requires financial stability, ongoing investments in staff and infrastructure, and the development and implementation of tools to improve population health. As described in more detail throughout this notice, Samaritan and MultiCare structured this affiliation to achieve all these goals and has actionable plans to do so.

- *Optimizing Samaritan’s clinical and system integration*: Integral to achieving Samaritan’s goals is the optimization of clinical and system integration. As described in more detail in response to Inquiry 13.c, this Affiliation gives Samaritan the opportunity to expand access to services, especially in the ambulatory and primary care service lines. This will, in turn, enable Samaritan to more seamlessly coordinate care across specialties and sites of service. The targeted investments made possible by this Affiliation will help ensure that individuals receive the right care, at the right time, with the support of cutting-edge medical advancements.

- *Implementing an efficient and effective governance structure*: Recognizing the importance of agile and effective decision-making, this Affiliation implements a governance structure that empowers local leadership to act in the best interests of the community, while giving such leaders access to the capital, expertise, and infrastructure of MultiCare, the Pacific Northwest's leading system of health. The post-closing governance framework, which is described in more detail in response to Inquiry 13.2, will enable Samaritan to respond swiftly to evolving healthcare needs while maintaining transparency, accountability, and a connection to the communities it serves.

- *Expanding access, improving quality, promoting health equity, and reducing costs:* This Affiliation furthers access, quality, health equity and cost-control by enabling Samaritan to make targeted investments in services and service lines that will, together, give our communities better access to lower-cost, higher-quality care close to home. Samaritan is particularly excited about the planned investments in health plan infrastructure, which are described in more detail in response to Inquiry 13.3. These investments will improve care coordination, reduce overhead costs, and help patients choose the most appropriate and cost-effective care.

- *Sustaining Samaritan's strong culture:* Sustaining a robust organizational culture is vital for Samaritan's long-term success. Samaritan and MultiCare recognize that, for this Affiliation to be successful, they must share a mission, vision, and values, while recognizing and embracing the unique benefits of both institution's histories and cultures. The past few months of collaboration between MultiCare and Samaritan have demonstrated a strong like-mindedness between the organizations with a focus on communities, local decision-making, health equity, population health, and clinical excellence. The response to Inquiry 7 describes how the parties ensured cultural alignment through due diligence and pre-transaction strategic planning.

Samaritan and MultiCare are entering into this Affiliation to further Samaritan's nonprofit charitable mission and to preserve and expand Samaritan's existing services. As such, post-closing MultiCare and Samaritan will ensure that Samaritan remains an Oregon nonprofit corporation furthering its existing nonprofit and charitable mission. Furthermore, for a period of not less than three years, Samaritan and MultiCare will take all actions necessary for Samaritan to:

- Continue offering all of Samaritan's existing services as described in Exhibit 11.f.ii,
- Continue operating InterCommunity CCO as a Coordinated Care Organization serving Benton, Lincoln, and Linn counties, subject to the Oregon Health Authority's procurement process and contractual discretion, and
- Continue offering a dual eligible special needs plan, or equivalent product, in Benton, Lincoln, and Linn Counties, subject to the Centers for Medicare and Medicaid Services' procurement process and contractual discretion.

If, due to an unexpected circumstance or situation beyond the parties' control, Samaritan must stop offering a service listed in Exhibit 11.f.ii or terminate the plans described in this paragraph, the parties will do so only upon the approval of both the MultiCare and Samaritan Boards of Directors (respectively, the "MultiCare System Board" and the "Samaritan Board").

MultiCare and Samaritan also intend for this to be a permanent, mutually beneficial Affiliation. As such, MultiCare shall not sell or transfer all or substantially all of Samaritan's assets or interests to a third-party or engage in any dissolution of Samaritan or its hospitals for a minimum of seven years following the closing without the prior approval of the Samaritan Board.

As described in Exhibit 6.a, this Affiliation is a strategic necessity. Without a partner like MultiCare, Samaritan would need to take immediate steps to reduce its operating losses. This would include selling or winding down its health plans, reducing clinical and administrative staff, and further delaying long-overdue maintenance projects. Thus, this Affiliation is critical to maintaining existing service levels and continuing to meet the evolving health care needs of our communities.

However, financial stability and sustainability for Samaritan is not just about providing a financial backstop for the health plan and restoring margins. It is also about ensuring that the community's health care dollars stay in the community. A health system that uses its operating margin to return profits to investors, or to fund unrelated activities, is neither sustainable nor consistent with the parties' shared charitable mission. Accordingly, MultiCare is committed to re-investing margin from Samaritan's operations into Oregon.

From MultiCare's perspective, this transaction represents a unique opportunity to use its strong balance sheet to materially improve health care delivery in the Pacific Northwest. MultiCare has a proven track record of improving community health through investments in infrastructure, care delivery, and population health. This Affiliation will advance MultiCare's long-term goal of becoming the region's highest value system of health.

Together, these objectives form a holistic blueprint for the transaction, anchoring Samaritan's dedication to innovation, integration, and community-focused care. Guided by the insights and expertise of its stakeholders, Samaritan is excited to partner with MultiCare to advance its mission and serve the region with renewed purpose and vision.

b. Summary of transaction terms

Under this Affiliation, MultiCare will become the sole corporate member of Samaritan, while Samaritan will continue to be the member or shareholder, as applicable, of all Samaritan affiliates. Thus, at closing, MultiCare, Samaritan, and all Samaritan affiliates will come under common control. The response to Inquiry 13.2 discusses the hybrid, collaboration-based governance changes to be implemented at closing, which will empower local leaders while giving Samaritan access to MultiCare's capital, infrastructure, and operational expertise.

Because Samaritan and MultiCare are both nonprofit, charitable entities, there is no exchange of funds as part of this transaction. However, MultiCare is making a 10-year, $700 Million capital commitment to Samaritan's health system. Separately, MultiCare will be responsible for funding the health plan's risk-based capital, operating losses, and ongoing capital needs. Samaritan and MultiCare have established a mutually agreed framework for capital commitment spending, including specific projects and expenditure timelines. More information about the capital commitment and the spending framework is provided in response to Inquiries 6.c and 13.3.

Under the Affiliation Agreement, MultiCare and Samaritan will make customary representations and warrantees, and closing will be subject to customary closing conditions, including the receipt of all necessary regulatory approvals. Additionally, at closing, Samaritan will establish an Enforcement Committee, whose primary responsibility will be ensuring agreed upon commitments within the Affiliation Agreement are met. The Enforcement Committee will survive until the parties fully allocate the capital commitment.

c. Why the transaction is necessary or warranted

National and Statewide Context

Like many community-based health systems across Oregon and the nation, Samaritan faces growing financial and operational challenges, which are described in more detail in Exhibit 6.a. These pressures are structural and reflect broad shifts in the health care environment, including workforce shortages, inflationary increases in labor and supply costs, rising pharmaceutical prices, and reimbursement rates that have not kept pace with the cost of care. Federal policy changes have further intensified these pressures.

The passage of H.R. 1, which includes more than $980 billion in Medicaid funding reductions over the next decade, represents one of the most significant changes to health-care financing in recent history. H.R. 1 will almost certainly result in reductions in overall Medicaid spending, fewer people covered by Medicaid, and more people who lack insurance and cannot manage their chronic or acute health care needs. Each of these will have a direct impact on Samaritan's financial recovery.

First, InterCommunity CCO lost $12 Million in 2024 and is projected to operate at a deficit in 2025. Though rate increases for 2026 will reduce the size of these losses, the Oregon Health Authority is projecting to lose approximately $6.8 Billion in Medicaid funding by 2031. In this context, Samaritan has to anticipate that Medicaid rates will stagnate or decline, which will erode InterCommunity CCO's financial condition.

Second, reductions in Medicaid enrollment will also directly impact Samaritan. InterCommunity CCO is already one of the smaller CCOs. A reduction in covered lives will mean spreading the same fixed costs over fewer enrollees. It will also mean larger fluctuations in claims costs and less of an ability to generate savings from population health initiatives. Moreover, Samaritan has concerns that, by increasing the administrative barriers to Medicaid enrollment, younger, healthier enrollees will be more likely to drop coverage, which changes the risk pool for CCOs. All of these factors, in combination, dramatically increase the risk that InterCommunity CCO will incur additional losses in the coming years.

And finally, Samaritan has significant concerns about the impact of H.R 1 on the communities it serves. Less coverage means fewer people who can effectively manage chronic diseases, or who can access the right care at the right time. This translates to increased utilization of higher-cost settings, like the emergency room and inpatient psychiatric care. It also means more uncompensated care for those who lack insurance. Samaritan will never waiver from its commitment to provide care to the entire community, regardless of ability to pay. As such, Samaritan expects H.R. 1 to create additional financial and operational headwinds.

Within Oregon, these national pressures are compounded by an especially challenging state environment defined by higher costs, lower reimbursement, and greater community need. Oregon has faced higher than average wage inflation. At the same time, an increasing number of Oregonians receive coverage through coordinated care organizations, which reimburse at below the cost of care. This, combined with inadequate mental health and substance use treatment options, an acute housing shortage, and a rise in chronic disease, obligates hospitals to provide more services with fewer resources. Though policymakers, community organizations, and industry leaders are working tirelessly to address these challenges, hospitals must adapt to this new reality by making investments that allow hospitals to operate more effectively and efficiently at lower overall cost.

This Affiliation will help Samaritan thrive in the face of these headwinds. MultiCare has the tools necessary to improve efficiency across the organization, which will help Samaritan do more with less. H.R. 1 also makes the planned investments in population health all the more important as they will help manage chronic diseases and help patients get care at the most appropriate, cost-effective setting. And finally, MultiCare will ensure that Samaritan's charity care policies will be no less generous than they are today, which helps preserve access for the uninsured and underinsured.

Samaritan Cannot Fully Address Financial and Operational Needs Independently

Adapting to and addressing the challenges described above will require major capital commitments to:

- Modernize Good Samaritan Regional Medical Center ("GSRMC") and address significant infrastructure needs;
- Expand ambulatory and specialty services to meet growing community demand;
- Invest in digital tools, technology, and telehealth capabilities; and
- Strengthen the infrastructure supporting Samaritan Health Plans and InterCommunity CCO operations.

Absent this Affiliation, Samaritan will be unable to fully fund these priorities, which could restrict access to essential services over time and impede continued community growth. Specifically, in 2025, Samaritan's finance team conducted a detailed assessment of the organization's ability to remain independent and self-fund its strategic and facility investment needs (see Exhibit 6.c.i for detailed information on this assessment). The analysis modeled Samaritan's financial position over a ten-year period, evaluating what would be required to build sufficient liquidity to access the bond market and finance the planned GSRMC expansion and risk mitigation project.

Earlier in 2025, Samaritan also engaged an independent financial consultant, Warbird, in accordance with its Master Trust Indenture, after not meeting one of its debt covenants in 2024. Warbird's scope was limited to assessing the actions necessary for Samaritan to reasonably meet its debt service coverage ratio and continue operations through 2025 as an independent entity. Their analysis was short-term in nature, focusing on immediate covenant compliance rather than long-term strategic viability. While Warbird concluded that Samaritan could meet its immediate bond obligations without partnering with a larger system, doing so would require Samaritan to evaluate divesting its health plans as well as further workforce and service line reductions. Also, the Warbird report did not include a forward-looking financial forecast or evaluate Samaritan's ability to fund major capital projects, address structural risks, or maintain long-term competitiveness in a changing health care environment. The Warbird report is attached as Exhibit 6.c.ii.

Separate modeling conducted by Samaritan demonstrated the necessity of a partnership. This modeling evaluated the level of sustained financial performance needed to support new debt issuance. Based on this analysis, Samaritan would need to maintain operating margins between 4.0% and 5.0% (or EBIDA margins of 5.4% to 5.5%) for nine consecutive years to grow its cash reserves to the level required to support additional debt and to maintain compliance with existing debt covenants.

Historically, Samaritan has not achieved this level of operating margin performance on a sustained basis. Samaritan's operating margin has been less than 0.5% for five of the last 10 years. Achieving and maintaining 5.4% EBIDA margins—particularly in the current environment of inflation, workforce shortages, and reimbursement pressures—is unrealistic . Samaritan has only achieved an operating margin of greater than 3% twice in the past 10 years. This financial feasibility analysis reinforced the conclusion that remaining independent would, even in a best case scenario, require significant changes to Samaritan's operational model. Even then, the Samaritan Board could not guarantee Samaritan's ability to weather unexpected operational or reimbursement shocks.

Thus, the Samaritan Board determined that pursuing a partnership with an aligned, like-minded organization would better serve the long-term interests of Samaritan's patients, employees, and communities by providing the scale and capital necessary to sustain and grow essential health services across the region.

The Affiliation is therefore both necessary and warranted. It reflects a realistic understanding of the current and emerging pressures on independent health systems and represents a proactive step to safeguard the future of local health care—ensuring that Samaritan is not simply surviving but advancing into the next chapter of its mission – growing and thriving to meet the evolving needs of its communities. Partnering with MultiCare provides the financial strength, operational expertise, and infrastructure to make that possible.

While Samaritan's margins have improved in 2025 through disciplined cost management and performance-improvement initiatives, Samaritan continues to face structural headwinds that limit its ability to generate the level of capital required to modernize facilities, replace aging infrastructure, and sustain competitive workforce programs (Exhibit 6.a provides additional information). The organization's largest hospital, Good Samaritan Regional Medical Center, requires significant investment to ensure its long-term viability, and Samaritan's other hospitals and clinics face growing needs related to technology, facility renewal, and equipment replacement.

The proposed Affiliation with MultiCare provides the infrastructure, capital access, and operational expertise that Samaritan cannot achieve on its own. Through this Affiliation, Samaritan will be able to invest in facility modernization, expand access to specialty care, strengthen workforce recruitment and retention, and enhance the long-term stability of its hospitals and clinics across Linn, Benton, and Lincoln Counties. The Affiliation will also relieve ongoing financial pressure from Samaritan's health plans, allowing the system to focus resources on patient care and community health priorities. In short, the transaction is necessary to preserve local health care access, maintain critical services, and position Samaritan to thrive in a rapidly changing health-care environment.

Specifically, the Affiliation addresses both Samaritan's immediate and long-term needs while preserving its mission, workforce, charitable focus, and community connection. The benefits of the Affiliation fall into three primary areas:

- *Capital commitment and financial stabilization*:

  The capital commitment will allow Samaritan to invest $700 Million over 10 years in its health delivery system. These dollars will support the modernization of facilities, address critical infrastructure and expansion needs at Samaritan's Level II Trauma Center (Good Samaritan Regional Medical Center), and open new clinics and services across the region. This investment will allow community members to continue receiving care from the same trusted clinicians and facilities they know today—now with expanded care options closer to home, modernized capabilities, stronger preventive programs, and greater long-term stability.

  In addition to the $700 Million capital commitment, MultiCare has also committed the necessary capital to support Samaritan's health plan operations, including required risk-based capital and investment in modern technology infrastructure. Through a potential combination of obligated groups, MultiCare could become a guarantor of Samaritan's bonds, improving access to capital and lowering borrowing costs. These commitments will strengthen Samaritan’s balance sheet, enhance services, and enable long-term growth.

- *Cultural alignment and community governance*:

  This Affiliation strengthens Samaritan while maintaining its nonprofit mission, local leadership, and community-based governance. Samaritan’s existing Board of Directors and leadership team will continue to oversee operations and integration, ensuring decisions remain grounded in the needs of the communities’ Samaritan serves. Both organizations share a deep commitment to local decision-making, equitable care, and the well-being of patients, members, and employees.

- *Operational expertise and infrastructure*:

  MultiCare brings proven expertise in advancing value-based care, clinical integration, and population health. Through robust ambulatory networks, nationally recognized clinical institutes, and advanced data and technology platforms, MultiCare has demonstrated success in improving efficiency, quality, and patient outcomes. These capabilities will accelerate Samaritan’s transformation, supporting access to high-value care that is more affordable, coordinated, and sustainable for the future. In addition, MultiCare will expand certain key programs and services to Samaritan’s service area. For example, MultiCare currently operates the largest behavioral health network in Washington, which Samaritan can leverage to enhance the delivery of mental health services across the mid-Willamette Valley and central coast.

Financially, MultiCare is robust and can deploy its capital reserves to benefit Samaritan. As of December 2024, the system held $2.6 Billion in cash and investments, equating to 172 days cash on hand—well above the “A” rating medians for liquidity and cash-to-debt ratios. This substantial liquidity buffer allows MultiCare to weather industry headwinds, absorb operating losses from across the health system, and continue investing in infrastructure and service expansion. The organization’s disciplined approach to capital management is evident in its capital expenditures, which consistently exceed depreciation, signaling ongoing investment even during periods of operating loss. In 2024, MultiCare’s net income was 2.7 times its total debt service obligations, and its long-term debt represents just 37.2% of total capitalization. These metrics demonstrate a balanced capital structure and a strong ability to meet debt obligations. This Affiliation will allow Samaritan to benefit from MultiCare’s spending capacity and history of impactful investments.

