Health Care Market Oversight

Transaction 066
MultiCare – Samaritan
Preliminary Review Report

August 24, 2026

OREGON HEALTH AUTHORITY

About this Report

This report summarizes analyses and findings from Oregon Health Authority's preliminary review of the proposed material change transaction involving Samaritan Health Services, Inc. ("Samaritan") and MultiCare Health System ("MultiCare"). It accompanies the Findings of Fact, Conclusions of Law, and Final Order ("Preliminary Review Order") issued by Oregon Health Authority on August 24, 2026. For legal requirements related to the proposed transaction, please reference the Preliminary Review Order.

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at hcmo.info@oha.oregon.gov or by phone at 503-945-6161. We accept all relay calls.

If you have any questions about this report or would like to request more information, please contact hcmo.info@oha.oregon.gov.

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Executive Summary

The Health Care Market Oversight (HCMO) program reviews proposed heath care business deals to make sure they support Oregon's goals of health equity, lower costs, increased access, and better care. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company can proceed.

Proposed Transaction

On December 26, 2025, OHA accepted a complete Notice of Material Change Transaction ("notice") from MultiCare Health System ("MultiCare"). The notice describes plans for MultiCare to enter into an Affiliation Agreement with Samaritan Health Services, Inc. ("Samaritan"). MultiCare and Samaritan are referred to in this report as "the entities." MultiCare will become the sole corporate owner of Samaritan. Under the terms of the transaction, MultiCare has committed to making a 10-year, $700 million capital commitment to Samaritan and will also become responsible for funding Samaritan's health plan business. Samaritan says this transaction is needed to provide the financial support necessary to avoid reducing services or closing its health plans and that it will allow Samaritan to expand services.

Samaritan is an Oregon nonprofit hospital system serving residents of the mid-Willamette Valley and Central Coast areas of Oregon. Samaritan owns five hospitals, over 80 physician outpatient clinics, and two insurance plans that serve Medicare, Medicaid, commercial and self-funded groups. Samaritan has 6,311 employees and 646 clinicians. Between September 1, 2024, and August 31, 2025, Samaritan cared for over 229,000 patients. Samaritans' health plans cover close to 110,000 members.

MultiCare is a non-profit health care system based in Washington State. MultiCare was founded in 1882, with its first hospital in Tacoma, Washington. Today, MultiCare provides services in Washington State through 13 hospitals, eight off-campus emergency departments, ambulatory surgery centers, urgent care clinics, pediatric and specialty care outpatient clinics, and home health and hospice agencies. Currently, MultiCare does not offer any services in Oregon.

OHA's Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA assessed the likely impact of the transaction across various domains including cost, access, quality, and equity in alignment with preliminary review criteria.

Key Findings

Partnering with MultiCare would likely stabilize Samaritan's short-term financial condition and reduce the risk of service reductions.

Although solvency is not imminent, Samaritan's current financial condition is weak. MultiCare's financial condition is stable and has ample cash to cover Samaritan's liabilities.

The proposed transaction will provide Samaritan with short-term financial stability, lowering the risk of closures or service reductions.

The proposed transaction has the potential to improve access to care in the Samaritan service area. The capital commitment will allow Samaritan to make necessary infrastructure improvements, as well as open new ambulatory and outpatient locations, and recruit additional physicians, to meet the growing community need. The entities do not plan to reduce any services, close any locations, or make changes to Samaritan's payer contracts. The entities also currently offer similar financial assistance policies.

The proposed transaction is unlikely to negatively affect the quality and delivery of clinical care provided by Samaritan.
Local governance and local oversight of the medical staff will be maintained, therefore significant changes in operations or clinical practice are not expected.

The proposed transaction is unlikely to increase health care costs for patients and payers. The proposed transaction will not result in increased market concentration as the entities serve distinct markets. While there is some potential for increased negotiating leverage with payers due to cross-market effects, OHA has included conditions to mitigate this concern. There is also some potential for the proposed transaction to positively impact the cost of care through increased utilization of lower cost-of-care sites.

Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction with conditions on August 24, 2026.** (See Preliminary Review Order). OHA approved the proposed transaction based on the following criterion:

1. **The material change transaction is not likely to substantially alter the delivery of health care in Oregon.**
   The proposed transaction is designed to maintain and increase access to care in the Samaritan service area through MultiCare's $700 million capital commitment. The entities do not anticipate any closures of locations or reductions in services. The entities plan to utilize the capital commitment to perform necessary renovations to existing facilities, open multiple new ambulatory and outpatient locations, and recruit additional providers to the area in specialties where there is unmet demand. Samaritan will maintain its existing Board, as well as oversight over its local hospitals, subject to MultiCare's reserve powers. MultiCare's stronger financial position is likely to bring more stability to Samaritan's financial condition and reduce risk of necessary closures or reductions in services. Finally, the transaction will not result in increased market concentration as the entities serve distinct markets.

OHA is approving this transaction with conditions that are designed to ensure the entities fulfill the commitments made in the notice, which are critical to ensuring that the delivery of health care in the Samaritan service area is not negatively impacted.

Conditions for approval of the transaction are summarized below.

1. Entities must comply with and satisfy all commitments and representations included in the notice and any subsequent filings with OHA.
2. Within 15 days of adopting the capital commitment plan, the entities must:
    a. submit a copy of the plan to OHA, detailing how the $700 million be spent;
    b. post a public-facing version of the plan on Samaritan's website; and
    c. provide a copy of the plan to each of the local Samaritan hospital boards.
3. Within 15 days of initial appointment of the Oregon Nominee, the entities must provide a description of the background and qualifications of the appointed Oregon Nominee and how those qualifications meet the criteria as set out by the entities in the notice.
4. MultiCare must allocate the $700 million capital commitment to support Samaritan capital investments over a 10-year period beginning on the date of the closing.
5. Entities must provide written notification to OHA in the event of any proposed reduction to the capital commitment.
6. MultiCare must allocate a minimum of $300 million of the capital commitment to Samaritan during the first five years to fund, at a minimum, the projects as described in the notice, regardless of Samaritan's financial performance.
7. For a period of five years:
    a. MultiCare must reinvest Samaritan's operating margins into the Samaritan community.
    b. The entities must continue to operate and maintain Samaritan's existing hospital and non-hospital based services without significant reduction to current service levels and at same or similar locations. OHA must be notified of any decision to significantly reduce service levels.
    c. Samaritan must continue to participate in Medicare fee-for-service, Oregon Health Plan (Medicaid fee-for-service), and Oregon CCOs with whom they are currently contracted.
    d. Samaritan must not condition its participation in any payer contracts on the participation of one or more its affiliated hospitals on the basis of requiring the payer to contract with any other affiliated hospital within the combined Samaritan-MultiCare system (otherwise known as all-or-nothing contracting).
    e. Samaritan must maintain its financial assistance policies as required by state and federal law.
8. For a period of ten years:
    a. The entities must report any governance changes impacting Samaritan.
    b. Samaritan shall provide an annual compliance report to OHA demonstrating compliance with all commitments in the notice and these conditions and information on spending and investments outlined in the capital commitment plan.