MultiCare's confidence in this Affiliation's ability to improve the financial and operational performance of Samaritan is not theoretical, it is grounded in proven experience. Before MultiCare acquired Yakima Memorial in 2023, the hospital was operating at a $33.2 Million annual operating margin loss. Through system-wide integration, the deployment of best practices, and targeted investments in operational improvements, MultiCare transformed Yakima Memorial's performance, achieving a $10 Million operating margin within two years.

Yakima's turnaround was made possible by the facility's ability to (i) implement MultiCare's standardized care coordination, discharge planning, and analytics to reduce length of stay; (ii) deploy clinical documentation improvement teams and physician training to maximize reimbursement; (iii) leverage centralized supply chain management to reduce costs; (iv) hire or align with key physicians to enhance clinical offerings and (v) invest in revenue cycle management technology and processes. MultiCare also invested in labor productivity, reducing contract labor reliance by 67% since 2022, improving RN turnover rates, and supporting recruitment, retention, and training programs. These efforts combined to create a comprehensive and effective turnaround strategy. Most importantly, Yakima achieved financial sustainability while improving clinical quality and keeping health care local.

MultiCare's 2021 purchase of Capital Medical Center is another recent example of MultiCare's ability to drive positive change. This hospital, previously owned by a for-profit health system, struggled both financially and operationally. In the first year of its ownership, MultiCare invested over $200 Million to both acquire the hospital and reclaim its building and land from an investment trust. Simultaneously, MultiCare pursued a multi-faceted strategy to improve operations by repairing the hospital's relationship with the community, including by hiring in-demand specialists, developing new ambulatory services, and expanding provider resources. This strategy produced quick results. Specifically, The Leapfrog Group, a national nonprofit organization that evaluates care quality and safety, awarded MultiCare Capital Medical Center an "A" for the first time in both spring and fall 2024, a crowning achievement on an upward evolution of developing best practices and performance improvement.

Samaritan believes that this Affiliation will allow it to execute a similar strategy with similar results.

d. Any exchange of funds between the parties, including the nature, source and amount of funds or other consideration (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services).

As part of this Affiliation, MultiCare is making a significant capital commitment to Samaritan. This commitment is designed to address Samaritan's most pressing infrastructure needs and provide the resources necessary to ensure long-term financial sustainability and growth.

Specifically, MultiCare will allocate $700 Million to Samaritan over 10 years for capital and strategic investments in the health care delivery system. As described in more detail in this notice, Samaritan and MultiCare will allocate the Capital Commitment according to a jointly developed capital plan that reflects shared priorities and community needs. These investments include:

- Renovation and expansion of Good Samaritan Regional Medical Center;
- Recruitment of physicians and advanced practice providers to improve access and expand clinical services;
- Development of new ambulatory and outpatient care locations; and
- Other targeted investments that address identified community health needs.

This framework ensures that every dollar of the Capital Commitment is directed toward strengthening local care delivery, improving patient experience, and supporting long-term community health. Details regarding specific projects and timelines are set forth in the Definitive Agreement (attached as Exhibit 7.b.iv).

Separately, MultiCare is committing to recapitalize Samaritan Health Plans and InterCommunity CCO as needed. This recapitalization is in addition to the $700 Million Capital Commitment. Thus, MultiCare will direct 100% of the Capital Commitment to the Samaritan health delivery system while providing the Samaritan Health Plans and InterCommunity CCO with urgently needed capital. This will allow MultiCare to invest in the health plans independently of the health system's financial results. The response to Inquiry 13.2 explains why this distinct structure for the Samaritan Health Plans and InterCommunity CCO will accelerate its transition to value-based care.

7. **Describe the negotiation or transaction process that resulted in the entities entering into an agreement.**

   a. **How the entities were identified (e.g., did one party approach the other, did one party engage in a bid/auction process, etc.)**

      Due to the significant financial challenges Samaritan faced in 2024, the ongoing headwinds impacting the healthcare industry, and the substantial infrastructure investments required at Good Samaritan Regional Medical Center, Samaritan Health Plans and InterCommunity CCO—coupled with Samaritan's limited ability to fund or secure financing for these needs—Samaritan's Board determined that remaining independent is not a viable strategy.

      Therefore, the Samaritan Board retained Juniper Advisory ("Juniper"), a national advisory firm specializing in nonprofit health care partnerships, to conduct a comprehensive, market-based process to identify and evaluate the full range of potential partners and transaction structures available to Samaritan. Additional detail regarding these factors is provided in Exhibit 6.a.

      The process began with the establishment of clear goals and objectives. In February 2025, Juniper conducted interviews with all members of the Samaritan Board and senior leadership to define the system's primary objectives—criteria that would guide the evaluation of both continued independence and potential partnership alternatives. These Board-approved objectives are described in detail in response to Inquiry 6.a and included in the Samaritan Board materials attached as Exhibit 7.a.1.

      To ensure a structured and objective process, the Samaritan Board appointed a Selection Steering Committee composed of Samaritan Board representatives and senior leaders. The Selection Steering Committee met regularly, including before each Samaritan Board meeting, to review materials, analyze proposals, and provide recommendations to the full Samaritan Board.

      In February 2025, the Selection Steering Committee approved Juniper's recommended competitive solicitation process, designed to identify potential partners aligned with Samaritan's mission, values, and long-term objectives. This approach—consistent with industry best practices—was intended to ensure transparency, fairness, and the best possible outcome for the communities Samaritan serves.

      With the process approved, Juniper approached 38 organizations (32 nonprofit and 6 investor-owned), representing a mix of local, regional and national systems. The specific outreach list and objectives are outlined in the February 24, 2025, Samaritan Board materials (Exhibit 7.a.i).

Of the 38 organizations contacted, 18 executed confidentiality agreements and received access to detailed materials, including:

- A comprehensive data room with corporate, financial, operational, and clinical information;
- A 28-page informational memorandum outlining Samaritan's history, structure, services, and opportunities; and
- An instruction letter requesting first-round proposals aligned to Samaritan's evaluation criteria.

These documents are enclosed as Exhibit 7.a.ii.

From these 18 initial candidate organizations, seven submitted proposals. The Selection Steering Committee reviewed all seven on April 24, 2025, evaluating each against the Samaritan Board's established objectives, including governance, culture, capital, quality, operations, and financial sustainability. Following this review, four finalists were selected for further exploration and discussion.

At the April 28, 2025, Samaritan Board meeting, the full Samaritan Board reviewed the proposals and the Selection Steering Committee's findings, as reflected in Exhibit 7.a.iii. The Samaritan Board voted unanimously to advance the evaluation of strategic options and to begin Phase Two of the process with the four finalists.

Phase Two, initiated in May 2025, included a deeper evaluation of each finalist through:

- Submission of final written proposals addressing capital investment, governance, workforce retention, branding, and service expansion; and
- Direct engagement between finalists and Samaritan stakeholders, including on-site visits and leadership discussions.

This two-phase approach allowed Samaritan to assess each potential affiliation's benefits comprehensively, while maintaining the option to remain independent if that path best aligned with its mission and objectives.

During Phase Two, two finalists withdrew due to broader market challenges. The remaining two organizations both demonstrated strong regional capability: one with established operations in Oregon ("Organization #2"), and MultiCare, which operates across the Pacific Northwest but does not currently own or operate any acute care facilities in Oregon.

In May 2025, representatives from both finalists conducted site visits in Corvallis, and Samaritan leadership—including Samaritan Board members, executives, and physicians—visited their facilities. The visits between Samaritan and MultiCare are described in greater detail in response to Inquiry 7.b.

On June 18 and 19, the finalists submitted responses to a capital commitment request. Their final proposals followed in early July: MultiCare on July 3, and Organization #2 on July 9, in accordance with the instruction letter dated May 12, 2025. MultiCare's proposal, included as Exhibit 7.a.iv, was the only one to propose a fully integrated affiliation encompassing both Samaritan's health system and its health plan assets. Organization #2's proposal was limited to the health system and would have separated the health plan from the broader organization.

After thorough evaluation, the Samaritan Board voted unanimously to move forward with MultiCare, whose proposal best aligned with Samaritan's mission, strategic objectives, and vision for the future, as described in more detail in response to Inquiry 6.a.

b. Any due diligence performed by any of the parties to the transaction. Provide any products, reports, or analyses resulting from due diligence processes.

Both Samaritan and MultiCare conducted comprehensive business, legal, operational, and cultural due diligence to ensure that the proposed Affiliation would meet the strategic, financial, and mission-driven goals of both organizations.

As part of the competitive process described in response to Inquiry 7.a, both finalists participated in extensive site visits and in-person meetings to understand Samaritan's history, culture, and strategic priorities. In early May 2025, Samaritan and MultiCare met to discuss key performance improvement opportunities, partnership goals, and long-term strategic compatibility.

Samaritan's Site Visit Process:

Each finalist visited Corvallis for a structured, one-day site visit. During these visits, Samaritan leadership presented an overview of the organization's history, operational strengths, facility and infrastructure needs, and cultural values. The finalists toured key facilities, including Good Samaritan Regional Medical Center, Pastega Regional Cancer Center, and the Samaritan Athletic Medicine Center on the Oregon State University campus.

Following the tours, each finalist joined a working lunch with the Samaritan Board, where the finalists presented their partnership vision, described their corporate histories, and shared their approaches to quality, governance, and culture. These meetings provided both finalists with a direct understanding of

Samaritan's community connection and mission-driven approach to care. Materials from these site visits are included in Exhibit 7.a.iv.

Reverse Due Diligence:

In early June, Samaritan conducted reverse due diligence visits to better understand each finalist's operations and approach to partnership. The Samaritan delegation visited MultiCare's headquarters in Tacoma, Washington, and toured Good Samaritan Hospital in Puyallup, Washington, along with several ambulatory care sites. These visits included breakout sessions with MultiCare's executives, Board members, and physician leaders focused on topics such as clinical integration, community-based governance, support for local markets, and alignment with Samaritan Health Plan's objectives.

An evening meeting and follow-up strategy discussions allowed the Samaritan team and MultiCare's executives to discuss the proposed capital commitment, health plan investment, and potential integration model in greater depth. The reverse due diligence process offered the Samaritan Board and leadership team confidence that MultiCare's capabilities, experience, and culture aligned with Samaritan's long-term goals.

A complete list of Samaritan's participants in the site visits and due diligence meetings is included in Exhibit 7.a.iv.

In parallel with the partnership evaluation, Samaritan's finance team conducted a detailed assessment of Samaritan's ability to remain independent and self-sustaining. Exhibit 6.c.i describes the results of this assessment in detail.

Findings and Cultural Alignment:

These site visits and collaborative sessions confirmed that Samaritan and MultiCare share a deep alignment in mission, values, and vision. Both organizations are nonprofit, community-based systems committed to improving population health, expanding access, and advancing equitable care. Their shared emphasis on compassion, integrity, collaboration, and innovation demonstrated a strong cultural fit that supports seamless integration and a unified approach to delivering high-quality, patient-centered care. A cultural alignment comparison is included in Exhibit 7.b.ii.

Equally important, the process demonstrated MultiCare's commitment to co-creating the strategic future of the Affiliation with Samaritan. Both organizations share the belief that health care is inherently local and that decision-making should remain close to the communities served.

Decision and Next Steps:

Following this six-month process of due diligence and evaluation, Samaritan's Board met on July 21, 2025, and voted to grant MultiCare exclusive negotiation rights and proceed toward a Letter of Intent. That decision was informed by the Board's determination that MultiCare could best advance Samaritan's mission and objectives compared to other alternatives, including remaining independent or pursuing separate transactions for the health plan and health system. The Letter of Intent was executed on July 30, 2025, and this filing follows from that milestone. The Letter of Intent is enclosed as Exhibit 7.b.iii. The final Affiliation Agreement is enclosed as Exhibit 7.b.iv.

Legal and Operational Due Diligence:

Samaritan's in-house counsel was actively engaged throughout this process, supported by Husch Blackwell LLP, which advised leadership and the Board on legal, governance, and regulatory matters. Samaritan's diligence materials are enclosed as Exhibits 7.a.i, 7.a.ii, 7.a.iii and 7.a.iv.

MultiCare conducted a parallel due diligence review across all major operational and financial areas of Samaritan, engaging internal experts and third-party advisors to assess financial, legal, and strategic factors. External firms completed specialized assessments, including a facilities condition assessment, environmental survey, health plan operations review, and structural engineering analysis. Additionally, MultiCare retained Milliman to evaluate the financial performance and long-term outlook of Samaritan Health Plans and InterCommunity Health Network CCO.

Legal due diligence was conducted by Sheppard, Mullin, Richter & Hampton LLP and Troutman Pepper Locke LLP, both of which provided guidance on potential legal and regulatory risks. Sheppard Mullin also engaged Kodiak Solutions to conduct a billing and coding review to ensure compliance with applicable standards. MultiCare's diligence materials are attached hereto as Exhibit 7.b.v.

8. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

☒ Yes

☐ No

9. **List any applications, forms, notices, or other materials that have been submitted to any other state or federal agency regarding the proposed material change transaction. Include the data and nature of any submissions. This includes, but is not limited to, the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.**

    a. **If a pre-merger notification was filed with the Federal Trade Commission or U.S. Department of Justice, please attach the pre-merger notification filing along with this notice submission.**

    The parties have filed or will file the following:

    - Premerger Notification under the Hart-Scott Rodino Antitrust Improvements Act of 1976
    - Filings with the Oregon Attorney General, Charities Division
    - Filings with Oregon for state licenses related to Change of Ownership
    - Form A Filing with the Oregon Department of Consumer and Business Services ("DCBS") for the change of control of Samaritan Health Plans, Inc
    - Notice of Material Change Transaction and Form A filing with the Oregon Health Authority for the proposed change of control of InterCommunity Health Plans, Inc. d/b/a InterCommunity Health Network, an Oregon coordinated care organization
    - Filings with the Centers for Medicare & Medicaid Services (CMS) regarding the regulatory process for changes of ownership, as it relates to the Medicare and related contracts with CMS to which the health plans are a party
    - Filing and approval with the Hawaii Division of Insurance under HI Ins. Code §16-17-15 for the change of control of Paradigm Indemnity Corporation (NAIC Number 12107)

    The parties are currently confirming with governmental representatives as to ultimate parent company information and timing of necessary filings for the following:

    - Federal Communications Commission related to health system communications equipment
    - Filings with Oregon Health Authority related to the Substance Use Disorder Residential Treatment License for Samaritan Lebanon Community Hospital dba Samaritan Treatment & Recovery Services and Samaritan Treatment & Recovery Services – Newport
    - Filings with Oregon Health Authority, Behavioral Health Division related to a Certificate of Approval regarding Samaritan Lebanon Community Hospital dba Samaritan Treatment & Recovery Services and Samaritan Treatment & Recovery Services – Newport

- Oregon Health Authority, Public Health Division related to general hospital facilities licensing
- Oregon Health Authority, Public Health Division related to licensing for Special Inpatient Care Facilities and Hospice Facilities for Albany General Hospital dba Samaritan Evergreen Hospice
- College of American Pathologists related to Certificate of Accreditation for Samaritan Pacific Communities Hosp. Laboratory

IV. About the entities involved in the proposed transaction

10. Describe Party A.

MultiCare's roots reach back to 1882, with the founding of our first hospital in Tacoma. More than a century later, MultiCare is still meeting the needs of patients and supporting our communities, from the Puget Sound to the Inland Northwest.

MultiCare's story is one of visionary leadership and deep compassion. MultiCare has met the challenges of each age from the Great Depression to World War II to the COVID-19 pandemic with resilience, ingenuity, and teamwork.

MultiCare's foundational roots as a community hospital guide its mission to serve those in need, especially vulnerable and underserved populations. Its early operations were deeply rooted in philanthropy and volunteerism, often supported by local churches and civic groups.

MultiCare's mission is "partnering for healing and a healthy future," which inspires MultiCare to form connections that help address identified community needs and improve quality of life for our patients and communities. This Affiliation will advance that mission of partnership, and MultiCare is excited to work with Samaritan to deliver a healthier future for Oregonians.

a. Describe Party A's business, including business lines or segments

MultiCare offers a comprehensive continuum of care that spans every stage of life—from birth to end-of-life. Below is an overview of our services across the lifespan:

<u>*Birth & Early Childhood:*</u>

- *Obstetrics & Maternity Care*: Labor and delivery services, prenatal care, and postpartum support.
- *Pediatric Primary Care*: Routine checkups, immunizations, and developmental screenings.
- *Mary Bridge Children's Hospital*: Specialized pediatric care including neonatal intensive care, pediatric surgery, and emergency services.

Youth & Adolescence:

- *Behavioral Health Services*: Support for mental health, substance use, and emotional well-being.
- *School-Based Clinics*: Accessible care for students in partnership with local schools.
- *Sports Medicine & Injury Prevention*: Services for active youth and student athletes.

Adulthood:

- *Primary Care*: Preventive care, chronic disease management, and wellness visits.
- *Specialty Care*: Cardiology, oncology, orthopedics, neurology, and more.
- *Urgent & Emergency Care*: Walk-in clinics and inpatient and outpatient emergency departments.
- *Surgical Services*: Minimally invasive and traditional procedures across specialties in inpatient and ambulatory settings.
- *Women's Health*: Gynecology, breast health, fertility, and menopause care.

Older Adults & Seniors:

- *Geriatric Care*: Age-specific primary and specialty care.
- *PACE Program*: All-inclusive care for elderly individuals needing nursing-level support while living in the community.
- *Home Health Services*: Skilled nursing, therapy, and personal care at home.

End-of-Life Care:

- *Palliative Care*: Holistic support for patients with serious illnesses, focusing on comfort, symptom management, and emotional well-being.
- *Hospice Care*: Compassionate care for terminally ill patients, including pain management, spiritual support, and family counseling.
- *Advance Care Planning*: Guidance on living wills, durable power of attorney, and POLST forms.
- *Death with Dignity Act Support*: MultiCare respects patient rights under Washington’s law, though life-ending medications cannot be administered on-site.

MultiCare provides these services through 13 hospitals and numerous primary, urgent, pediatric and specialty care clinics. Please see Exhibit 10.a for a detailed summary of each of MultiCare’s acute care facilities.

In support of MultiCare’s mission, MultiCare’s vision and strategies are centered around delivering high quality services that communities need, expanding and ensuring access to those services, now and in the future, and a shift to population-based care. Accordingly, MultiCare has developed many innovative clinics, programs, and services designed to improve access to the highest quality care for everyone in the community and support the effective management of disease and population health:

- *Off Campus Emergency Departments*: MultiCare currently operates eight off-campus emergency departments serving communities in Pierce, Thurston, King and Spokane counties in Washington. These 10-bed small emergency department platforms, licensed under MultiCare's acute care hospitals, have improved access to emergency services in Washington State. Two additional sites are currently in development.

- *MultiCare's Behavioral Health Network ("MBHN")*: MBHN offers comprehensive behavioral health services to address the mental health challenges individuals face throughout their lifetime. Moreover, MultiCare has invested heavily in behavioral health in response to burgeoning community need. Specifically:

  - In 2014, MultiCare and CHI Franciscan (now Virginia Mason Franciscan Health, part of CommonSpirit), formed a joint venture called "Alliance for South Sound Health" to build and operate the new 120-bed behavioral health hospital ("Wellfound Behavioral Health" or "Wellfound") that addresses the critical need for mental health services in the State of Washington. Wellfound is located at the Allenmore campus.
  - In May 2017, MBHN and Navos Hospital, an inpatient behavioral health facility, affiliated to create a stronger system of behavioral health services focused on healing and treating the whole person to meet their physical behavioral needs across both Pierce and King counties. This Affiliation created the largest behavioral health provider in Washington State with both outpatient and inpatient treatment facilities, including 70 licensed inpatient beds located in Burien, Washington. MultiCare and Navos are working together to integrate behavioral health, social services and medical care in settings where people already receive medical services, including primary care clinics, mobile outreach clinics, schools, offices and the home.
  - In July 2018, MBHN affiliated with Greater Lakes Mental Healthcare ("Greater Lakes"), to further expand its behavioral health capabilities. Greater Lakes brought additional geographic coverage, as well as high-quality outpatient clinics, additional residential treatment capacity and a 16-bed Evaluation and Treatment Center. By adding Greater Lakes as an affiliate, MBHN significantly expanded its specialized forensic services, increasing its capacity to serve the behavioral health needs of the community.

- *<u>MultiCare Medical Partners ("MMP"):</u>* MMP is a division of MultiCare that operates a large multi-specialty practice made up of employed physicians and advanced practice providers. MMP was initially formed in 1995 with a focus on primary care. Over the last 30 years, MMP has grown to include more than 65 medical/surgical specialties and sub-specialties. MMP currently employs approximately 632 providers, including 343 Physicians (MD, DO, DPM), 111 physician assistants, 33 certified nurse midwives, and 143 other advanced practice providers. MMP is a cornerstone of MultiCare's efforts to become the region's highest value system of health.

- *<u>Physicians of Southwest Washington ("PSW"):</u>* PSW is MultiCare's population health enterprise. MultiCare invested in PSW in 2018 and continues to encourage and support ownership by independent practicing physicians in this partnership. PSW was founded more than 30 years ago to support independent community physicians' ability to provide value based care to their patients. PSW is comprised of MultiCare employed and independent community providers that offer convenient, comprehensive care and services. PSW is a crucial engine for MultiCare to achieve its vision to be the highest value system of health in the Pacific Northwest. PSW provides administrative management services to large clinically integrated networks that help to align physicians with the health system in a way that enhances quality and reduces the total cost of care. It also provides high-level data analytics to providers that participate with PSW to impact care coordination and care management decisions that produce better outcomes for patients. PSW provides leadership and administrative management services to providers and groups across the region, including MultiCare Connected Care Network, Signal Health, University of Washington partnership Embright, Northwest Momentum Health Partners ("NWMHP"), North Puget Sound CIN, and MultiCare Health Partners.

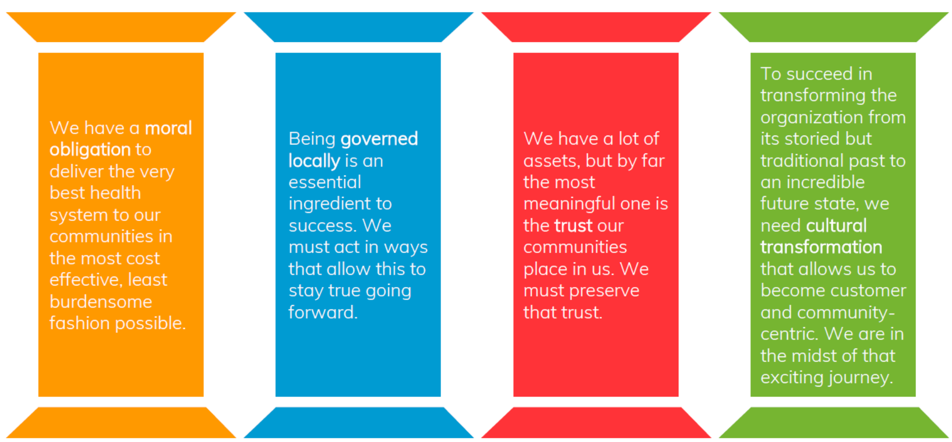
  This high level of provider-patient engagement enables PSW to achieve superior clinical results at a lower cost, all while investing heavily in improving the patient experience. PSW serves the employer, government, and private payer market segments via a replicable model that allows MultiCare and its patients to benefit from its higher quality, lower cost model of care. The relevance of PSW to this transaction is discussed in detail in response to Inquiries 13.2. and 13.3.

b. Describe Party A's governance and operational structure (including ownership of or by a health care entity)

MultiCare is a locally governed, nonprofit health care organization guided by a dedicated and diverse Board of Directors (the "MultiCare System Board"). The MultiCare System Board currently consists of 12 elected directors and two ex-officio, non-voting directors (the Chief Executive Officer of MultiCare and a representative of the MultiCare physician division). The members of the MultiCare System Board serve in a voluntary capacity. Currently, the MultiCare System Board is made up of experts and community leaders with diverse professional backgrounds, including health care, law, finance, and community leadership. Exhibit 10.b lists the current membership of the MultiCare system board.

The MultiCare System Board works closely with executive leadership to shape policy, guide long-term planning, and uphold the values that define MultiCare's approach to care. MultiCare' four pillars are illustrated below:

MultiCare Board's Four Pillars: Strong Organizations Are Built on Strong Foundations



In addition to the MultiCare System Board, MultiCare's governing documents provide for the creation of regional or network boards to help oversee and guide activities of MultiCare within a particular geographic area. This governance model reflects MultiCare's deep commitment to community accountability and transparency. This board structure has been in place for many years and currently there are 11 regional or networks boards in addition to the MultiCare System board. Their primary responsibilities are 1) overseeing overall quality of care in the region or network; 2) adopting the implementation strategy of the community health needs assessment for each hospital in the region; and 3) privileging and credentialing of the medical staff.

c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

MultiCare uses a unique hybrid operating model that empowers local leaders and subject-matter experts, while giving them the infrastructure and support of a diversified health system.

The guiding principles of MultiCare's operating model include:

- Shifting necessary authority to in-market, customer-facing organizations
- Realizing economies of scale and expertise
- Enhancing speed to decision making and execution
- Delivering best-in-class performance outcomes
- Unleashing human potential and talent investment

The chart enclosed as Exhibit 10.c shows MultiCare's organizational structure by operating division.

d. List all of Party A's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See HCMO-1b: Business Entities Form, which is attached as Exhibit 10.d

e. Provide financial statements for the most recent three fiscal years. If Party A also operates outside of Oregon, provide financial statements both for Party A nationally and for Party A's Oregon business.

MultiCare's financial statements are enclosed as Exhibit 10.e.

f. Describe and identify Party A's health care business. Provide responses to i-ix as applicable:

i. Provider type (hospital, physician group, etc.)

MultiCare is a system of health that operates 13 hospitals and a range of community-based outpatient clinics, ambulatory surgery centers, urgent care facilities, and home health and hospice agencies. MultiCare has affiliated medical groups and operates a clinically integrated network, PSW, that manages health care for approximately 400,000 enrollees under risk-based contracts.

ii. **Service lines, both overall and in Oregon**

A list of MultiCare's service lines is attached hereto as Exhibit 10.f.ii. The only service MultiCare offers in Oregon is outpatient cardiology. MultiCare delivers this service through a satellite of Pulse Heart Institute located in Bend, Oregon.

iii. **Products and services, both overall and in Oregon**

MultiCare offers the full range of comprehensive health care services in a variety of inpatient and outpatient settings throughout the state of Washington. In addition to the service lines identified in Exhibit 10.f.ii., please see Exhibit 10.f.iii that more fully describes MultiCare's primary services.

iv. **Number of staff and FTE, both overall and in Oregon**

As of March 31, 2025, MultiCare employs more than 25,000 people on a system-wide basis, representing more than 16,000 FTEs. Approximately 41% of all employees at MultiCare are represented by collective bargaining units, with 40 collective agreements in place, which are subject to renegotiation from time to time.

MultiCare does not have any clinical or non-clinical FTEs in Oregon. Washington-based employees deliver all services at the Pulse Heart Institute satellite facility in Bend.

v. **Geographic areas served, both overall and in Oregon**

Exhibit 10.f.v is a map of MultiCare's geographic area and contains descriptions of its service areas.

vi. **Addresses of all facilities owned or operated using HCMO-1c: Facilities and Locations form**

See Form HCMO-1c enclosed as Exhibit 10.f.vi.

vii. **Annual number of people served in Oregon, for all business, not just business related to transaction**

As of Q1 2025, 5,400 residents of Oregon were served by MultiCare providers or facilities.

viii. **Annual number of services provided in Oregon**

MulitCare provides cardiology services in Oregon through the Pulse Heart Institute clinics in Bend and Enterprise, Oregon. The Bend location performs approximately 100 services per year and the Enterprise location performs approximately 204 services annually.

ix. **For hospitals, number of licensed beds**

MultiCare has no licensed beds in Oregon.

11. Describe Party B.

Samaritan provides a comprehensive network of health care and health care related services to communities located within the mid-Willamette Valley and Central Coast areas of the State of Oregon.

Formed over the course of five years beginning in 1997, Samaritan is a nonprofit regional health system that brings together community hospitals, physician clinics and health insurance plans to serve more than 280,000 residents of Oregon's Benton, Lincoln and Linn counties.

As one of the region's major employers, Samaritan actively participates in efforts to strengthen and grow the local economy, as well as to improve quality of life through high-achieving schools, a strong network of social services, and a commitment to preserving and protecting the environment.

a. Describe Party B's business, including business lines or segments

Samaritan includes the following affiliates, each of which own and operate inpatient hospitals and outpatient clinics in the State:

- Good Samaritan Hospital Corvallis, Inc., dba Good Samaritan Regional Medical Center ("GSRMC"), which owns and operates a 188-bed tertiary acute care hospital and Level II trauma center.
- Albany General Hospital, dba Samaritan Albany General Hospital ("SAGH"), which owns and operates a 79-bed acute care community-based hospital.
- Mid-Valley Healthcare, Inc. ("MVH"), dba Samaritan Lebanon Community Hospital which owns and operates a 25-bed critical access hospital.
- Samaritan North Lincoln Hospital ("SNLH"), which owns and operates a 14-bed critical access hospital.
- Samaritan Pacific Health Services dba Samaritan Pacific Communities Hospital ("SPCH"), which operates a 25-bed critical access hospital owned by the Pacific Communities Health District in Newport, Oregon.
- More than 80 physician clinics.
- Four health insurance plans currently serve Medicare, Medicaid, commercial and self-funded populations.

Samaritan provides services primarily to a four-county area in west-central Oregon with a population of approximately 280,000. Its primary service area includes Benton, Linn and Lincoln counties and the City of Monmouth, Oregon in

Polk County. Its secondary and tertiary service areas include Marion, Polk, Tillamook and Lane counties.

Samaritan endeavors to be the regional health care system that is the first choice of patients in its service area and a leader of collaborative efforts among providers, employers, health plans and consumers who share similar goals and values to meet the health challenges of the future. Samaritan has adopted the following organizational mission:

Building Healthier Communities Together:

Samaritan is at the forefront of delivering health care in a fundamentally different way, focusing on broad access to high-quality services in a cost-effective manner. To do this, Samaritan uses a team approach designed to foster good health through healthy lifestyle choices, timely preventive services and a supportive environment. Samaritan is powered by 6,311 employees, 6,190 who live in Oregon, with a total FTE count of 5,178.70 of which 5,063.10 FTEs reside in Oregon, fueled by teaching and learning, and focused on building healthier communities.

Samaritan takes pride in providing a culture and environment that makes its employees proud and is increasingly receiving statewide and national awards and recognition like the following:

- All five Samaritan hospitals designated as a 2024 LGBTQ+ High Performer by the Human Rights Campaign Foundation’s Healthcare Equality Index.
- Silver recognition from the American Medical Association Joy in Medicine™ Health System Recognition Program for dedication to building well-being and reducing physician burnout.
- Level 9 recognition in the 2024 Digital Health Most Wired Survey by College of Healthcare Information Management Executives.
- Military Friendly Employer recognition in 2017-2020, 2022-2024.
- Portland Business Journal’s Healthiest Employer of 5,000+ employees: Ranked first: 2020, 2019, 2018; Ranked third: 2021; Ranked fourth: 2024, 2023; Ranked fifth: 2022.

b. Describe Party B’s governance and operational structure (including ownership of or by a health care entity)

Samaritan Health Services, Inc., is the sole member of Samaritan’s hospitals and health plans. In addition to providing management oversight and support to the separate entities comprising the Samaritan Health System, Samaritan operates a self-insured employee health plan, owns and operates administrative and office buildings, and provides system-wide management services. Key business services and programs serving the entire Samaritan Health System are centralized in Samaritan's corporate offices in Corvallis, to help contain costs and streamline services.

Governance Structure:

Samaritan is governed by a self-perpetuating board of directors consisting of a minimum of 15 voting members and one non-voting member. Samaritan Board consists primarily of independent community members ("independent" meaning not employees of the Samaritan, its affiliates, or practicing physicians on any of the facilities' medical staff).

Voting members of the Samaritan Board consist of: (a) two directors that either currently serve or previously served on the board of directors of Good Samaritan Regional Medical Center or Good Samaritan Hospital Foundation; (b) two directors that either currently serve or previously served on the board of directors of either Samaritan Albany General Hospital or Albany General Hospital Foundation; (c) two directors that either currently serve or previously served on the board of directors of either Mid-Valley Healthcare or Lebanon Community Hospital Foundation; (d) three directors serving as representatives of the Episcopal Diocese of Oregon; (e) three at-large directors to be nominated by the Executive and Nominating Committee; (f) one director that either currently serves or previously served on the board of directors of Samaritan Pacific Communities Hospital or Pacific Communities Hospital Foundation; and (g) two directors that either currently serve or previously served on the board of directors of Samaritan North Lincoln Hospital or North Lincoln Hospital Foundation. The President/CEO of Samaritan is a non-voting director. Each director holds office for a term of three years or until his/her successor is elected or he/she dies, is disqualified, resigns or is removed.

Samaritan is the sole corporate member of Good Samaritan Regional Medical Center, Samaritan Albany General Hospital, Mid-Valley Healthcare, Samaritan North Lincoln Hospital and Samaritan Pacific Communities Hospital. Each hospital's bylaws grant certain reserved powers to Samaritan to support its ability to oversee and coordinate the activities of the health system. While the specific provisions vary slightly by entity, these reserved powers generally encompass approval authority over major financial transactions, capital expenditures, mergers or acquisitions, significant asset transfers, and changes to governing documents or organizational structure. They also extend to decisions regarding service expansions or closures, leadership appointments, mission or purpose statements, and any transactions involving potential conflicts of interest.

c. **Provide a diagram or chart showing the organizational structural and relationships between business entities**

Please see Exhibit 11.c.

d. **List all of Party B's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.**

Please see Exhibit 10.d.

e. **Provide financial statements for the most recent three fiscal years. If Party B operates outside of Oregon, provide financial statements both for Party B nationally and for Party B's Oregon business.**

Exhibit 11.e contains Samaritan's financial statements.

f. **Describe and identify Party B's health care business. Provide responses to i-ix as applicable.**

   i. **Provider type (hospital, physician group, etc.)**

   Samaritan is a nonprofit, community-based integrated health network comprised of five hospitals, more than 80 clinics, a comprehensive medical group, health plans and five community-based foundations.