Introduction

OHA's Health Care Market Oversight program (HCMO), launched in March 2022, reviews proposed health care transactions such as mergers, acquisitions, and affiliations to ensure they support statewide goals related to cost, equity, access, and quality. The HCMO program is governed by Oregon Revised Statute 415.500 et seq. and Oregon Administrative Rules 409-070-0000 through -0085.

In the authorizing statute, the Oregon Legislature specified what types of proposed transactions are subject to review and the criteria OHA must use when analyzing a given proposed transaction. The Oregon Legislature also authorized OHA to decide the outcome of a proposed transaction. After reviewing a given proposed transaction, OHA may approve, approve with conditions, or disapprove the transaction.

The HCMO program fits within OHA's broader mission of ensuring all people and communities can achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care. The program also supports OHA's goal of eliminating health inequities by 2030.

The Preliminary Review Process

Health care entities planning a transaction that is subject to HCMO review must submit a Notice of Material Change Transaction ("notice") to OHA. The notice must comply with the requirements of OAR 409-070-0045 and be submitted to OHA no later than 180 days before the planned closing date of the transaction. OHA is required to complete a preliminary review of the proposed transaction, in accordance with OAR 409-070-0055, within 30 calendar days of confirming receipt of a complete notice, unless the review period is tolled or extended in accordance with OAR 409-070-0085.

For OHA to approve a transaction following preliminary review, OHA must determine that the transaction meets at least one of the following criteria specified in OAR 409-070-0055(2):

a) The material change transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction;
b) The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon;
c) The material change transaction is likely to meet the criteria set forth in OAR 409-070-0060;
d) The material change transaction is not likely to substantially alter the delivery of health care in Oregon; or
e) Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

If OHA is unable to determine that the proposed transaction meets at least one of the above criteria, OHA must conduct a comprehensive review pursuant to ORS 415.501(7)(a) and OAR 409-070-0055(3).

Transaction Notice Submission

On December 26, 2025, OHA accepted a complete Notice of Material Change Transaction ("notice") from MultiCare Health System ("MultiCare") with respect to its affiliation agreement ("affiliation") with Samaritan Health Services, Inc ("Samaritan"). The notice describes plans for Samaritan to affiliate with MultiCare.

OHA reviewed the notice of material change transaction and determined, based on the facts in the notice, that the transaction is subject to review. The entities party to the transaction meet the revenue thresholds specified in OAR 409-070-0015(1) and the proposed transaction is otherwise covered by the program in accordance with OAR 409-070-0010.

After receipt of the complete notice, OHA began a preliminary review of the proposed transaction. This report describes the transaction and summarizes OHA's findings and conclusions from the preliminary review.

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On December 26, 2025 OHA posted a comment form to the Transaction Notices and Reviews page of the HCMO website and emailed subscribers to HCMO program updates to inform them about the opportunity to provide comment. OHA accepted comments via the form, phone, and by email to hcmo.info@oha.oregon.gov. OHA received 28 public comments.

Related Reviews

In Oregon, multiple state agencies and programs may review proposed business deals involving health care companies. Transactions that involve a change in control of a Coordinated Care Organization (CCO) are also subject to CCO Form A review by OHA. Transactions that involve a change in control of a domestic insurer are subject to Domestic Insurer Form A review by the Department of Consumer and Business Services (DCBS).

Because Samaritan also operates a CCO plan and a domestic insurance health plan, this transaction is subject to CCO Form A review and DCBS Domestic Insurer Form A review as well. DCBS will issue its own determination regarding the domestic health insurer portion of the proposed transaction and OHA will additionally issue a separate determination regarding the outcome of the CCO Form A review. Additional information regarding the separate required reviews can be found here.

Proposed Transaction

Under the proposed transaction, MultiCare will become the sole corporate owner of Samaritan. MultiCare has committed to making a 10-year, $700 million capital commitment to Samaritan and will also become directly responsible for funding Samaritan's health plan business. Samaritan says this transaction is needed to provide the financial support necessary to avoid reducing services or closing its health plans and that it will allow Samaritan to expand services.

Entities Involved

MultiCare

MultiCare is a non-profit health care system based in Washington State. MultiCare was founded in 1882, with its first hospital in Tacoma, Washington. Today, MultiCare provides services in Washington State through 13 hospitals, eight off-campus emergency departments, ambulatory surgery centers, urgent care clinics, pediatric and specialty care outpatient clinics, and home health and hospice agencies.[1] MultiCare employs more than 25,000 people across its system, with 41% of MultiCare employees represented by a collective bargaining unit. MultiCare does not have any Oregon employees.[2]

MultiCare's Hospitals

MultiCare's 13 hospitals are located in Tacoma, Spokane, Olympia, Covington (south King County), Bellevue, Yakima, and east Pierce County. For a detailed description of each of MultiCare's hospitals, see Exhibit 10.a. MultiCare is a rapidly growing system, acquiring seven of these hospitals in the last eight years, summarized in the chart below.

Hospital	Location	Date Acquired
Overlake Medical Center—general acute care	Bellevue, Washington	October 2024
Yakima Memorial Hospital—general acute care	Yakima, Washington	January 2023
Capital Medical Center—general acute care	Olympia, Washington	April 2021
Navos—acute care mental health facility	Seattle, Washington	May 2017
Deaconess and Valley Hospitals—general acute care	Spokane, Washington	July 2017
Greater Lakes Mental Health—inpatient mental health facility	Tacoma, Washington	July 2018
Wellfound—acute care mental health facility *co-owned with Virginia Mason Franciscan Health System	Tacoma, Washington	September 2018

MultiCare's Clinics & Other Services

In addition to its hospitals, MultiCare offers a full range of primary and specialty care in clinics throughout Washington.