   Samaritan operates a family of health plans that serve people across Benton, Linn, and Lincoln counties. These plans are offered through two licensed entities: Samaritan Health Plans, Inc. ("SHP") and InterCommunity Health Plans, Inc. ("IHP"). IHP includes InterCommunity CCO, which provides Oregon Health Plan (Medicaid) coverage for members in the three-county region.

   In addition to these licensed plans, Samaritan also offers health insurance to its own employees through a self-funded plan called Samaritan Choice. Samaritan Health Plans currently serves as the third-party administrator ("TPA") for Samaritan Choice, providing claims processing, customer service, and day-to-day operational support.

   Although these plans operate within the broader Samaritan system, each plan has its own legal and regulatory requirements and serves a different population—commercial members, Medicare beneficiaries, Medicaid members, and Samaritan employees and their families.

   Samaritan Health Plans, Inc.

Samaritan Health Plans is an Oregon nonprofit taxable corporation incorporated in May 2004. It received approval from the Oregon Insurance Division on January 31, 2005, to operate as a licensed health insurance carrier. Samaritan Health Plans subsequently received approval from the Centers for Medicare & Medicaid Services ("CMS") to operate a Medicare Advantage plan under the name Samaritan Advantage Health Plan. CMS authorized enrollment beginning May 1, 2005, with plan operations beginning June 1, 2005. Medicare Part D prescription drug coverage was added in January 2006.

Samaritan Health Plans is a subsidiary of Samaritan Health Services, Inc. Its primary service area includes Benton, Linn, and Lincoln counties, with statewide commercial offerings available across Oregon.

<u>Commercial Lines of Business</u>

SHP launched commercial health plans in 2015 to serve small and large employers in local communities and across Oregon. SHP offers:

- Large group plans (employers with >50 employees)
- Small group association plans
- SHP uses two provider networks designed to support access to both Samaritan providers and additional contracted providers throughout the region.

As of August 1, 2025, Sameritan Health Plans covered 1,170 commercial members.

<u>Medicare Advantage Lines of Business:</u>

Samaritan Health Plans' Medicare Advantage product, Samaritan Advantage, has historically been the leading Medicare Advantage offering in Benton, Linn, and Lincoln counties, supported by strong member retention (97%), positive community perception, and integration with local care delivery. Samaritan Health Plans has offered four HMO plans: Valor, Premier, Premier Plus, and Dual Advantage (D-SNP). Samaritan Health Plans provides the only highly integrated D-SNP offering in the tri-county region.

As of August 1, 2026, SHP served 13,898 Medicare Advantage members, including 1,842 D-SNP members.

Beginning in 2026, SHP will no longer offer its standard Medicare Advantage plans (Premier, Premier Plus, Valor). After evaluating federal policy changes, rising medical costs, and member utilization trends, Samaritan Health Plans determined these plans would not be financially sustainable. Samaritan

Health Plans will continue offering the Dual Eligible Special Needs Plan (D-SNP) for individuals who qualify for both Medicare and Medicaid.

InterCommunity Health Plans, Inc. (“IHP”)

IHP is an Oregon nonprofit corporation incorporated on April 30, 1993, and began operations on February 1, 1994. Samaritan Health Services is the sole corporate member of IHP.

IHP administers Oregon Health Plan (Medicaid) benefits, emphasizing preventive care, health education, and coordinated access to medical services. IHP contracts with a wide range of providers—hospitals, primary and specialty care organizations, behavioral health providers, and others throughout the Willamette Valley and Central Oregon Coast. Provider payment arrangements include fee-for-service, per diem, and monthly capitation.

In August 2012, IHP’s agreement with the State of Oregon transitioned from a Fully Capitated Health Plan (“FCHP”) contract to a Coordinated Care Organization (CCO) contract. IHP, through InterCommunity CCO, is the exclusive Medicaid plan for Benton, Linn, and Lincoln counties.

As of August 1, 2025, InterCommunity CCO covered 87,304 members.

Samaritan Choice (Self-Funded Employee Health Plan)

Samaritan Choice is Samaritan’s self-funded health plan for employees and their dependents. Samaritan Health Services, Inc. is the plan sponsor. Samaritan Health Plans, Inc. currently serves as the TPA, providing claims processing, customer service, network management, and benefit administration. Samaritan Choice offers medical, vision, dental, and pharmacy coverage, with employees selecting either a PPO plan or a high-deductible plan with an HSA option during annual enrollment.

As of August 1, 2025, Samaritan Choice covered 10,165 members.

Effective January 1, 2026, Regence BlueCross BlueShield will become the third-party administrator for Samaritan Choice. Regence will assume responsibility for claims processing, member support, provider network management, and pharmacy formulary administration. Samaritan Health Services will continue to sponsor the plan, while employees will have access to Regence’s broader local and national provider network.

ii. Service lines, both overall and in Oregon

Please see Exhibit 11.f.ii.

iii. **Products and services, both overall and in Oregon**

Please see Exhibit 11.f.ii and 11.f.iii.

iv. **Number of staff and FTE, both overall and in Oregon**

Samaritan employs 6,311 employees, of which 6,190 reside in Oregon, representing 5,178.70 FTEs (with 5,063.10 FTEs in Oregon). Employees supporting the health plan business are employed by Samaritan itself—not by the licensed health plan entities—and are organized across four divisions and seven corporate departments: operations, clinical services, sales and development, and finance. Staff support all product lines and are not assigned exclusively to a single plan type.

Samaritan also provides shared corporate services to the health plans, similar to support provided to its hospitals and clinics. Shared services include Information Systems & Technology, Human Resources, Compliance, Legal, Facilities, Marketing, Accounting, Government Relations, Project Management, and Credentialing.

As of September 30, 2025, 208.50 FTEs supported the health plan business. These FTEs are included in the overall Samaritan counts above.

v. **Geographic areas served, both overall and in Oregon**

Samaritan provides comprehensive health care and health care related services to communities located within the mid-Willamette Valley and Central Coast areas of the State of Oregon. The Samaritan Health Plans (including InterCommunity CCO) operate in Benton, Lincoln and Linn Counties. A map and description of Samaritan's service area can be found in Exhibit 11.f.v.

vi. **Addresses of all facilities owned or operated using [HCMO-1c: Facilities and Locations form]**

Please see Exhibit 10.f.vi.

vii. **Annual number people served in Oregon, for all business, not just business related to transaction**

Between September 1, 2024, and August 31, 2025, Samaritan provided admissions, visits, orders, outreach for care coordination, referral orders, etc., to 229,770 distinct patients. As of August 1, 2025, the health plans cover 113,307 members.

As of August 1, 2025, the Samaritan's health plans covered 112,537 members. See the response to 11.f.i for enrollment by line of business.

viii. **Annual number of services provided in Oregon**

Between September 1, 2024, and August 31, 2025, Samaritan provided 3,978,908 admissions, visits, orders, outreach for care coordination, referral orders, etc.

ix. **For hospitals, number of licensed beds**

Samaritan owns and operates the following acute care facilities in Oregon:

- Good Samaritan Regional Medical Center, Corvallis, Oregon, 188-licensed beds (179 staffed)
- Samaritan Albany General Hospital, Albany, Oregon, 79-licensed bed (65 staffed)
- Samaritan Lebanon Community Hospital, Lebanon, Oregon, 25-bed critical access hospital (licensed for 49 beds)
- Samaritan North Lincoln Hospital, Lincoln City, Oregon, 14-bed critical access hospital (licensed for 37 beds)
- Samaritan Pacific Communities Hospital, Newport, Oregon, 25-bed critical access hospital (licensed for 48 beds)

12. **Describe all mergers, acquisitions, and joint ventures that closed in the ten (10) years prior to filing this notice of material change transaction involving any entities party to the current proposed transaction, the same or related services, and health care entities. For each previous transaction, include:**

    a. **Legal names of all entities party to the transaction**

    b. **Type of transaction**

    c. **Description of the transaction**

    d. **Date the transaction closed**

Exhibit 12 lists all such transactions for MultiCare.

Samaritan has engaged in the following transactions:

- Dialysis: Total Renal Care, Inc.; Samaritan North Lincoln Hospital. This was a joint venture by the parties to establish an outpatient dialysis and renal care center in Lincoln City, Oregon, effective February 15, 2018.

- BSM Surgery Center, LLC: DocBSMASC, LLC; Bruce W. Madsen, M.D.; Samaritan Health Services, Inc. This was a purchase of equity by Samaritan into the LLC effective July 1, 2018.

- Wiley Creek: Sweet Home Senior Living LLC; Mid-Valley Healthcare, Inc. This was the sale by Mid-Valley Healthcare, Inc., of the Wiley Creek Community assisted living facility and associated real property in Sweet Home, Oregon, to Sweet Home Senior Living LLC effective February 5, 2021.

- Durable Medical Equipment: Samaritan Health Services, Inc., dba Samaritan Medical Supplies; Norco, Inc. This was the sale by Samaritan Health Services, Inc., dba Samaritan Medical Supplies of its durable medical equipment business to Norco, Inc., effective May 22, 2023. This transaction was approved by HCMO on May 4, 2023.

13. Describe any anticipated changes resulting from the proposed material change transaction, including:

a) Operational structure

i. Provide a chart or diagram showing the pre- and post-transaction organizational structure and relationships between entities.

The post-closing organizational structure is attached as Exhibit 13.a.i

b) Corporate governance and management

Immediately post-closing, Samaritan's existing board of directors will remain in place, as will the respective boards of directors of all direct and indirect subsidiaries of Samaritan that had boards of directors pre-closing. This continuity of leadership will ensure that the integration is informed by the institutional knowledge held by the community members that currently serve on such boards. In particular, the critical access hospitals at North Lincoln Hospital, Pacific Communities Hospital, and Lebanon Community Hospital, will be the first of their kind within the MultiCare system of health. As such, it is critical that MultiCare relies upon local knowledge and expertise to guide these facilities.

Post-closing, MultiCare will become the sole member of Samaritan. As the sole member, MultiCare will hold those reserved powers that are traditionally held by a nonprofit member. However, MultiCare and Samaritan both recognize that this Affiliation will succeed only if it empowers local leaders who reflect and respond to community voices and needs. Accordingly, Samaritan and MultiCare have created a hybrid governance framework that emphasizes collaboration between the MultiCare System Board and Samaritan Board.

Consistent with MultiCare's collaboration-based ethos, additional members of the Samaritan Board must be nominated by *both* the nominating committee of the

Samaritan Board and the nominating committee of the MultiCare System Board. Additionally, subject to MultiCare's reserve powers, the Samaritan Board will retain authority over Samaritan's governance, operations, and business, including the exercise of Samaritan's reserve powers of its direct subsidiaries. There will also be Oregon representation on the MultiCare System Board to ensure that Oregon voices will guide the strategic direction of MultiCare as a whole. The Oregon representative will be nominated by the Samaritan Board for MultiCare's approval.

The post-closing budgeting process for Samaritan exemplifies this collaborative approach. Samaritan's local leadership will develop and draft Samaritan's annual capital and operating budget. This proposed budget must then be reviewed and approved by each of the following in order: (i) MultiCare's management, (ii) Samaritan's Board, and (iii) MultiCare's System Board. If the MultiCare System Board does not approve the budget for any reason, the process described above restarts. Thus, Samaritan's budget is crafted by local leaders, and must be approved by *both* the Samaritan Board and MultiCare System Board before becoming final.

This empowering of local leaders will extend to day-to-day management. MultiCare's philosophy is that health systems operate best when they are attuned to the needs of local communities, with strategic development and operational decision-making heavily tilted towards local knowledge and expertise. Thus, Samaritan will be the cornerstone of MultiCare's new "Oregon" region with a regional leader reporting directly to the MultiCare President. The regional leader will participate on the CEO & President's Council for MultiCare, which will ensure that the leader is well-connected with best practices and key thinking within the other MultiCare regions. However, the regional leader is expected to tailor these best practices and philosophies to the Oregon region without a direct top-down approach.

The parties expect that the CEO of Samaritan at closing, as selected by the pre-closing Samaritan board, will be the first regional leader appointed by MultiCare post-closing. Samaritan will also retain its existing management team, who will be primarily responsible, in collaboration with MultiCare leaders, for integration efforts at Samaritan.

This geography-based structure ensures that the organization's strategies, leadership, and staffing are informed by local stakeholders, including physicians, community-based organizations, and employees. Moreover, each region is its own distinct accounting entity. This, among other things, helps ensure that Samaritan's health care dollars stay within the community. Please see our response to Inquiries 6.a and 15.a for a summary of the parties' commitment to keep Oregon health care dollars in Oregon.

Finally, this Affiliation is structured to maintain and enhance the existing infrastructure supporting Samaritan Health Plans and InterCommunity CCO, not replace it. As noted above, Samaritan must find a partner to stabilize its health plan finances. Other transaction partners interested in the health system would have required Samaritan to spin off its health plan to another buyer. Any such buyer would almost certainly have sought to control costs by integrating Samaritan's health plan operations into its own, which would mean transitioning health plan operations to a corporate parent located outside the community, or even out-of-state.

MultiCare, on the other hand, has no other health plan operations in which to integrate Samaritan Health Plan or InterCommunity CCO. MultiCare is committed to keeping Samaritan's health plans imbedded in the communities they serve. This ensures that InterCommunity CCO continues to fulfil the CCO program's goal to have locally administered health plans for Oregon Health Plan enrollees.

That said, Samaritan's health plans will benefit from this Affiliation through MultiCare's capital, infrastructure, and population health expertise. Post-closing Samaritan will leverage the operational expertise of PSW, and PSW may provide certain services to the Samaritan Health Plans under a formal service agreement. These services would augment the health plan's existing capabilities and present opportunities for sharing infrastructure, knowledge, and third-party vendors.

Post-closing, local health plan leadership will no longer report to leaders at Samaritan health care delivery system. Instead, the health plan leaders will report through the health plan and population health infrastructure of MultiCare. This revised reporting structure reflects the fact that the health plan operations are distinct from health system operations. MultiCare's leadership team brings extensive experience in health care management, medical management, medical economics, finance, analytics, quality, coding, compliance, operations, provider network management, and customer service. This expertise will be embedded into the health plan's governance and execution model. Members of the leadership team at PSW and MultiCare have served as Plan President, Chief Financial Officer, and Vice President of Provider Networks at health plans. In addition, members of the leadership and management team have direct experience at health plans or first tier downstream entities in functions that include operations, compliance, sales and marketing, medical management, care management, and quality and clinical value.

The revised reporting structure for Samaritan Health Plans and InterCommunity CCO also reflects the fact that their finances will be independent of the Samaritan health care delivery system. MultiCare is committed to fully capitalizing Samaritan Health Plans and InterCommunity CCO, regardless of the health system's financial performance and independent of the $700 Million Capital Commitment. Thus, this organizational and accounting structure is a strategic enabler of value-based care. It will allow the health plan to benefit from MultiCare's extensive population health expertise and infrastructure, including its long-standing success managing over 400,000 patients in risk-based contracts. Moreover, by aligning governance, contracting, and clinical operations across its enterprise networks, Samaritan Health Plans will benefit from a scalable, resilient model that supports financial sustainability, clinical excellence, improved patient outcomes, and cost control.

Finally, Samaritan will have access to a deep well of knowledge and experience gained through integrating other hospitals and health systems. MultiCare employs an enterprise project management ("EPMO") team, reporting directly to the President of MultiCare, that has successfully worked to integrate new organizations into the MultiCare system of health. Starting with the due diligence process for the transaction, the EPMO team prepares a list of key risks and opportunities to help with organizing the post-transaction integration process to support a more successful transition period. The EPMO team then leads a cross-functional team for 1-2 years to ensure that Samaritan has the necessary support across service areas. This process has borne substantial fruit for each of the health systems that have joined MultiCare in the past, as described in detail above. Samaritan will benefit from this experience in the period immediately following closing and beyond.

c) Investments or initiatives

This Affiliation is essential to ensuring that Samaritan can meet both its immediate and long-term investment needs, which cannot be addressed through Samaritan's current financial capacity. By partnering with MultiCare, Samaritan will gain the capital strength and expertise needed to modernize facilities, strengthen infrastructure, and expand access to high-quality, affordable care. The $700 million capital commitment, supported by MultiCare's strong balance sheet, will allow Samaritan to stabilize and enhance its health system and health plan operations, while making strategic investments that improve quality, reduce costs, and expand services to meet the evolving needs of the communities it serves.

Over the past several months, Samaritan and MultiCare have worked collaboratively to identify short- and long-term spending priorities for the combined organization. These priorities are described below and incorporated into the Affiliation Agreement as part of the joint capital plan framework (attached as Exhibit 7.b.iv).

Stabilizing the Samaritan Health Plans: Full details about Samaritan's need related to stabilizing the Samaritan Health Plans are provided in Exhibit 6.a.