Primary and Specialty Care

MultiCare Medical Associates ("MMA") is an operating division of MultiCare that operates as a large multi-specialty practice made up of employed physicians and advanced practice providers. MMA operates over 85 clinics in more than 40 locations in Pierce, Thurston, Kitsap, and South King Counties.[3]

Rockwood Clinic is an operating division of MultiCare that operates a large multi-specialty practice with 287 employed physicians and 30 locations in the Spokane region.

Urgent Care

MultiCare operates over 48 urgent care clinics across Washington and Idaho through its affiliate, Indigo Health.[4]

Home Health & Hospice

MultiCare Home Health is a full-service Medicare Certified Home Health Agency providing service in Pierce, Thurston, Spokane, Yakima, Kitsap and South King counties. MultiCare Home Health offers nursing care, physical, speech, and occupational therapy as well as medical social worker and home health aide services.[5]

MultiCare Hospice is a Medicare Certified Hospice agency providing services in Pierce, South King, Spokane, Thurston, Yakima and Kitsap counties.[6]

Behavioral Health

MultiCare provides comprehensive behavioral health services through MultiCare's Behavioral Health Network ("MBHN"), which includes inpatient behavioral health hospitals, residential treatment facilities, and outpatient clinics.[7] MBHN is the largest provider of mental health services in Washington state, offering care for children, teens, adults, and seniors.[8] MBHN includes: MultiCare Behavioral Health clinics located around Washington, Navos Behavioral Health Hospital—providing inpatient, outpatient, and residential mental health services in King County, and Grate Lakes Mental Healthcare—a behavioral health clinic that provides services to the Medicaid population in Pierce County. MBHN served almost 40,000 clients across Washington in 2024.[9]

Population Health Enterprise

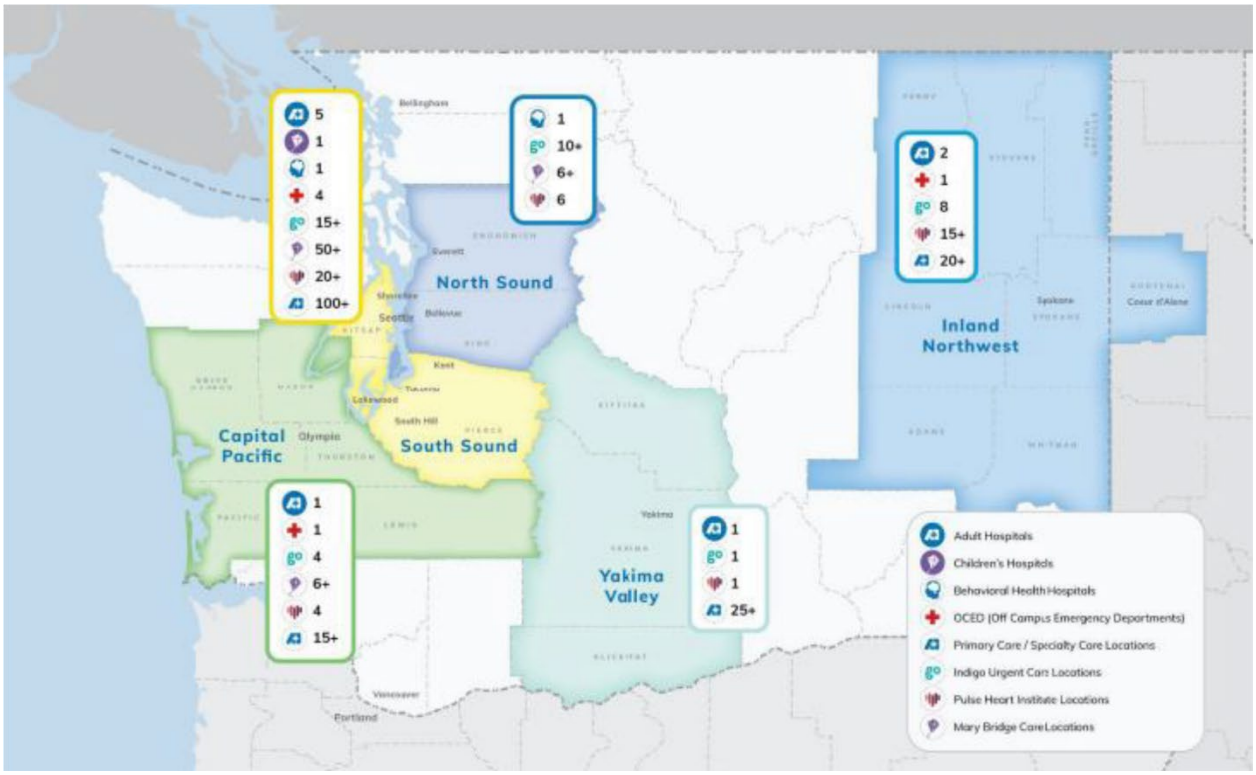
Physicians of Southwest Washington ("PSW") is MultiCare's population health enterprise that manages health care for approximately 400,000 enrollees under risk-based contracts.[10] PSW is comprised of both MultiCare employed physicians and independent community providers. PSW provides administrative management services to large clinically integrated networks, including high-level data analytics to support care coordination and management. PSW provides services to numerous providers and groups across the region. PSW serves the employer, government, and private payer markets, with a goal of achieving better quality care and lowering costs.

Joint Ventures

MultiCare has also entered into numerous joint ventures in various service areas such as imaging, ambulatory surgery, skilled nursing, and physical therapy. These joint ventures are further detailed in Exhibit 12.

MultiCare's Service Area

MultiCare's service area comprises of five regions in Washington State: Capital Pacific (Grays Harbor, Lewis, Mason, Pacific, and Thurston counties), Inland Northwest, Yakima Valley, South Sound, and North Sound. MultiCare's service areas are not adjacent to the Oregon border, except for the Yakima Valley region, which includes Klickitat County, Washington, and borders Hood River, Wasco, Sherman, Gilliam, and Morrow Counties in Oregon.[11] MultiCare Yakima Memorial Hospital is 90 miles from the nearest Oregon city of Rufus. For additional detail on MultiCare's service area in Washington, see Exhibit 10.f.v.



MultiCare's Presence in Oregon

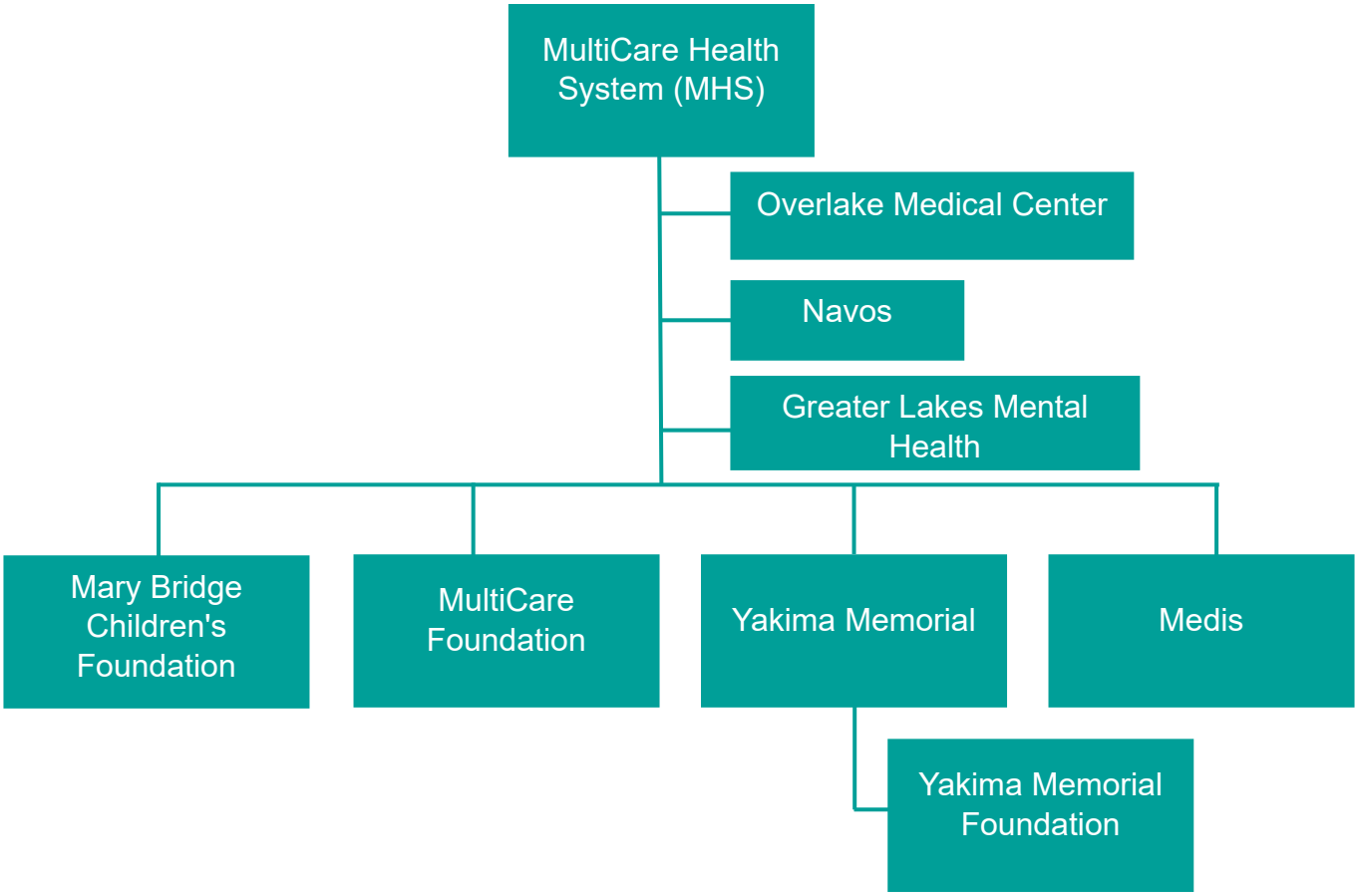
The only service MultiCare currently provides in Oregon is outpatient cardiology through satellite locations of the Pulse Heart Institute located in Bend and Enterprise.[12] Washington-based employees deliver the services at this facility.[13] The Bend location performs approximately 100 services per year and the Enterprise location performs approximately 204 services annually.[14] Overall, 5,400 residents of Oregon were served by MultiCare providers or facilities across its system.[15]

Organizational Structure and Governance

MultiCare is governed by a Board of Directors ("MultiCare Board") that consists of 12 elected directors and two ex-officio, non-voting directors (the Chief Executive Officers of MultiCare and a representative of the MultiCare physician division).[16] Members of the

MultiCare Board serve in a voluntary capacity. MultiCare's governance documents provide for regional or network boards to help oversee and guide activities of MultiCare within a particular geographic region. Currently, there are 11 regional or network boards. These boards focus on overseeing quality of care in their region, adopting the implementation strategy of the community health needs assessment for each hospital in the region, and privileging and credentialing medical staff.[17]

A simplified organizational chart is included below, See Exhibit 10.c for a MultiCare organizational chart with a full listing of its operating units.



Samaritan

Samaritan Health Services

Samaritan is an Oregon nonprofit hospital system serving residents of the mid-Willamette Valley and Central Coast areas of Oregon. Samaritan owns five hospitals, over 80 physician outpatient clinics, seven urgent care walk-in clinics and health plans that serve Medicare, Medicaid, commercial and self-funded groups.[18] Samaritan is the only hospital

system in its primary service area of Benton, Linn, and Lincoln counties, a combined population of approximately 277,000 people.[19]

Samaritan was established in 1997 when Lebanon's Mid-Valley Healthcare hospital and Corvallis' Samaritan hospital merged. Samaritan then acquired the Albany hospital, physician group and outpatient services two years later. In 2002, Samaritan expanded to the Central Oregon Coast and operates hospitals in Lincoln City and Newport.[20]

Samaritan has 6,311 employees, representing 5,178 FTEs.[21] and 646 clinicians. Between September 1, 2024, and August 31, 2025, Samaritan cared for over 229,000 patients. Samaritans' health plans currently cover close to 100,000 members.[22]

Facilities and Services

Hospitals and outpatient services

Samaritan operates five hospitals in Oregon, described in the table below. Each Samaritan hospital has its own nonprofit foundation that provides philanthropic support to the hospital.