Deferred Maintenance: The Capital Commitment will fund a substantial investment in deferred maintenance. Samaritan's financial difficulties have prevented it from fully funding the routine and ongoing capital needs of the health system. In 2022, Samaritan completed a facilities conditions assessment for the hospitals they own and operate. Between 2022 and 2024, Samaritan was unable to fund 19%, 40% and 36% of necessary maintenance, respectively. Between 2025 and 2027, Samaritan projects accumulating more than $57 Million in deferred maintenance, which is on top of routine capital outlays. Simply put, Samaritan's lack of operating margin makes it impossible for Samaritan to fund the necessary maintenance of its existing facilities. This will, over time, lead to a steady deterioration of Samaritan's physical plant, which (a) reduces patient volumes, (b) prevents Samaritan from offering certain modern care modalities, (c) reduces patient satisfaction, and (d) makes it more difficult to recruit and retain physicians.

Replacement of Aging Clinical Equipment: In addition to maintaining the physical plant of the hospitals, the Capital Commitment will support the ongoing replacement of essential clinical equipment across Samaritan facilities. Much of Samaritan's existing clinical equipment is nearing the end of its useful life, including advanced imaging technologies such as MRIs, CT scanners, catheterization labs, ultrasounds, X-ray units, and nuclear medicine cameras. Samaritan also must replace core clinical assets like patient monitors, pharmacy automation cabinets, and hospital beds. To fund these replacement and maintenance projects, Samaritan will require approximately $30 Million over the next 3 years. This Affiliation guarantees that Samaritan will have the capital necessary to accomplish these projects while also investing in service line expansion and improvement.

GSRMC Facility Expansion and Level II Trauma Center Support: Good Samaritan Regional Medical Center ("GSRMC") is the region's only Level II trauma center and faces significant facility constraints and infrastructure risk. In 2024, Samaritan retained an independent space-planning firm to assess current and projected inpatient bed needs and develop solutions to address deferred maintenance and capacity limitations. The study determined that, to meet projected demand over the next decade, GSRMC will require at least 35 additional inpatient beds and substantial modernization of aging systems. In 2024, the hospital reached high census levels on 274 days, with the emergency department at capacity 68 days, leading to the cancellation or rescheduling of 90 surgical cases due to bed shortages. Additionally, capacity limitations forced GSRMC to decline more than 700 patient transfer requests, which meant that patients either could not access the most appropriate care, or had to seek care outside their home communities.

Samaritan evaluated multiple options to address these issues, including remodeling the existing facility and constructing a replacement hospital. At a minimum, the existing hospital building will require new electrical and plumbing lines to avoid catastrophic failure. Additionally, GSRMC will also need to expand its capacity through the development of a new, connected building to the current hospital to house operating rooms, laboratory, and inpatient beds amongst other services. This new construction would enhance patient throughput, improve patient experience, allow for an improved experience for residents rotating through the facility, and support retention of Level II Trauma Center status.

As part of the Capital Commitment, MultiCare will allocate funding for the evaluation, architectural design, and planning, permitting, and other pre-construction costs associated with this project. Construction is expected to commence approximately four to six years post-closing. These upgrades are vital to improving the resilience of GSRMC and meeting the current and future needs of the community.

Technology and Infrastructure Investments: MultiCare's Capital Commitment will also fund critical technology and infrastructure investments at Samaritan Health Plans. Currently, Samaritan Health Plans uses legacy member service and network management platforms that lack the sophistication and efficiency of larger competitors. This limits the health plans' ability to grow membership and engage with community providers on cost, quality, and access initiatives.

To remain competitive and meet clinical and cost-related targets, Samaritan Health Plans and InterCommunity CCO must make at least $75 Million in technology investments over the coming years. These upgrades will modernize claims processing, improve member and provider engagement, and integrate advanced data analytics for utilization, cost, and quality management. Such enhancements are critical for aligning payer-provider incentives, advancing value-based care, and delivering more seamless and coordinated care to members.

Beyond providing the capital necessary to make these investments to modernize health plan infrastructure, MultiCare can offer industry leading expertise in building out Samaritan's population health capabilities. PSW, an affiliate of MultiCare, is one of the highest performing population health vehicles in the nation. It participates in multiple ACO models, operates several large clinically integrated networks, and provides high-level data analytics to providers that participate with PSW. Together these approaches align physicians with the health system in a way that improves care coordination, enhances quality, and reduces the total cost of care.

PSW takes a collaborative, team-based approach to integrating with clinical care delivery partners within MultiCare and across the clinically integrated networks PSW supports. The foundation of this approach is delivering high-value, actionable data analytics, providing targeted care management support, and working hand-in-hand with clinician partners. To that end, it has developed strong IT and data analytics capabilities to help drive critical care interventions with high risk or rising risk patients, strategies for managing care for patients with multiple chronic conditions, and methods to reduce unnecessary acute care utilization (including unnecessary ED visits and readmissions). PSW also employs an actuarial business arm to help supplement its population health capabilities and support MultiCare's evolution into taking downside risk on its patients to truly put its vision of being the highest value system of health to the test.

This data-led approach has driven year-over-year success in multiple ACO models to lower the total cost of care trend and enhance quality associated with commercial, managed Medicaid, and Medicare Advantage value-based arrangements. For example, between 2017 and 2024, PSW provided leadership and administrative management services to MultiCare Connect Care, Northwest Momentum Health Partners, and The Rural Health Collaborative ACOs. Their 15 performance year contracts resulted in cumulative savings for CMS in excess of $128 Million. Additionally, in 2023 PSW provided services to multiple MultiCare-affiliated ACOs participating in the Washington State Health Care Authority value-based contract serving public employees. These contracts generated more than $21 Million in value based payments to the ACOs and participating providers by achieving performance targets associated with total cost of care and quality improvement.

As the first health plans within the MultiCare system, Samaritan Health Plans and InterCommunity CCO would immediately become a substantial focus of PSW. The tools and capabilities of PSW would immediately be brought to bear to improve financial and operational performance of the Samaritan Health Plans. Working together with Samaritan leaders who are steeped in knowledge of the local communities, PSW and Samaritan Health Plans are eager to make major operational and financial strides.

Specifically, the Affiliation could enable the activation ("turn on") of several clinical value programs across the care continuum:

- *Care Management*: High-touch coordination for high-risk, high-cost patients that utilizes data analysis to identify patients with multiple chronic conditions that require ongoing clinical oversight and coordination of care across primary care, specialty care and ancillary services. The scope of work includes self-care education to empower patients in managing their conditions, utilizing motivation interviewing to support behavior changes, and post-acute engagement.
- *Transitional Care Management ("TCM")*: TCM reduces readmissions and improves post-discharge outcomes by supporting patients transitioning from acute care setting to home or post-acute environments with 30-day post-discharge management, which includes outreach and follow-up activities, medication review, health status assessments, and care plan updates.
- *Remote Patient Monitoring:* PSW provides remote patient monitoring services to enhance care management for patients at elevated risk for hospital readmissions and emergency department utilization

- *Quality Programs*: CPT II coding improvements, medication reconciliation, chronic disease management.
- *Annual Wellness Visits*: Research shows the clinical efficacy of routine engagement with primary care providers. PSW runs a targeted outreach program to patients to schedule annual wellness visits, thereby closing preventive care gaps.
- *Medical Management*: PSW has invested heavily in real-time analytics and decision support tools integrated into existing EMR systems, like Epic's InNote. These tools provide actionable advice to clinicians and support staff that facilitate more timely, effective interventions.

These programs are supported by a claims data warehouse built on Microsoft Fabric, enabling rapid analytics and integration with Epic. FHIR-based APIs have improved prior authorization efficiency by 233%, with a goal of 94% processed in under 30 seconds.

A critical component of payer strategy is the improvement of CMS STAR Ratings, which directly influence plan revenue. STAR ratings are determined at the contract level—specifically for contract Samaritan Advantage Premier Plan (H3811)—and have historically reflected combined performance across General Enrollment ("GE") and Dual Special Needs Plan ("DSNP") populations. Unfortunately, the STAR rating for Samaritan Advantage Premier Plan has deteriorated over the past three years, declining from a 4.0-star plan in 2022 and 2023 to a 3.5-star plan in 2024, and further to a 3.0-star plan in 2025. This decline has resulted in a meaningful reduction in CMS revenue for the health plan.

Due to the way STAR ratings are calculated, there is a significant lag between performance data collection and its financial impact. For example, the 2025 STAR rating was based on 2023 performance data, and the 2026 Medicare Advantage bids will be based on the 2025 STAR rating. This creates a three-year lag between plan performance and revenue realization, underscoring the urgency of implementing corrective programs now to secure future financial stability.

To improve Samaritan's STAR ratings, MultiCare would launch a three-year STAR rating ramp-up strategy. This would be collaboration between PSW, system quality teams, and clinicians. At MultiCare, this successful strategy has involved the following:

- *Risk-stratified patient outreach & access*: The quality team works closely with MultiCare's primary care and access center to develop proactive outreach lists for patient scheduling. Additionally, this team works closely with the care delivery infrastructure to ensure timely access for patients. This work resulted in over a 12% increase in annual preventative care visits among MultiCare's highest risk patients from 2023 to 2024.

- *Clinical care gap closure & follow-up*: The quality team also provides wraparound support for clinical care gap closure and follow-up. Quality team members use claims and clinical data to identify care gaps and provide outreach and scheduling to support patients in closing those gaps. The quality team also works closely with the care delivery team to identify and escalate patients who may be in need of additional clinical support.

- *Data management and transmission to payors as well as state & federal agencies:* Accurate and timely reporting is critical to improving overall STAR ratings, as a plan does not receive credit for performance improvements that are not reflected in reported data. The quality team, in collaboration with MultiCare's information technology services, takes responsibility for data collection and reporting to meet the various payor and regulatory bodies' reporting requirements, including STAR-related reporting to CMS. This team has a deep understanding of the evolving CMS landscape for quality reporting and optimizes the processes and infrastructure to ensure accurate and timely reporting.

This close, collaborative approach – in conjunction with goal alignment between MultiCare's internal quality measures and CMS' quality measures – has resulted in ongoing year-over-year improvement in MultiCare's CMS quality STAR rating. For example, in the 2024 plan year, STAR scores increased from 2.88 to 3.57. As of August 2025, STAR ratings are 3.88. MultiCare expects to work with Samaritan to implement a similar approach at Samaritan Health Plans.

Expansion of Ambulatory Services Capacity: Leveraging MultiCare's successful ambulatory models, Samaritan will expand outpatient access to meet community demand, reduce total cost of care, and minimize the need for patients to travel outside the region. Planned projects include:

- One off-campus emergency department in or near the Albany market;
- One to two ambulatory surgery centers in or near Corvallis and Albany;
- Six to eight urgent care centers across Samaritan's service area, based on patient demand;
- Four to eight outpatient rehabilitation centers throughout the service region; and
- One to two outpatient imaging centers to expand diagnostic access.

These ambulatory investments will improve access, enhance patient convenience, and create a more balanced system of care between inpatient and outpatient settings.

Capital Planning and Governance: The Capital Commitment plan has been a central focus of the due diligence and transaction development process. The priorities outlined above reflect the parties' shared understanding of Samaritan's future needs based on current information and planning assumptions.

All capital decisions will remain subject to approval by the Samaritan and MultiCare Boards of Directors, ensuring that investments are responsive to community needs, aligned with strategic goals, and consistent with sound financial stewardship.

d) Type and level of staffing

Samaritan has had to undertake significant and impactful steps to reduce operating losses while maintaining, as much as possible, existing services, service levels, and community services. Over the past year, Samaritan has eliminated approximately 230 FTEs and consolidated select leadership roles to reduce administrative overhead and improve efficiency. While these changes have been effective at reducing operating losses, they have not achieved and will not produce a sustainable operating margin, nor have they given Samaritan the capital to fully fund existing capital needs like the immediately necessary improvements at GSRMC.

As such, if this transaction does not close, Samaritan would have to make further changes to its operating model to achieve financial sustainability, which could limit the scope of services and programs offered and constrain future growth and investment in its workforce. Changes in programs and services would likely translate to a smaller workforce. This Affiliation presents an alternate path for Samaritan and the communities it serves. Samaritan and MultiCare expect that the Capital Commitment, together with MultiCare's operational expertise and infrastructure, will allow Samaritan to sustain current patient-facing employment levels while creating new positions as services, sites, and capabilities expand. Specifically, as described in response to Inquiry 13.1 (Investments or Initiatives), the Capital Commitment will fund the development of new ambulatory and outpatient locations, including:

- An off-campus emergency department;
- Ambulatory surgery centers; and
- Outpatient rehabilitation centers.

Each of these projects will create additional jobs across a range of roles, including nurses, physicians, advanced practice providers, and other care team members.

Today, Samaritan's ability to add new provider positions is constrained not by a lack of talent or interest, but by the limits of available facilities, technology, and capital investment. This Affiliation will unlock resources to recruit and onboard additional providers, grow service lines, and modernize the infrastructure necessary to serve more patients close to home. Initial growth priorities include:

- Primary care, behavioral health, and pediatric physicians (15–30 providers); and

- Specialists in otolaryngology (ENT), allergy, gastroenterology, dermatology, and neurology (5–15 providers).

These strategic additions will improve access, reduce wait times, and support Samaritan's commitment to population health and community-based care.

Samaritan does not anticipate changes to its hospital medical staffs or physician leadership model as part of this Affiliation. Rather, Samaritan will draw upon MultiCare's expertise in provider alignment to explore affiliation models that strengthen coordination and improve outcomes across the continuum of care. As part of integration planning, Samaritan and MultiCare will evaluate opportunities to implement shared service models that promote efficiency and operational excellence in administrative functions. Any resulting adjustments to non-patient-facing positions would occur only after thorough planning and demonstration of benefit.

Ultimately, this Affiliation is designed to expand opportunities for the workforce, enable growth in key service areas, and build long-term stability—ensuring Samaritan and its communities continue to thrive together for generations to come.

e) Type and level of services provided

Samaritan's mission has always been to ensure that the people in its region have access to comprehensive, high-quality, and affordable care close to home. Like many community-based health systems, Samaritan operates in an environment where reimbursement levels have not kept pace with the rising costs of labor, supplies, and technology. Achieving the sustainable 3% to 5% operating margins typical of healthy nonprofit systems will require continued focus on efficiency, modernization, and growth.

As noted above, sustained operating losses have already forced Samaritan to make difficult cuts to staffing and services, including the termination of most of its Medicare Advantage products. If this Affiliation does not close, Samaritan would have no choice but to make further cuts to ensure long-term financial sustainability. Even then, Samaritan would be operating on narrow margins that limit its ability to react effectively to public health emergencies, cuts to the federal health care programs, or similar disruptions. While Samaritan would continue to provide essential services, Samaritan would have limited capacity to expand programs, add new technology, and plan for long-term community growth.

This Affiliation ensures Samaritan can protect today's services while expanding for tomorrow, strengthening existing programs, investing in modernized facilities and equipment, and building new access points to meet the needs of the growing population.

For example, GSRMC's Level II Trauma Center designation could be at risk if Samaritan cannot make critical investments in its physical plant and clinical equipment. Maintaining trauma services requires significant standby capacity, advanced specialty coverage, and high-cost infrastructure. Current payment structures do not fully reimburse these additional costs. Without additional outside capital, sustaining this level of readiness would become increasingly difficult, scaling back these services would directly reduce access to critical, life-saving care for Oregonians, forcing patients to travel much greater distances in emergency situations.

Such reductions would also have a ripple effect on Samaritan's Graduate Medical Education ("GME") programs. Training programs depend on exposure to complex, high-acuity cases to prepare the next generation of physicians. Curtailing trauma services would jeopardize the quality of our residency programs, impairing our ability to recruit and retain physicians locally—further exacerbating workforce shortages in our region.

In short, the absence of this transaction would leave Samaritan with little choice but to consider reductions that compromise both immediate community access and the long-term pipeline of providers, starkly at odds with its mission to build healthier communities together.

Samaritan Health Plans and InterCommunity CCO occupy an especially challenging position—together they have large enough scale to require sophisticated infrastructure for optimal service, yet not sufficient scale necessary to support the significant, ongoing investments in personnel, technology, and process modernization that competitive performance demands. With a covered population of approximately 100,000 lives, achieving the efficiencies needed to sustain high service levels for both members and purchaser-customers is becoming increasingly difficult. The urgency of this situation is further heightened by adverse trends in Medicare Advantage and regional healthcare economics, all of which threaten the ongoing viability of Samaritan's health plans operations.

Recent developments underscore the challenges facing Samaritan Health Plans. It has made the painful but necessary decision to exit non-dual-eligible Medicare Advantage products for the 2026 plan year. Absent the resources and stability this partnership would provide, Samaritan faces not only further reductions in services but also the risk of losing programs that are vital to the health and resilience of the communities we are committed to serving.

Thus, if this Affiliation does not close, Samaritan and the communities it serves face the difficult reality that further reductions in services at Samaritan's hospitals, at the health plans, and in other wraparound services will likely be necessary.

In contrast, as soon as this Affiliation closes, Samaritan will have the opportunity to expand services across the health system and health plan. Although all spending decisions are subject to approval by the post-closing boards, the parties intend to expand services in the following areas:

- *Primary Care*: To achieve Samaritan's long-term clinical and cost-related goals, Samaritan must improve its population health capabilities. Comprehensive primary care is the cornerstone of any population health management strategy. Thus, Samaritan intends to invest in expanding its primary care service offerings. This investment will strengthen the system's "front door," making all of Samaritan's services more accessible. It also greatly improves Samaritan's ability to manage the care of high-cost, high-need individuals, who account for a disproportionate share of overall spending. By better managing chronic diseases, Samaritan can improve outcomes and reduce costs by ensuring that patients receive the right care at the right time from the highest-value provider.