Hospital	Location	Beds	Description	Net patient revenue[2] 2023
Good Samaritan Regional Medical Center (GSRMC)[i]	Corvallis, OR	188	DRG hospital, rural referral center, Level II trauma center	$504 million
Samaritan Albany Hospital	Albany, OR	79	DRG hospital, Level IV trauma center	$231 million
Lebanon Community Hospital	Lebanon, OR	25	Type B hospital, critical access hospital, Level IV trauma center	$172 million
Samaritan North Lincoln Hospital	Lincoln City, OR	25	Type B hospital, health district hospital, critical access hospital, Level IV trauma center	$89 million
Samaritan Pacific Communities Hospital	Newport, OR	25	Type B hospital, health district hospital, critical access hospital, Level IV trauma center	$144 million

Samaritan also operates more than 80 physician clinics providing primary and specialty care, five urgent care centers, and one ambulatory surgical center.

Health Insurance Plans

Samaritan operates a number of health plans. As noted above, the impact of the proposed transaction as it relates to Samaritan's health plans will be addressed in the DCBS Domestic Insurer Form A review and OHA's CCO Form A review.

[i] Good Samaritan Hospital Corvallis dba Good Samaritan Regional Medical Center.

Samaritan Health Plan (SHP) offers large and small group commercial health plans to employers. As of August 1, 2025, SHP covered 1,170 commercial members. SHP also offers a Dual Eligible Special Needs Plan (D-SNP) for individuals who qualify for both Medicare and Medicaid.[23] SHP previously offered Medicare Advantage products but discontinued these starting in 2026 as Samaritan determined it was not financially sustainable.

Samaritan Choice is Samaritan's self-funded health plan for employees and their dependents. Regence BlueCross BlueShield became the third-party administrator for Samaritan Choice beginning in 2026. As of August 1, 2025, Samaritan Choice covered 10,165 members.

InterCommunity Health Network Coordinated Care Organization (IHN-CCO) provides Medicaid benefits to members in Benton, Linn, and Lincoln counties. As of August 1, 2025, IHN-CCO covered 87,304 members.

Foundations
Each of Samaritan's five hospitals operate a non-profit foundation that provides philanthropic support to its respective hospital.

Other Businesses
Samaritan also has an ownership stake in several other businesses, described in the table below.

Business name	Description	Percent ownership
Good Samaritan Regional Medical Center (GSRMC) holds an interest in the following business entities:		
Samaritan Endoscopy Center	Outpatient endoscopy services.	20%
Corvallis MRI	Outpatient MRI services	50%
Hull Imaging	Outpatient and inpatient MRI services on the GSRMC campus.	60%
Corvallis Medical Office Building	Medical office buildings on the GRSMC campus	54.5%
Lebanon Community Hospital holds an interest in the following business entity:		
East Linn MRI	Inpatient and outpatient MRI services on the Lebanon hospital campus	60%
Samaritan is the sole member of the following business entity:		
Boulder Falls Properties	Owners of Boulder Falls Inn	Sole member
	Ownership in The Lodges at Lebanon, BSM Surgery Center, and Synergy Surgicalists	Minority member

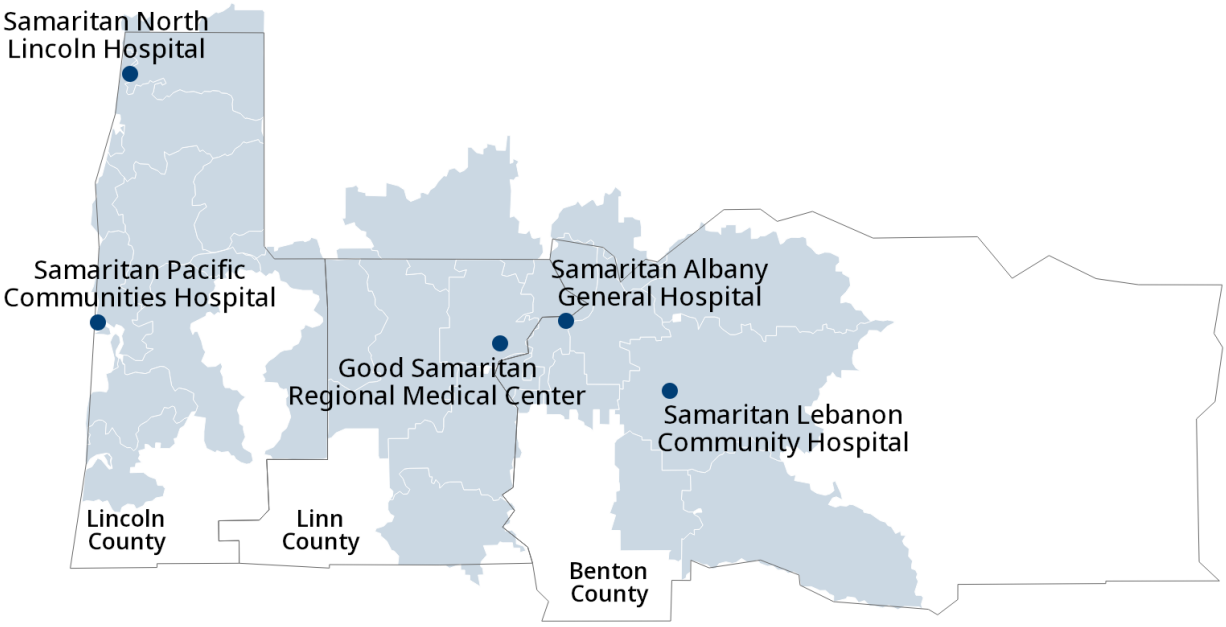
See Exhibit 11.b for additional detail on Samaritan's hospitals, health plans, foundations, and other business entities.

Exhibit 11.f.ii provides a comprehensive list of the service lines offered by Samaritan across its system and Exhibit 11.f.iii provides additional detail regarding the types of facilities and clinics where Samaritan provides services.

Samaritan's Service Area

Samaritan's primary service area includes Benton, Linn, and Lincoln counties, with a population of approximately 280,000 residents. Samaritan's secondary and tertiary service areas include Marion, Polk, Tillamook, and Lane counties.[24]

OHA calculated Samaritan's service area using the zip codes for patients who receive care at Samaritan hospitals. (See Methodology section for more information about service area calculations.) The calculated service area includes 25 zip codes that captured 75% of each hospital's patient volume. The service area captures most of the populations of Benton, Lincoln, and Linn Counties, and small portions of Marion and Polk Counties.[25]



County	Number of zip codes	Percent of county population
Benton	5	85%
Lincoln	11	88%
Linn	7	97%
Marion	1	2%
Polk	1	16%

Governance and Organizational Structure

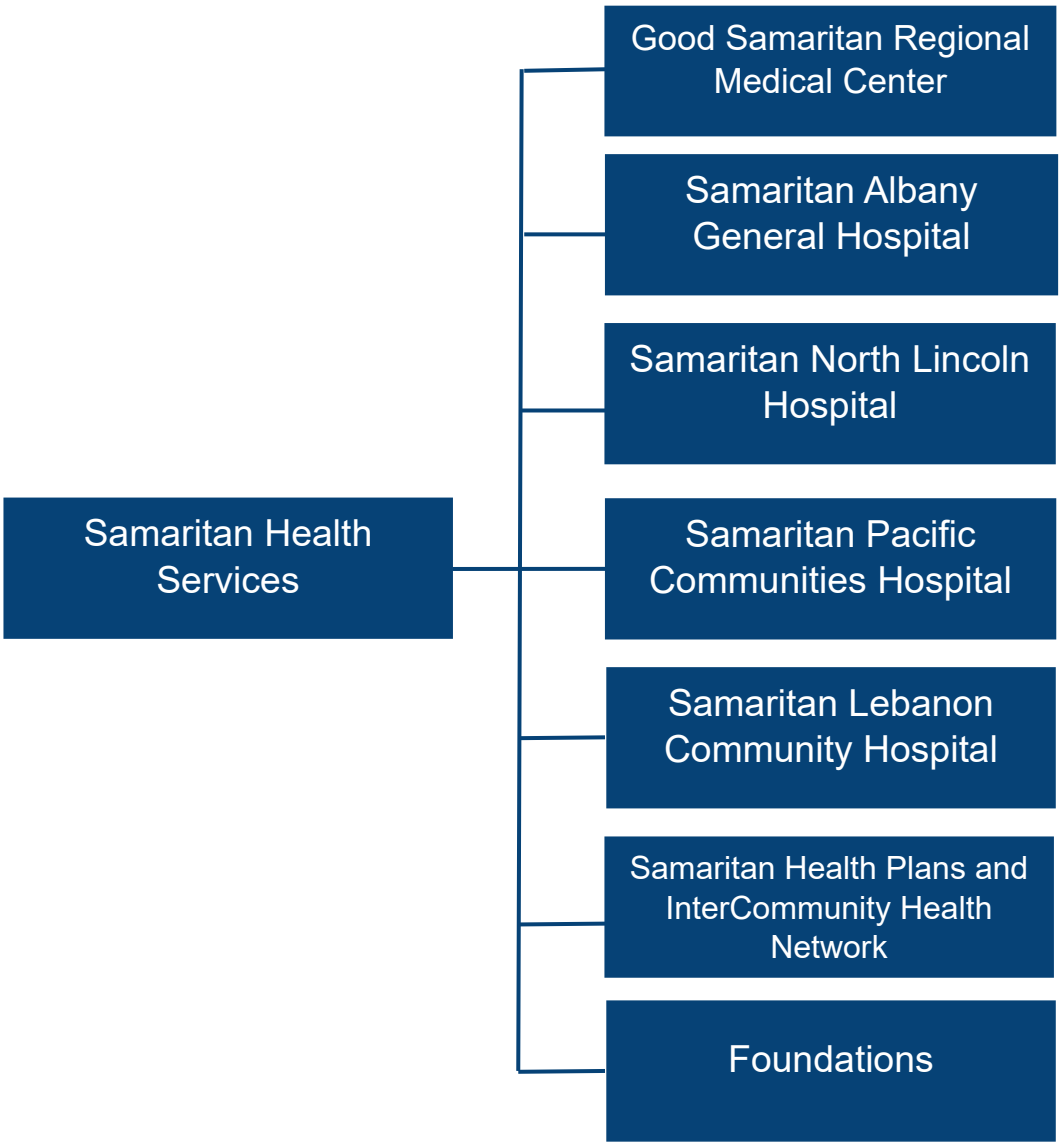
Samaritan is the sole corporate member of each of its five hospitals.[26]

Samaritan is governed by a Board of Directors (the "Samaritan Board") consisting of 15 voting members and one non-voting member. The non-voting member is the President/Chief Executive Officer (CEO) of Samaritan. Voting members of the board consist of:

- Two members who currently or formerly served on the board of directors of Good Samaritan Regional Medical Center or Good Samaritan Hospital Foundation
- Two members who currently or formerly served on the board of directors of Samaritan Albany Hospital or Samaritan Albany Hospital Foundation
- Two members who currently or formerly served on the board of directors of Lebanon Community Hospital or Lebanon Community Hospital Foundation
- Three at large members to be nominated by the executive nominating committee
- Three members of the episcopal diocese of Oregon
- One member that currently or formerly served on the board of directors of Samaritan Pacific Community Hospital or Samaritan Pacific Community Hospital Foundation
- Two members who currently or formerly served on the board of directors of Samaritan North Lincoln Hospital or Samaritan North Lincoln Hospital Foundation

The Samaritan Board has reserved powers over each of its hospitals' local boards to support the Samaritan's ability to oversee and coordinate the activities of the health system. These powers include decisions regarding expansion or closure of services, sale of assets, control over mergers and acquisitions, approving the annual budget, as well as other duties.

A simplified organizational chart is included below. See Exhibit 11.c for the complete Samaritan organizational chart with all subsidiaries.



Rationale for the Transaction

According to the entities, the primary purpose of the transaction is to provide Samaritan with the capital to address necessary infrastructure improvements at Good Samaritan, maintain and expand access to services, and provide any necessary recapitalization of Samaritan's health plans.[27] Samaritan has experienced operating losses the past several years and ultimately determined it could not continue to meet the health care needs of the communities it serves without a partner.[28] Samaritan engaged in an extensive search process to identify a "like-minded partner" that would allow Samaritan to achieve these goals.[29]

According to the notice, Samaritan has acute short- and long-term capital needs, particularly with respect to Samaritan Health Plans, IHN-CCO, and the Good Samaritan facility.[30] The entities state that the proposed transaction meets these needs through the recapitalization of Samaritan Health Plans and IHN-CCO and a commitment to invest at least $700 million in the Samaritan Health System over 10 years.[31]

Samaritan determined that "[w]ithout 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."[32]

Transaction Terms

Under the terms of the proposed affiliation, MultiCare will become the sole corporate member of Samaritan. This will have the effect of bringing Samarian and all its affiliates under MultiCare's control. Samaritan will continue to be the member or shareholder, as applicable, of each of its local hospitals, foundations, and other affiliated business entities.[33]

Under the proposed affiliation, MultiCare will make a $700 million capital commitment to Samaritan over 10 years.[34] The capital commitment is intended to provide Samaritan with the necessary funds to address necessary infrastructure improvements, as well as allow of expansion of locations, services, and recruit of additional providers. Further detail regarding the capital commitment is provided below.