- *Care Coordination and Population Health Management:* As noted above, Samaritan can achieve its long-term goals only if it improves its population health capabilities. This is true for both the health plan and the health system. On the health plan side, InterCommunity CCO must improve its ability to manage care for its members, as such care management is the foundation of the CCO program's philosophy. At the health system, Samaritan's cost control efforts depend on its ability to proactively coordinate care for high-needs individuals. MultiCare's population health arm, PSW, is a national leader in care management, care coordination, utilization management, and data analytics. It currently has at-risk contracts with over 400,000 covered lives. Samaritan is excited to leverage these capabilities in the Oregon market.

- *Ambulatory Services Expansion*: As described in more detail in response to inquiry 13.c, Samaritan plans to use the Capital Commitment to invest heavily in expanding its ambulatory footprint. This service expansion will likely include an off-campus emergency department, ASCs, urgent care centers, outpatient rehab centers and imaging retail centers. Such investments will expand the number and type of ambulatory services available in the community, which studies show are more accessible, lower cost, and more popular with patients.

Together, these initiatives will create a more accessible, modern, and resilient health system for the communities Samaritan serves—ensuring that care remains local, coordinated, and sustainable for decades to come.

f) Number and type of locations

Samaritan Health Services operates a comprehensive network of hospitals, clinics, and community-based programs that together provide a full continuum of care for the region's residents. Like many community-based systems, Samaritan has faced growing pressure from rising costs, workforce shortages, and reimbursement that has not kept pace with expenses. These financial realities have required careful prioritization and difficult decisions to ensure the long-term sustainability of essential services and access across its rural and urban communities.

Over the past year, Samaritan has made a number of challenging adjustments to preserve financial stability while continuing to focus on patient care. Some specialty services—such as gastroenterology coverage, interventional radiology, and other programs—have been scaled back in certain rural hospitals. In addition, community-based support programs, including classes for expecting parents and supplemental cancer support services, have been reduced to focus resources on direct clinical care. Samaritan continues to operate a residential substance use treatment facility in Lebanon and will open a second in Newport this fall, even though both operate at a financial loss. These decisions reflect Samaritan's deep commitment to preserving vital access to care despite ongoing financial pressures, but such services are at risk if Samaritan cannot achieve sustainable margins.

Thus, the proposed partnership is not simply a strategic choice but a critical necessity to secure the long-term sustainability and growth of Samaritan's essential services. This Affiliation with MultiCare changes Samaritan's trajectory from surviving, to thriving – through investment and service expansion. This includes:

- Renovation and expansion of Good Samaritan Regional Medical Center
- Expansion of ambulatory and outpatient locations
- Strengthening community-based and behavioral health programs
- Modernizing and providing financial stability tothe Samaritan Health Plans

Through these initiatives, the Affiliation positions Samaritan to preserve what matters most—local access to trusted care—while enabling sustainable growth. It ensures that Oregonians will continue to receive care in their communities, from the clinicians and facilities they know, supported by the resources and stability needed to meet future demands.

g) Geographic areas served

Samaritan Health Services currently provides comprehensive care across Benton, Lincoln, and Linn counties, as well as portions of Marion and Polk counties. Its hospitals, clinics, and health plan collectively serve as an integrated system designed to meet the needs of both urban and rural communities across this three-county region.

Like many regional health systems, Samaritan faces the dual challenges of maintaining access across a broad geography while managing rising costs, workforce shortages, and aging infrastructure. Remaining independent would limit Samaritan's ability to make the necessary investments in facilities, technology, and service delivery models that ensure equitable access across all communities, particularly in rural and coastal areas where care options are already limited.

If this transaction does not close, Samaritan could face mounting pressure to rationalize its geographic footprint in order to preserve core services. Absent new capital and infrastructure, Samaritan may have to evaluate which services it can sustain across geographically dispersed communities. On the health plan side, the decision to exit non-dual-eligible Medicare Advantage products in 2026, affecting more than 12,000 members, is a clear signal of this financial strain. A contraction of services in these communities would disproportionally impact Medicaid members and conflict with Samaritan's commitment to population health through its integrated delivery system.

The proposed Affiliation with MultiCare directly addresses these challenges by providing the financial strength, operational support, and clinical expertise needed to sustain and grow Samaritan's care delivery offerings. Rather than consolidating or contracting, the partnership will position Samaritan to maintain and strengthen local access to care, while expanding inpatient, ambulatory and outpatient services across the existing geographic region. These investments—such as the expansion of GSRMC, urgent care centers, outpatient rehabilitation facilities, and imaging locations—will enhance convenience for patients and help keep care close to home.

In sum, this transaction is intended to preserve and enhance Samaritan's geographic reach—not reduce it. By ensuring the system has the capital and capabilities to sustain services across its communities, the Affiliation allows Samaritan to remain a trusted, locally governed health system providing high-quality, accessible care throughout the mid-Willamette Valley and central Oregon Coast.

h) For providers, payer contracts and payer mix

Samaritan's financial challenges are directly impacted by the structure and performance of payer contracts. However, financial projections from MultiCare and Samaritan demonstrate that, when this Affiliation closes, Samaritan can achieve financial sustainability without reducing or limiting care to any type of patient, payor, or program.

Payer Mix Imbalance:

As a nonprofit, mission-driven health system, Samaritan is committed to providing care for anyone, regardless of their ability to pay. MultiCare shares this commitment. Simply put, Samaritan's service area has a large proportion of patients with coverage through Medicare and Medicaid. As a result, over 70% of Samaritan's net patient revenue comes from government payers. This exceeds both state and national averages of 45%and 30% respectively.

Because government payers reimburse below the cost of care, and because Samaritan's payer mix is weighted heavily toward those payers, Samaritan carries significant financial burden. Notably, since 2020, Samaritan has experienced a 3% increase in governmental payer mix. Each 1% shift from commercial to government payers equates to roughly $10 million in revenue deficiency, which highlights why Samaritan has struggled to achieve financial sustainability.

Samaritan's payor mix provides important context for this Affiliation. First and foremost, it demonstrates the importance of partnering with an entity that is equally committed to providing the best possible care to all patients, regardless of ability to pay, insurance status, or payor type. In MultiCare, Samaritan has such a partner. MultiCare is Washington's second largest health system, but provides the most care to Washington's Medicaid population. This is consistent with MultiCare's charitable mission. Importantly, MultiCare provides care to a disproportionate share of the state's Medicaid population while maintaining operational and financial sustainability.

Indeed, many of the financial and operational turnaround strategies outlined in this notice mirror similar efforts that have succeeded at other MultiCare hospitals. They are intended to improve access, reduce costs, increase efficiency, and improve service quality, all independent of payor mix. Successfully implementing these strategies will make Samaritan financially sustainable without reducing service volume for any type of patient, payor, or program.

Commercial Payer Practices:

At Samaritan, revenue from commercial payers has historically offset government shortfalls. Currently, these types of commercial contracts are increasingly challenging to manage. Nationally, private payers regularly deny or underpay 15% to 30% of claims initially, with many overturned only after costly, labor-intensive appeals. Samaritan experiences the same challenges, with evidence of systematic use of denial codes, technicalities and administrative barriers to reduce payment.

While underpayment is often attributed to revenue cycle teams, analysis shows the causes are broader—spanning clinical documentation, coding, preauthorization, charge capture, and timely follow-up. Payers exploit gaps across these processes, knowing hospitals rarely have the capacity to fight every claim. Without contract protections or ample dedicated resources, Samaritan has historically accepted significant underpayment.

For this reason, Samaritan is excited to leverage MultiCare's wholistic approach to revenue cycle management. As described in more detail in response to Inquiry 13.j, MultiCare has a history of dramatically improving revenue cycle performance and Samaritan sees an opportunity for substantial year-over-year revenue gains from revenue cycle optimization.

At closing Samaritan will maintain all existing provider agreements. Post-closing, Samaritan will renegotiate payor contracts in the ordinary course of business. Because there is no overlap of the Samaritan and MultiCare geographic markets, and because relatively few payers operate across these markets, the parties do not expect this transaction to have any material impact on provider contracts.

i) For insurance carriers, provider contracts and networks

Continued and compounding losses already forced Samaritan Health Plans to terminate Medicare Advantage plans for thousands of members. These losses have also prevented Samaritan from making needed investments to improve its competitiveness and financial performance.

Ongoing operating losses make it impossible for Samaritan to offer its network providers reimbursement rates that keep pace with broader inflationary trends. This hurts providers, who struggle to recoup their costs with low Medicaid rates, and members, who often struggle to find (and maintain relationships with) network providers willing to accept Medicaid patients. It also hurts Samaritan because such rates do not allow providers to invest time and resources in care coordination, disease management, and wraparound services that our community needs. Further network contraction would limit access points for members and increase strain on remaining providers.

Ultimately, ongoing health plan financial losses could threaten the viability of hospital and medical group operations, and could force Samaritan to further reduce or divest of its health plan products. This would displace thousands of members and disrupt continuity of care with their existing providers. It also creates uncertainty for providers and patients alike, increasing administrative burden, disrupting referral patterns, and undermining integrated care delivery.

If Samaritan is forced to further scale back or exit health plan operations, it would take steps to mitigate disruption, including:

- Member Transition Support – Ensuring timely, accurate communication and robust support to help members select new coverage with minimal disruption.
- Provider Engagement – Working closely with providers to manage continuity of care for patients in active treatment, including honoring existing authorizations and supporting transitions.
- Collaboration with State and Community Partners – Coordinating with the Oregon Health Authority, CCOs, and other payers to ensure community providers continue to have payer options and that Medicaid and Medicare populations are not left without access to coverage.
- Transparency in Communications – Proactively addressing community concerns regarding governance, long-term commitment, and integration with delivery system operations to sustain trust.

However, this Affiliation is designed to prevent exactly this outcome. MultiCare is committed to Samaritan's health plan operations. As noted above, MultiCare will recapitalize the health plan as needed. Importantly, this recapitalization is separate from, and in addition to, the $700 million Capital Commitment for the health system. This frees the health system to devote the Capital Commitment to the highest value investments in care delivery. It also gives the health plan the investments it needs to implement a financial stabilization plan.

MultiCare is committed to continued capital investments in the health plans for the purpose of enhancing operational capabilities that would reduce the burden for community providers to refer or directly provide medically necessary services to patients, as well as to expand capabilities and resources to providers that support quality performance and utilization.

Advanced population health models are at the core of the health plan's financial stabilization plan, and MultiCare is in a position to fast track the implementation of these models. The integrated delivery–insurance model already allows Samaritan to share data, coordinate care, and align incentives with providers in ways that improve quality and reduce cost. However, Samaritan has lacked the financial resources and expertise necessary to maximize the benefits of integration. MultiCare already built the care management and population health infrastructure necessary to manage 400,000 covered lives under risk-based contracts. This infrastructure and expertise will help Samaritan's health plans, Samaritan's hospitals and community providers by facilitating win-win-win value-based contracts that control costs, increase quality, and help make Medicaid contracts financially sustainable.

Post-closing, Samaritan's health plans will maintain a high-performing network of providers that exceeds network adequacy requirements and enables beneficiaries to access timely, high-quality care. However, the parties see opportunities to improve the network. To meet its financial and operational goals, the health plans must expand value-based contracts. This means assessing opportunities to offer additional value-based incentive payments to community providers for achieving agreed upon performance metrics related to quality, access, member experience, operational, and financial targets.

Thus, through this Affiliation, Samaritan and MultiCare will work together to:

- Modernize plan technology and administrative platforms to improve claims processing, provider payments, and member experience.
- Strengthen relationships with network providers through more sustainable reimbursement structures and improved care coordination tools.
- Enhance population health capabilities and data analytics to support value-based payment models.
- Ensure long-term stability and continuity of coverage for the Medicaid, Medicare Advantage and commercial members served through Samaritan Health Plans and InterCommunity Health Network CCO.

In short, this Affiliation provides the Samaritan Health Plans with the infrastructure, capital, and operational expertise necessary to sustain and grow the integrated care delivery model that is central to improving health in our communities.

j) Other contractual arrangements, including contracts with suppliers, partners, ancillary service providers, PBMs, or management services organizations

Because there is no current overlap in the service areas of MultiCare and Samaritan, there is no immediate need to consolidate contracts with suppliers, partners, or other service providers. However, over the medium term, the Affiliation will drive significant efficiencies and cost savings.

Samaritan leaders will have significant influence to set the pace and scope of integration. However, the parties have already discussed the ways in which this Affiliation can leverage shared technology, consolidate vendors, and reduce redundant processes to enhance efficiency where possible. Significantly, leaders of all centralized shared services will continue to have dotted line reporting to the operational leaders within each of MultiCare's regions, and this will be true of Oregon. This reporting structure ensures that the providers of shared services are accountable to regional leaders, and that regional leaders are empowered to tailor shared services to the unique needs of each region.

Although the parties are in the early stages of integration planning, Samaritan has identified several key ways in which it can use shared services to improve the efficiency and sophistication of back-office operations. As described in response to Inquiry 14 below, Samaritan is already pursuing certain outsourcing strategies to reduce overhead, promote efficiency and leverage expertise. This Affiliation allows Samaritan to pursue a “shared services” strategy in lieu of outsourcing, which has many of the same benefits, but will keep more back-office services in the community.

Foremost among these is revenue cycle management, which is described in detail in response to Inquiry 13.h. MultiCare’s recent success with Overlake hospital illustrates the opportunities available to Samaritan. As part of Overlake’s integration with MultiCare, the parties undertook a comprehensive review of Overlake’s current revenue cycle management system to identify areas for improvement. For example, MultiCare has made significant investments in clinical documentation improvement. Training clinicians on documentation specificity, coupled with real-time chart reviews and coding audits, has ensured accurate DRG assignment. This initiative has improved reimbursement accuracy while also enhancing the quality of data, which in turn informs better clinical and operational decisions.

Ultimately, Overlake and MultiCare collaborated to reap savings from re-negotiating and consolidating vendor contracts, reduced avoidable write-offs through improved billing procedures, and reduced denials and code edits by improving clinical documentation. Optimizations in pharmacy, information technology, supply chain and revenue cycle continue to be the biggest contributors to annualized financial benefits. Together, these initiatives are projected to deliver $34.4 Million in margin improvement for FY2026 for Overlake Hospital alone. Samaritan believes it can reap substantial savings from a similar revenue cycle optimization initiative.

Additionally, Samaritan believes it can benefit from consolidating its supply chain function. Samaritan can join MultiCare’s group purchasing organization (“GPO”), standardize purchasing forms, consolidate print services, and renegotiate external bracing contracts. This supply chain optimization is expected to deliver $3.36 Million in margin improvement in fiscal year 2026, with annual savings potential between $3 Million and $5 Million thereafter. MultiCare can also assist with Samaritan’s treasury function, reducing the cost of capital and improving Samaritan’s cashflow management and investment returns.

Samaritan has long acknowledged that its information services and technology spend is above industry averages and must be reduced. Experience with implementing shared services arrangements at Overlake suggests that this Affiliation could yield approximately $17 Million in annual savings from the IT function alone. Samaritan will reap additional savings by consolidating and combining software and services contracts. Though the speed by which

Samaritan can implement this consolidation effort will depend on the timing and cost of terminating existing contracts, Samaritan expects to yield savings of approximately 15% to 20% on overall software and service spend. Finally, Samaritan currently maintains between 500 and 600 software applications, which is approximately 30% higher than industry averages for institutions of Samaritan's size. Samaritan looks forward to operational and efficiency gains tied to rationalizing and consolidating its software stack.

V. Impacts from the proposed material change transaction

14. Describe how the proposed material change transaction will impact the public and people served by the entities in Oregon.

Samaritan has carefully considered the implications of this transaction not closing and has developed contingency strategies to ensure organizational survival, though such steps would come with significant consequences for the communities it serves and would band aid over the fundamental issues rather than guarantee future financial viability.

If this Affiliation does not move forward, Samaritan would be compelled to implement a set of measures that focus on risk reduction, cost containment, and program realignment:

- *Health Plan Operations*: InterCommunity CCO has suffered three consecutive years of financial losses. While the 9.6% premium increase for 2026 may help the CCO break-even, it will take many years of positive margin to recoup prior losses and accumulate the capital necessary to make long-term investments in quality and performance improvement projects—investments that are necessary to achieve clinical and financial targets. Samaritan does not see a path to achieving such margin under its current operating structure, and there is always risk of further losses. As such, Samaritan would need to take immediate steps to reduce the financial risk associated with InterCommunity CCO. This could involve pursuing a sale of InterCommunity CCO to a third party unaffiliated with Samaritan or choosing not to participate in the next round of CCO procurement. Such a change would be disruptive to enrollees, endanger community providers, and undermine the coordinated care delivery system that Samaritan has worked so hard to develop over several decades.