The proposed affiliation also commits MultiCare to the following for at least the next three years:

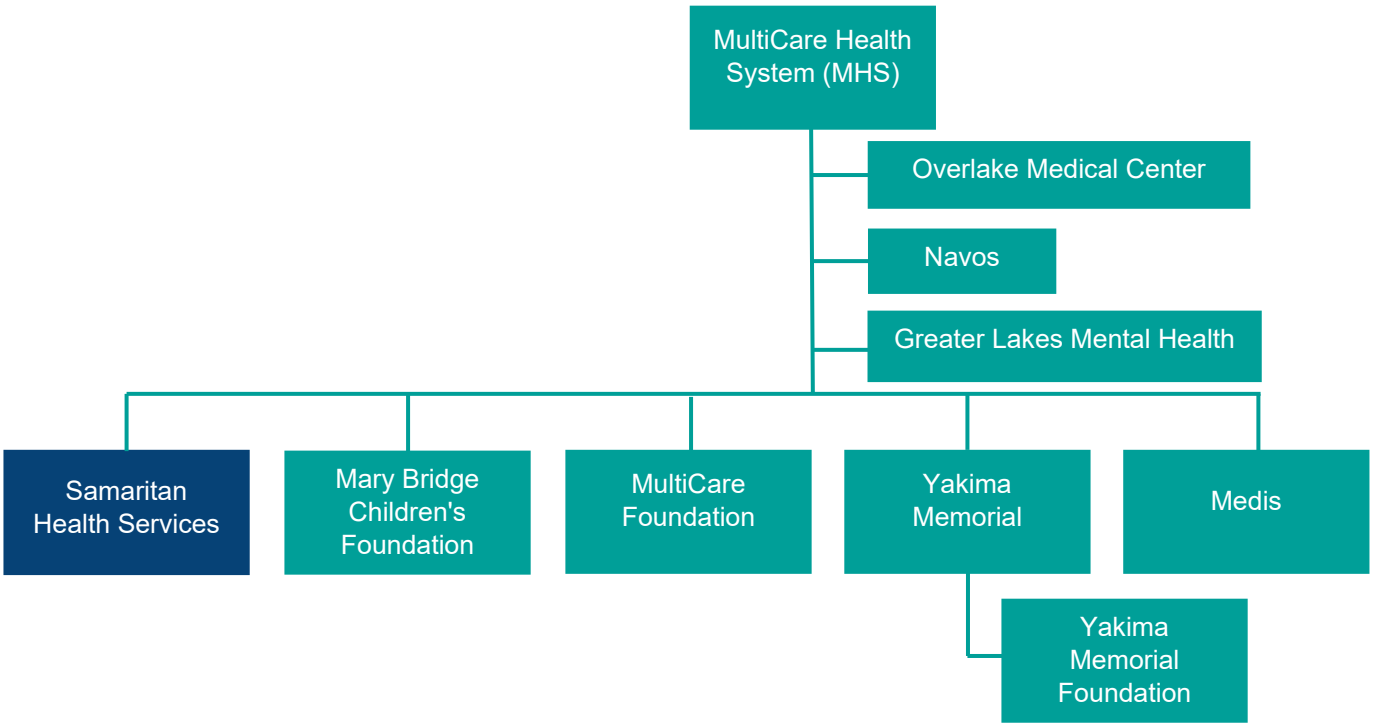
- Continue offering all of Samaritan's existing services;
- Continue operating IHN-CCO in Benton, Lincoln, and Linn counties, subject to OHA's CCO procurement process and contractual discretion; and
- Continue offering a dual eligible special needs plan, or equivalent product, in Benton, Lincoln, and Linn counties, subject to the Centers for Medicare and Medicaid Services' (CMS) procurement process and contractual discretion.[35]

The proposed affiliation provides for enforcement by Samaritan of these commitments through the creation of an Enforcement Committee to be established by Samaritan at close of the transaction. The primary responsibility of the Enforcement Committee will be ensuring that these agreed upon commitments within the Affiliation Agreement are met."[36] If there are unexpected circumstances or a situation beyond the entities' control, approval by both the MultiCare Board and Samaritan Board would be required.[37]

MultiCare has also stated in the notice that they are "committed to re-investing margin from Samaritan's operations into Oregon."[38]

Samaritan's two health plan entities will become indirect subsidiaries of MultiCare at closing as MultiCare will assume direct financial responsibility for capitalizing these health plans.[39,40] Additional detail regarding the impact of the transaction on the health plans will be provided in the separate DCBS Domestic Insurer Form A and CCO Form A reviews.

A simplified organizational chart is included below, See Exhibit 13.a for the post-closing MultiCare organizational chart with a full listing of its operating units.



Post-Transaction Plans

Governance

No Planned Changes to Samaritan's Board

According to the entities, "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."[41] Additional members of the Samaritan Board may be added, but must be nominated by both the Samaritan Board and the nominating committee of the MultiCare Board.[42] Subject to MultiCare's reserve powers as the sole member of Samaritan, the Samaritan Board will retain authority over Samaritan's governance, operations, business, and exercise of reserve powers of its direct subsidiaries.[43] MultiCare Reserve Powers include final approval of Samaritan's annual operating and capital budgets, approval of Samaritan's community benefit plan, selection and removal of Samaritan's President & CEO, following consultation with the Samaritan Board, approval of Samaritan Board member appointments, and authority to remove members.[44]

Addition of Oregon Member to MultiCare's Board

Under the proposed affiliation, MultiCare must expand the MultiCare Board to include an "Oregon representative" who can bring a meaningful Oregon perspective to the MultiCare Board through demonstrated connections to, and experience with, Oregon.[45] While the Oregon member is not required to live or work in Oregon, it is MultiCare's intent the Oregon member to have strong ties to Oregon and a working understanding of the Oregon healthcare, regulatory, business, and community environment.[46] The Samaritan Board will identify and nominate one or more Oregon nominees to the MultiCare Board Nominating

Committee. The MultiCare Nominating Committee will either approve and recommend a nominee for appointment to the MultiCare Board or request additional nominees from the Samaritan Board. The MultiCare Board will have final appointment authority. If the Oregon representative is later replaced, Samaritan will have the opportunity to nominate and/or interview all individuals proposed to replace the Oregon representative.[47]

New "Oregon Region" Leader

A new "regional leader" position for the new "Oregon region" will be established that will report directly to the MultiCare President.[48] The entities expect that Samaritan's current CEO will be appointed as the regional leader by MultiCare post-closing.[49] Samaritan will retain its existing management team.[50]

Capital Commitment

MultiCare has committed to investing $700 million in Samaritan over the next 10 years.