- *Administrative Infrastructure*: To reduce overhead, Samaritan would likely outsource or significantly reduce back office functions such as information technology, supply chain, billing, finance, human resources, and compliance. While necessary to stabilize the organization, this would diminish the ability to innovate, respond quickly to community needs, and provide the level of service that internal teams offer today. It would also involve a significant reduction in staff in those areas that would be outsourced.

- *Clinical and Community Programs*: On the care delivery side, Samaritan would concentrate resources on programs and services that are immediately sustainable within available federal, state, and community reimbursement structures. Services that are currently subsidized and do not cover their costs, could face reduction, consolidation, or elimination. This could reduce access to certain clinical programs and community benefit initiatives in high-cost/complex-care categories and training programs as well as in rural and underserved areas where reimbursement challenges are greatest.

While these measures would allow Samaritan to remain operational, they represent a contraction of both health plan and delivery system capabilities. The result could be:

- *Reduced Community Access*: Fewer services available locally, forcing patients to travel farther or go without care.
- *Loss of Integrated Care Model*: Reduced alignment between the health plan and delivery system, undermining coordinated care strategies that improve outcomes and reduce costs.
- *Weakened Community Partnerships*: Contraction of programs that address social determinants of health and provide broader community benefit.
- *Diminished Regional Presence*: A smaller, less resilient health system that is less able to attract and retain providers, invest in new technologies, or respond to emerging community health needs.
- *Workforce Impacts*: Samaritan could have to reduce staff to reflect outsourced functions and reduced services. Samaritan would also struggle to retain its best clinical and non-clinical talent, as such financial containment measures hurt staff morale, satisfaction, and loyalty.

This Affiliation presents a compelling alternative. As described in detail in response to Inquiry 13, this Affiliation gives Samaritan the opportunity to pursue a new strategic path. It would immediately stabilize Samaritan's balance sheet and provide a significant infusion of capital. This would not only help preserve existing services, it would also substantially fund the capital investments necessary to achieve financial sustainability, including the renovation and expansion of Good Samaritan Regional Medical Center, the expansion of Samaritan's ambulatory services capabilities, and health plan infrastructure. Section 15 below discusses in more detail the quantifiable benefits of this transaction for Oregonians.

a. If there are any anticipated negative effects, describe how the entities will seek to mitigate negative impacts.

None.

15. Explain how the proposed material change transaction will:

a. Impact health outcomes for people in Oregon. Provide applicable data, metrics, or documentation to support your statements.

This Affiliation is designed to significantly improve health outcomes for Oregonians by expanding access, strengthening care coordination, and investing in the tools and infrastructure that drive high-quality, value-based care.

Samaritan has historically faced challenges in consistently achieving strong quality outcomes, particularly in state and federal performance programs. InterCommunity CCO's results on quality measures have consistently placed in the lowest quartile statewide, and Medicare Advantage STAR Ratings and HEDIS performance have declined in recent years. These outcomes do not reflect a lack of commitment, but the reality that meaningful improvement in value-based care requires sustained, dedicated resources—resources that Samaritan's current financial position has not allowed it to consistently deploy. Beyond the metrics, Samaritan has struggled to launch and sustain broad-based population health initiatives to address chronic disease management, reduce unnecessary emergency department utilization, and strengthen care coordination across settings. High emergency room use in particular reflects gaps in access to timely, lower-acuity services and the absence of coordinated clinical programs to proactively manage complex patients.

MultiCare's Capital Commitment associated with this transaction would allow Samaritan, in partnership with MultiCare, to make the strategic investments necessary to change this trajectory and become a statewide leader in clinical quality. Specifically, the capital and external capabilities would enable:

- *Deployment of Advanced Analytics and Data Integration Tools*: As noted above, MultiCare has an advanced, in-house population health venture called PSW. By leveraging sophisticated population health analytics, predictive modeling, and data-sharing platforms, Samaritan could better identify high-risk patients, track outcomes, and target interventions where they will have the greatest impact. These tools would allow real-time actionable insights into utilization patterns and gaps in care, supporting providers and care teams in driving improved performance on CCO, HEDIS, and STAR measures.

  For example, PSW's medical economics team has partnered with clinicians to design and develop new primary care clinics focused on chronically ill and complex patients. These clinics emphasize care coordination among primary care providers, behavioral health specialists, care navigators, and pharmacists. In the first 10 months of operation, these clinics have shown measurable results. Specifically, for Medicare beneficiaries with complex chronic conditions who enrolled in the clinic, the number of emergency department visits per thousand dropped from

1,020 pre-enrollment to 870 post-enrollment—a decrease of 150 emergency department visits per thousand. Inpatient admissions for this same population dropped from 374 visits per thousand pre-enrollment to 204 visits post-enrollment—a decrease of 175 admissions. Simultaneously, utilization of laboratory, radiology, therapy and opioid treatment services increased for this population. Thus, by improving care coordination these clinics have increased utilization of lower-cost, higher value services while preventing higher-cost emergency and inpatient admissions.

With improved population health tools, together with additional care management expertise, Samaritan believes that it can achieve dramatic improvements in health plan performance. Specifically, the parties have set an internal goal for (a) InterCommunity CCO to achieve 100% of the available quality incentive program reward within three years and (b) Samaritan Health Plans to achieve a minimum of a 4-STAR rating by CMS for its Medicare Advantage products. Samaritan and MultiCare will achieve these objectives through the investments and infrastructure improvements described above, along with targeted annual performance assessments and value-based quality targets and incentives for network providers.

- *Enhanced Care Coordination and Case Management*: Best practices in care coordination—such as embedding case managers in emergency departments, expanding transitions-of-care programs, and strengthening connections to primary care—would reduce unnecessary emergency department utilization and prevent avoidable readmissions. Dedicated care coordination teams, including nurses, social workers, and care managers to ensure continuity across the care continuum. These efforts directly improve patient experience, support better clinical outcomes, and reduce the overall cost of care, advancing three of the four dimensions of the quadruple aim.

- *Expansion of Community-Based and Ambulatory Access Points:* Capital investments will be directed toward developing new points of access at lower-acuity levels of care (urgent care, telehealth, retail clinics), offering patients more timely and convenient alternatives to the emergency department. Coupled with advanced analytics, these expanded access points would allow for earlier intervention in chronic conditions, improving outcomes while reducing avoidable high-cost utilization. As noted above, Samaritan is specifically targeting the development of one off-campus emergency department, at least one Ambulatory Surgery Center in Corvallis and/or Albany, at least four outpatient rehab centers, and at least one outpatient imaging retail center.

- *<u>Hiring Additional Primary Care and Specialists</u>:* As part of the Capital Commitment, or simply as a result of Samaritan's improved balance sheet, Samaritan intends to hire (or recruit to the community) additional physicians. Initially, the parties intend to target hiring (a) 15 to 30 primary care, behavioral health, and pediatric physicians, and (b) 5 to 15 specialists, which may include ENT and allergy, GI, dermatology, and neurology. These additional hires will significantly improve access to care in the community, while helping to control costs and implement Samaritan's population health goals. Including Samaritan's rural hospitals and clinics in MultiCare's Rural Family Medicine with Obstetrics Fellowship program will also help address access and recruitment.

In short, the capital commitment and the deployment of proven external population health solutions would give Samaritan the resources and infrastructure needed to shift from reactive care to proactive management of patient health. By embedding data-driven analytics, coordinated care practices, and expanded community-based services into its operations, Samaritan would be positioned to measurably improve quality performance, reduce total cost of care, and achieve the quadruple aim of better outcomes, lower costs, improved patient experience, and enhanced provider engagement.

b. Benefit the public good by reducing the growth in health care costs. Provide applicable data, metrics, or documentation to support your statements.

Samaritan faces many of the same financial pressures as other health systems across Oregon and the nation. Rising inflation, workforce shortages, evolving health care delivery models, and increasing regulations have significantly increased the cost of providing care. These challenges are well-documented in reports such as "Oregon Hospitals on the Brink" prepared by the Hospital Association of Oregon, and attached hereto as Exhibit 15.b.i, which highlight the systemic financial strain on hospitals statewide.

In its most recent Cost Growth Target ("CGT") review for 2022-2023, Samaritan exceeded the state's 3.4% benchmark, primarily due to national macroeconomic trends. For example, frontline workforce costs rose by 4.6% in 2023 compared to 2022, driven by the need to recruit and retain a skilled, unionized workforce. Additionally, Samaritan experienced a 25% increase in higher-acuity patients, with total hospital visits rising from 148,450 in 2022 to 185,442 in 2023 – including 47,625 those visits being new patients.

MultiCare's Capital Commitment associated with this transaction, combined with MultiCare's robust population health capabilities, would allow Samaritan to implement proven strategies that directly reduce the total cost of care. Priority areas of investment that can help bend the cost curve are described below.

- *Scaling Care Management and Coordination Programs.* Samaritan is excited to leverage the learnings and capabilities of PSW, MultiCare's population health organization, to fast track the development of cutting-edge care coordination and management programs. Some early initiatives will likely include:
  - Improving and scaling Samaritan's ambulatory nurse triage systems, which help patients navigate to the appropriate care setting (e.g. reducing treatment of ambulatory care conditions in the emergency department).
  - Embedding care coordinators and case managers within high-cost settings (e.g., emergency departments, inpatient discharge) to redirect patients back to primary care and proactively manage chronic conditions.
  - Deploying behavioral health and peer support models to better address social and behavioral determinants of health, reducing avoidable utilization.

  These programs ensure patients receive the right care at the right time in the right setting, preventing unnecessary hospitalizations and high-cost episodes of care.

  The positive effects of these care coordination and population health efforts are not theoretical. MultiCare has very recent experience implementing successful programs that have a meaningful impact on cost. For instance, one of the most impactful recent initiatives from MultiCare has been its effort to reduce length of stay ("LOS"). By strengthening care coordination and improving discharge planning, MultiCare has been able to reduce unnecessary inpatient days. Average LOS improved from 5.6 in 2023 to 4.7 in 2025 (excluding psychiatric admissions). This directly improved throughput and cost efficiency while preventing more than 780 unnecessary admissions in 2024 and more than 730 unnecessary admissions through September of 2025. This not only lowers costs but also ensures that fixed assets like beds are used more efficiently. By lowering average LOS, MultiCare has also increased necessary admissions by creating more capacity and ensuring that hospital beds are occupied by those patients who most need inpatient care.

  Another area of success has been in readmission reduction. MultiCare has implemented transitional care programs, strengthened post-discharge follow-up, and expanded patient education efforts. These initiatives reduced avoidable readmissions, which mitigates penalties under Medicare while improving patient outcomes.

  MultiCare's PSW has emerged as one of the highest performing population health vehicles in the nation, participating very successfully in multiple ACO models, running several different large clinically integrated networks that help to align physicians with the health system in a way that enhances quality and reduces the total cost of care. PSW thrives by providing high-level data analytics to providers that participate with PSW to impact care coordination and care management decisions that produce better outcomes for patients. PSW will make this infrastructure available to Samaritan.

PSW and MultiCare's Medical Economic Team is at the forefront of using advanced analytics to reduce the cost of care. MultiCare's PSW operates an industry-leading fraud, waste and abuse ("FWA") compliance program that proactively identifies and addresses FWA throughout the health system, thereby reducing cost for MultiCare, payers, and patients. Please see Exhibit 15.b.ii, which provides examples of how MultiCare has successfully identified and reduced wasteful spending. MultiCare will make PSW's FWA compliance program available to Samaritan.

- *Expanding Access to Lower-Cost Care Settings*. The expansion of ambulatory services, discussed in response to Inquiry 13.c, will have an immediate impact on overall cost. Samaritan intends to devote much of its initial investment in facilities specifically designed as alternatives to higher cost sites of service.

  The proposed ambulatory surgical centers would shift surgical volumes from inpatient facilities to outpatient ambulatory surgical centers. This accomplishes several goals simultaneously.
  - Helps patients access the right level of care more quickly, which directly improves patient outcomes and satisfaction;
  - Reduces crowding at hospital emergency rooms and surgical suites, freeing space and clinicians to deal with the highest-acuity, highest-value patients;
  - Reduces the overall cost of care due to the lower cost structure of these ambulatory sites of service.
  - Enables alternative payment models, like bundled payments and capitation, that incentivize and reward Samaritan for its ability to reduce the cost of care.

  The proposed off-campus emergency department in Albany and the 6 to 8 urgent care centers would divert lower-acuity patients from the emergency department, reducing ambulance transfers and high-acuity hospital charges. By providing timely access to emergency services, off-campus emergency departments help prevent worsening of conditions that might otherwise result in longer, more expensive hospital admissions. Urgent care centers are a direct cost-lowering alternative to emergency departments for low-acuity conditions. With lower copayments, faster access, and redirection into primary care for long-term management, urgent care reduces both the immediate and ongoing expenses associated with inappropriate emergency department utilization.

The proposed off-campus imaging centers would be similarly impactful. Investment in imaging services also lowers patient costs by shifting utilization away from high-cost, hospital-based imaging centers toward lower-cost outpatient settings. Improved access and scheduling prevent unnecessary repeat scans, while timely diagnostic results allow for early treatment, reducing downstream complications that carry higher costs.

Collectively, these projects represent a shift from high-cost, hospital-centric care toward preventive, ambulatory, and coordinated models that better align with value-based payment. By reducing unnecessary emergency department utilization, preventing complications, eliminating duplicative services, and providing care in lower-cost settings, health systems not only strengthen their market position but also directly address the financial burden patients face. In doing so, they deliver on the promise of affordable, accessible, and sustainable health care.

- *Transfer Center*: MultiCare also has experience improving the flow of patients within a health system to optimize patient flow, improve resource utilization, reduce the number of patients that seek care outside the community. This, in turn stabilizes volumes and improves financial performance. When MultiCare integrated with Overlake, Overlake implemented MultiCare's centralized Transfer Center. This is projected to deliver between $17.6 million and $83 million in annualized financial benefits.

- *Expanding Primary Care:* Though there are numerous causes of health care cost inflation, one key driver is patients' limited access to or engagement with primary care and care coordination services. By increasing access to preventive services and chronic disease management, health systems reduce costly complications such as avoidable hospitalizations and emergency visits. Enhanced access to same-day or next-day appointments also decreases patient reliance on the emergency department for non-urgent needs, ensuring patients receive care at a fraction of the cost. While the medical home model and advanced care coordination initiatives have proven effective at preventing disease progression and streamlining care, Samaritan has lacked the financial capacity to fully invest in the infrastructure required to connect patients to these services and manage high-risk populations.

- *Hiring Specialists:* Hiring specialists also plays a critical role in affordability. By keeping patients within the system, unnecessary out-of-network charges are avoided. Integrated specialist care improves coordination with primary care, which reduces redundant diagnostic testing and imaging. Moreover, earlier interventions and timely specialty care prevent disease progression, ultimately avoiding high-cost hospital stays and procedures.

Though it is difficult to isolate the impact of individual initiatives on larger populations, PSW and MultiCare can demonstrate consistent improvements relative to the market. Recently, the Washington Health Care Authority ("WHCA") and the Washington state Health Care Cost Transparency Board compared the total medical cost trend of provider organizations by market (Commercial, Medicaid, and Medicare). MultiCare performed better than trend in each market. For Commercial populations, MultiCare's overall growth trend was 6.7% versus the all-providers trend of 7.8%, or 1.1% lower. For Medicaid, MultiCare trend was 2.4% versus all-providers trend of 4.3% or 1.9% lower. And for Medicare, the MultiCare trend was 7.8% versus all-providers trend of 10.0%, or 2.2% lower.

MultiCare also has had success with payer-specific cost-control initiatives. PSW and MultiCare's Population Health team partnered with a Washington Blue plan to implement a value-based contract covering a commercial population of more than 30,000 beneficiaries. Under this program. the two-year medical expense trend for the MultiCare's covered population was 2.1%; over this same period, the two-year cost trend for the comparison population was 8.1%. This represented a win-win-win-win for MultiCare, the Blue plan, employers, and patients.

With the infusion of capital and access to proven population health tools, Samaritan will be able to reduce the rate of cost growth by building an integrated care management infrastructure and expanding alternatives to costly acute care. These initiatives not only lower system-wide expenses but also enhance patient experience and outcomes—advancing the quadruple aim and strengthening the sustainability of care delivery across our communities.

Beyond clinical operations, Samaritan expects substantial cost savings associated with advanced supply chain efficiency, improved revenue cycle management, and the shared services model, as discussed in more detail in response to Inquiry 13.

Together, these initiatives represent a comprehensive and sustainable approach to cost control. They demonstrate that effective cost management requires not just isolated projects, but an integrated strategy that spans clinical care, operations, and financial performance. Each of these initiatives has a proven impact and could be deployed at Samaritan facilities with a reasonable expectation of similar results.

Importantly, the cost savings generated from these initiatives will directly benefit Oregonians. Samaritan is operating at a deficit, meaning cost savings are necessary to stabilize Samaritan's balance sheet. However, once Samaritan achieves sustainable operating margins, MultiCare will ensure that such margins are re-invested in the community to further Samaritan's existing charitable mission in Oregon.

c. Benefit the public good by increasing access to services for medically underserved populations. Provide applicable data, metrics, or documentation to support your statements.

This Affiliation will significantly strengthen access to health services across Samaritan's service area by both preserving existing essential services and investing in new initiatives that expand and enhance access, particularly for underserved and rural populations.

Maintaining Existing Services:

Samaritan's hospitals and clinics provide a broad spectrum of specialized services that are essential to the health of its region, including trauma, cardiovascular, cancer, and neurosciences care. Sustaining these highly complex programs requires ongoing access to deep financial resources, sophisticated technologies, and specialized clinical expertise.

Through this Affiliation, Samaritan will gain access to the capital, talent, and technological infrastructure necessary to maintain these services at the highest quality standards. This ensures that specialized programs remain available locally and that patients in rural Oregon do not need to travel outside the region for critical care. The affiliation also strengthens the regional trauma center and critical access hospitals by allowing Samaritan to distribute clinical expertise and capabilities across the system, protecting and reinforcing equitable access for all communities it serves.

Investing in Initiatives that Improve Access for the Medically Underserved:

MultiCare's Capital Commitment and access to MultiCare's strong balance sheet and advanced capabilities will enable Samaritan to invest in initiatives that directly expand and improve access to care for the medically underserved.

1. *Strengthen Samaritan Health Plans.* Samaritan Health Plans face significant operating deficits. Absent outside capital, Samaritan may need to take steps to reduce the financial risk associated with its plans for the reasons articulated in Exhibit 6.a. This could involve pursuing a sale of InterCommunity CCO and Samaritan Health Plans, transitioning operational responsibility back to another qualified entity, or not seeking to renew its CCO contract in the next procurement cycle. In any case, the withdraw of

InterCommunity CCO and Samaritan's dual eligible products from the market, or the sale of these entities to a third party unaffiliated with Samaritan, would fundamentally disrupt the delivery of care to Benton, Lincoln, and Linn counties.

In contrast, if this Affiliation closes, InterCommunity CCO and Samaritan Health Plans will be recapitalized as needed and gain access to a suite of new tools and capabilities that will drastically improve their ability to meet the health care needs of their members. As part of the integration, Samaritan and MultiCare will collaborate on a plan to update the health plan's legacy claims, member service, and care management systems. These outdated systems lack the sophistication and efficiency of larger competitors, creating both cost disadvantages and barriers to effective population health management. Members will see immediate benefits from these upgrades in the form of (a) faster, more efficient, and more user-friendly health plan infrastructure, and (b) better population health management tools that translate to more accessible, more timely, and more effective health care interventions for enrollees.

As noted above, the goal is for Samaritan's Medicare Advantage plans to achieve a minimum of 4 STARS.

2. *Strengthening Nonprofit Ambulatory Services*. As discussed in more detail elsewhere in this notice, MultiCare's Capital Commitment will enable Samaritan to make significant improvements in its ambulatory care delivery capabilities. This includes new sites of service (ASCs, urgent care centers, and outpatient emergency departments) as well as the hiring of a substantial number of new providers to deliver care at these locations. Additional ambulatory service options will improve access to the underserved by, among other things, offering lower-cost care at off-campus locations that are closer to where patients live, work, and play.

   Unlike many ambulatory clinics and facilities, Samaritan's ambulatory clinics and facilities would be owned and operated by a nonprofit, mission-driven health system. As such, they will be developed, staffed, and operated to further Samaritan's charitable mission, and will be subject to financial assistance and charity care policies. This will further improve health care access and outcomes for the underserved.

3. *Expanded Digital Access*. As discussed in response to Inquiries 13.d and 13.j, Samaritan intends to implement a shared services operational model under which Samaritan will have access to MultiCare's existing technology platforms and back-office infrastructure. This promotes efficiency, reduces overhead, and allows Samaritan to benefit from MultiCare's demonstrated expertise. Specifically:

- By implementing MultiCare's more advanced electronic health record instance, scheduling system, and telehealth platforms, Samaritan will make it easier for all members of the community to access care, both digitally and in-person.
- MultiCare also has an advanced digital front door, remote monitoring, and virtual care capabilities that will reduce geographic barriers, offering patients in rural and underserved areas timely and convenient care options.

4. *Improving Care Coordination and Primary Care.* As discussed in more detail in response to Inquiry 15.a, this Affiliation will enable substantial investments in care coordination and primary care. Primary care is the "front door" to the health system. By hiring additional primary care providers, and by giving these primary care providers additional care management tools, this Affiliation will substantially improve Samaritan's ability to ensure that underserved populations receive the right care, at the right time, from the right provider. These goals will be achieved through, among other things:

    - Shared analytics, benchmarking, and population health management tools that will strengthen care coordination and improve outcomes for high-risk patients.
    - Workflow standardization and shared best practices that will accelerate efficiency gains, reduce duplication, and free resources for patient-facing services.
    - Expanded access to e-consults and outreach clinics that shorten wait times and increase touch points for historically marginalized and/or underserved populations.

    Improving primary care access disproportionally benefits underserved populations, both because they tend to have greater health needs, but also because they tend to need additional services and supports to access care. Thus, these investments will reduce health disparities and improve health equity throughout the region.

In sum, this transaction ensures that Samaritan can sustain essential services that are at risk without external support and make targeted investments that expand access, reduce disparities, and strengthen continuity of care. By combining Samaritan's community-based presence with MultiCare's scale, technology, and population health expertise, the affiliation will deliver measurable improvements in access, affordability, and outcomes for underserved communities across our region.

d. Benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services. Provide applicable data, metrics, or documentation to support your statements.

If the status quo remains, the underserved populations in the region face the greatest risk of diminished access, fragmented care, and poorer health outcomes. InterCommunity CCO has been the primary vehicle for supporting Medicaid members, who represent our most vulnerable patients. While Samaritan has worked diligently to maintain coverage and preserve core programs like those supporting reproductive care, culturally appropriate services, and tribal care, financial struggles have limited Samaritan's ability to expand or enhance services that address the unique needs of underserved communities.

- *Constrained Investments in Supportive Services:* Financial pressures have forced Samaritan to prioritize core medical services over wraparound supports such as medical respite care, recovery housing, or culturally tailored outreach, even though these services are critical to addressing the social determinants of health that disproportionately affect low-income and marginalized populations.

- *Service Reductions with Disproportionate Impact*: While Samaritan has not directly cut CCO coverage, system-wide reductions have indirectly affected underserved patients. For example, scaling back outreach specialty clinics, reducing social accountability grants, and limiting patient support programs (such as childbirth education and cancer support services) disproportionately impact those who lack resources to access alternatives.

- *Delayed Access Initiatives*: Planned expansions in behavioral health have been slowed or deferred due to financial constraints, leaving gaps in services that are especially critical for Medicaid members.

The needs of underserved communities in Samaritan's region far exceed the resources currently available. Specific priorities that remain unmet due to Samaritan's financial limitations are listed below, together with the ways in which this transaction can help address these unmet needs:

- *Expanding language services to ensure equitable access for non-English-speaking* patients: MultiCare has a best-in-class interpreter service embedded in its electronic medical records system (Epic) at all facilities across the health system. Interpreter performance is monitored and reviewed on a weekly basis to ensure reliability as well as accessibility. Of all encounters where an interpreter was needed, staff requested an interpreter 91% of the time, and an interpreter was provided 86% of the time.

- *__Enhancing medical respite programs for individuals who are unhoused or without safe discharge options__:* MultiCare partners with community based organizations to provide post-discharge support for the community's most vulnerable patients. This post-discharge program focuses on temporary placement at shelters, skilled nursing facilities and assisted living facilities. MultiCare works with patients and their caregivers to place the patient in the most appropriate temporary setting based on medical and psycho-social needs. MultiCare also has dedicated case managers and social workers to collaborate with the state long-term care agency to identify long-term care placement.

- *__Increasing access to substance use disorder treatment and building more recovery housing__:* MultiCare has become a national leader in behavioral health through concerted investments designed to meet expanding community need. In the last year alone, MultiCare has grown substance use disorder services 12.7% through a multi-faceted approach that prioritizes improving access, growing capacity, and improving options.

  For example, MultiCare offers substance use disorder assessment and treatment integrated within its primary care clinics. Patients can receive a direct referral to an addiction medicine specialist through the support of the American Board of Medical Specialties ("ABMS") certified Addictions Medicine Fellowship, which trains the next generation of addictions specialized physicians.

  Moreover, the MultiCare Behavioral Health Network is using supportive housing to promote the recovery of individuals with co-occurring mental illness and substance use disorders. The Behavioral Health Network operates 108 residential treatment and supportive housing beds, as well as 200 independent housing units. For example, the King County (Seattle) Program for Assertive Community Treatment ("PACT") provides outreach and community support to individuals with serious and persistent mental illness. It also partners with the Behavioral Health Network's King County housing team to support placement of individuals into Behavioral Health Network housing specifically to support substance use recovery. These services are connected across a continuum of care and treatment for substance use disorders via the MultiCare Substance Use Disorder Task Force ("SUDTF"), made up of individuals across the health care system dedicated to the care and treatment of addictions, as well as the reduction of stigma, in the communities served by MultiCare.

- *Developing transition programs for justice-involved individuals to reduce recidivism and support reintegration:* The MultiCare Behavioral Health Network provides the most extensive set of behavioral health and social determinant-based programs for justice-involved individuals of any organization in Washington. These programs work closely with county criminal justice systems to integrate treatment and support for individuals involved in the legal system, and to help reduce recidivism and promote re-entry by addressing mental health and substance use disorders. As noted below, access to these programs has grown considerably in the past year alone. These programs include:
    - Felony Assertive Community Treatment ("FACT"), an intensive, evidence-based program that serves individuals with serious mental illness who are also involved in the criminal justice system. FACT has grown 6.56% in the past year.
    - Community Re-entry, Jail Transition, and Jail Diversion programs, each of which serve to assist individuals with complex mental health issues who have been recently incarcerated or have frequent jail bookings. They coordinate treatment, assist with housing and build support systems to prevent future arrests. These programs have seen tremendous growth, ranging from increases of 14.63% to 56.76% within the last year.
    - Outreach programs for justice involved individuals who are houseless, including Homeless Outreach Stabilization and Transition ("HOST") and Forensic Projects for Assistance in Transition from Homelessness ("FPATH"). FPATH has seen growth of 25.80% in the past year.

- *Expanding culturally appropriate services, including those tailored to LGBTQ2IA+ communities:* In partnership with the MultiCare Chief Belonging Officer, MultiCare has developed specific training programs for team members designed to support engagement and connection via culturally appropriate, trauma informed approaches. Recent trainings have been focused on the needs of individuals within the LGBTQ2IA+ community, considering the unique co-occurring physical and mental health needs of gender and sexual minority individuals.

Without new resources, Samaritan's ability to address these needs will remain constrained, and the gap between what underserved populations require and what the system can provide will continue to widen. This Affiliation's Capital Commitment, coupled with MultiCare's expertise in population health and care coordination, would allow Samaritan to not only preserve existing CCO coverage but also to meaningfully expand programs that address social, behavioral, and cultural needs—improving outcomes and equity for the communities that need it most.

MultiCare is an organization committed to health equity. Enclosed as Exhibit 15.d is a summary of some of MultiCare's most impactful health equity initiatives.

e. **If the transaction will not benefit the public good as described in b-d, explain why this proposed material change transaction is in the best interest of the public.**

   Not applicable.

16. **Describe any competitive effects that may result from the proposed material change transaction.**
    a. **Will the proposed material change transaction result in a decrease in competition?**

       No, the Parties do not compete with each other for patients, members or employees. Additionally, both entities operate in highly competitive health care and hospital markets that make it impossible for either system to leverage market power from one region into another.

       i. **If yes, describe any anticompetitive effects that will result from the proposed transaction.**

          Not applicable.

       ii. **If yes, describe any plans to mitigate potential anticompetitive effects, including any divestiture plans.**

           Not applicable.

    b. **Provide applicable data, metrics, or documentation to support your statements.**

       Not applicable.

17. **Describe the proposed material change transaction's impact on the financial stability of any entity involved in the transaction.**

    This Affiliation will drastically improve Samaritan's financial stability without negatively affecting MultiCare's strong financial outlook. Please see Exhibit 6.a for a detailed discussion of Samaritan's financial condition and the urgent need for this Affiliation to achieve financial stability.

    MultiCare's financial strength is rooted in its impressive balance sheet, liquidity, and disciplined management, making it uniquely capable of executing strategic investments and successful turnaround strategies. As a system with $7.2 Billion in total operating revenue, 13 hospitals, and over 25,000 employees (41% of whom are in a collective bargaining unit) MultiCare operates across five regions in Washington. This extensive reach provides resilience against localized financial shocks, as the impact of any single underperforming entity is diluted across a large, stable base. The organization's diversification not only reduces risk but also enables MultiCare to leverage growth opportunities in high-potential areas, further strengthening its financial position.

Liquidity is another cornerstone of MultiCare's financial health. As of December 2024, the system held $2.6 Billion in cash and investments, with 172 days cash on hand—well above the "A" rating medians for health care organizations. This substantial liquidity allows MultiCare to absorb operating losses, fund capital projects, and invest in turnaround strategies without jeopardizing its overall financial stability. These metrics mean MultiCare can take on additional debt for acquisitions or restructuring without risking covenant breaches or ratings downgrades, providing further flexibility to pursue strategic growth.

MultiCare's confidence in its ability to absorb losses from acquisitions is not just theoretical—it is backed by a proven track record. A prime example is the turnaround of Yakima Memorial Hospital. Yakama Memorial Hospital is a 238-bed facility with five primary care and twelve specialty care clinics. It had a strong board, but was under significant financial stress (posting a $33.2 Million loss in 2022) and the community had experienced a significant reduction in access to care. MultiCare acquired the hospital and clinics in 2023. The existing hospital board converted to a regional board (Yakima Valley) under MultiCare and brought on new leaders. MultiCare's turnaround effort focused on four actions:

- *Culture:* who is Yakima Memorial as a part of MultiCare and what are its cultural cornerstones
- *Infrastructure:* deliver basic, foundational technology and infrastructure necessary for a modern health care platform;
- *Access:* turn around a shrinking delivery platform and grow critical capabilities for the future;
- *Future:* what does the future of the Yakima Valley Region hold? How do we grow to become the anchor system in the region?

By implementing system-wide best practices and targeted investments, which were informed by community listening sessions, MultiCare transformed Yakima Memorial's performance, generating $10 Million in operating income (excluding one-time items) within two years of closing. This success demonstrates MultiCare's ability to absorb and reverse losses from distressed assets, leveraging its financial cushion and operational expertise.

MultiCare's 2021 acquisition of Capital Medical Center provides another example of a positive integration story. Capital Medical Center is a 107-bed facility in Olympia Washington. It had a tumultuous operational history, with seven different owners in its 36-year history. In the first year after closing, MultiCare invested over $206 million to buy the hospital and reclaim its facilities and land from a real estate investment trust ("REIT"). Separately, MultiCare made significant investments in deferred maintenance, new equipment, and surgical infrastructure. MultiCare also developed a new off-campus emergency department, ambulatory surgical center and multi-specialty medical building. The system added primary care providers, neurologists, telestroke providers, general surgeons, and urologists. Finally, MultiCare created a clinically integrated network (group without walls) designed to improve access to primary care doctors in the community. Providers, staff, and the community reported immediate positive impacts from the transaction

MultiCare's unique capabilities stem from its financial strength, liquidity, cash flow, and debt capacity, which allow it to absorb losses and invest in turnaround strategies. The organization's ability to rapidly deploy proven operational improvements, technology, and clinical programs across new acquisitions is a direct result of its system integration. MultiCare's demonstrated success in turning around distressed hospitals, such as Yakima Memorial and Capital Medical Center, validates its approach. Furthermore, experienced executives and board oversight ensure disciplined execution and accountability, reinforcing MultiCare's position as a leader in the health care industry.

In summary, MultiCare's scale, liquidity, and disciplined management make it uniquely capable of absorbing losses from acquisitions with negative operating performance. Samaritan lacks the resources, infrastructure, and expertise to implement these strategies effectively. MultiCare's confidence is grounded in its financial strength, operational playbook, and successful history of turning around distressed assets.

VI. Supplemental materials

Submit the following materials, if applicable, with your submission. Apply Bates numbering to all confidential documents submitted with the Notice and include the applicable Bates number sequence on all redaction logs.

☒ HCMO-1a: NPI form (required for health care provider entities)

☒ HCMO-1b: Business Entities form (required parties with multiple business entities licensed to operate in Oregon)

☒ HCMO-1c: Facilities and Locations form

☒ Pre- and post-transaction organizational structure diagram

☒ Copies of all current agreements or term sheets for the proposed transaction

☒ Financial statements for all entities for the most recent three fiscal years

☒ Copies of current governance documents for all entities (for examples, bylaws, articles of incorporation, corporate charter, etc.)

☒ Documentation or analytic support for your responses, as applicable

☒ Redaction log

VII. 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 7TH day of NOVEMBER 2025.

CEO

SUBSCRIBED AND SWORN TO before me, this 7 day of November, 2025.

JENNIFER HARRISON
Notary Public
State of Washington
Commission # 176132
My Comm. Expires Jan 1, 2027

Jennifer Harrison

Notary Public in and for Pierce County

My Commission Expires: 1-1-2027