Development of the Joint Capital Commitment Plan

After the transaction closes, the entities intend to develop a joint capital commitment plan. The entities state that these investments will include:[51]

- Renovation and expansion of GSRMC;
- Recruitment of physicians and advanced practice providers to expand services;
- Development of new ambulatory and outpatient care locations; and
- Other identified community health needs.

Samaritan's annual capital and operating budget will first be drafted by Samaritan's local leadership.[52] The proposed budget must then be reviewed and approved by each in the following order: 1) MultiCare's management, 2) Samaritan's Board, and 3) MultiCare's Board.[53] If MultiCare's Board does not approve the budget, the budget will go back to Samaritan's local leadership to make changes and then go through the same approval process.[54]

Currently Planned Capital Commitment Projects

The entities' currently planned initial capital commitment projects fall into the following categories:

- Deferred maintenance
- Replacement of aging clinical equipment
- Expansion of GSRMC and Level II Trama Center Support
- Technology and Infrastructure Improvements

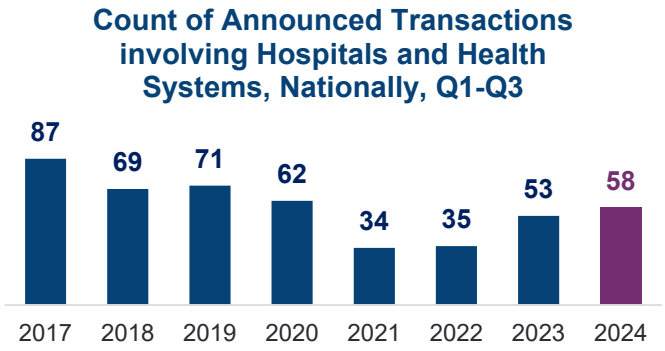
The entities have identified the following planned projects to expand access to outpatient care:

- An off-campus emergency department in or near Albany;
- One or two ambulatory surgery centers in or near Corvallis and/or 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.[55]

Trends in Hospital Consolidation

Hospital consolidation in the US has been steadily increasing; between 2010 and 2020 there were more than 1,000 announced hospital mergers and acquisitions.[56] More community hospitals have become part of larger health care systems, increasing from 53% in 2005 to 68% in 2022.[57] While the number of annual transactions slowed in 2021 and 2022, transactions involving hospitals and health systems have nearly rebounded to pre-pandemic levels, as shown in the above chart.[58]



More independent and rural hospitals are joining large health systems

Rural hospitals may face particular external challenges, including low patient volumes, workforce shortages, and a lack of access to capital. Individuals living in rural areas are often older and may have more healthcare needs.[59] Factors including reimbursement from insurers, labor costs, and low patient volumes can lead to financial distress at rural hospitals – and financially distressed hospitals have a greater risk of closing or merging.[60] [61] Studies have shown that when rural hospitals close, access to care decreases because residents must forgo care or travel farther to get it, and mortality increases.[62] [63]

Between 2005-2016, more than 100 rural hospitals have closed. In the same time period, 11% of rural hospitals underwent a merger, including seven rural hospitals in Oregon. Studies have shown that rural hospital mergers can lead to greater profitability for rural hospitals due to the efficiencies they can achieve in a merger or partnership with another hospital.[64] Independent hospitals will sometimes affiliate or be bought by a hospital system to increase purchasing power for supplies, decrease administrative costs, and save money.[65] Efficiencies in hospital mergers are sometimes achieved by laying off staff whose roles are duplicated in the new larger hospital system.[66] Mergers can also lead to an increase in prices without the improving quality of care and services provided.[67]

Consolidation often leads to price increases

As a result of consolidation, most hospital markets in the country are considered highly concentrated, and many areas of the country have only one or two dominant hospital systems.[68]

Generally, consolidation leads to higher prices, and more concentrated markets have higher prices than more competitive markets. [69] The size of the price increases depends on multiple factors including the number of hospital competitors in the area and the competitiveness of local insurance markets.[70] Studies have shown that price increases range from a 3% increase to a 65% increase following hospital mergers.[71]

Hospitals in different geographic markets may still also see increases in prices even if they are not direct competitors before the acquisition.[72] One reason for so-called cross market price increases is the ability of the system to jointly negotiate prices for multiple facilities with insurance providers.[73] While research shows that consolidation can lead to efficiencies for health systems, these efficiencies do not always translate into lower prices or savings for patients and payers.[74]

The increase in prices does not occur just when one hospital buys another hospital to consolidate. Research has shown that hospitals affiliated with a hospital system increase their prices at a higher rate compared to independent hospitals.[75]

Data also show that the price effects from hospital consolidation apply whether the hospital is a for-profit entity or a non-profit entity. The non-profit status of the hospital does not blunt the price effects of consolidation.[76]

Findings & Potential Impacts

OHA compiled and analyzed data and information to understand and examine the potential impacts of the transaction across various domains including access, cost, quality, and equity in alignment with preliminary review criteria. To assess the potential impacts of the proposed transaction on Oregon residents, OHA analyzed the entities' financial condition, potential anti-competitive impacts, future capital commitment plans, and changes to governance structure. For more information on OHA's analysis, see **Appendix A: OHA's Review**. The below sections summarize OHA's findings from the preliminary review.

Key Findings

Partnering with MultiCare would likely stabilize Samaritan's short-term financial condition and reduce the risk of service reductions.

The Entities state the transaction is essential to ensuring Samaritan's long-term financial stability.

The entities state that the "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."[77]

In 2024, Samaritan failed to meet one of its debt covenants.[78] In response to this, Samaritan engaged an independent financial consultant to assess what actions Samaritan may need to take to reasonably meet their covenants under the bond agreement.[79] The consultant focused solely on Samaritan's ability to meet its short term bond obligations and did not evaluate Samaritan's long-term financial viability.[80] The consultant concluded that Samaritan could meet its immediate bond obligations without partnering with another entity, but that it would require Samaritan to evaluate divesting its health plans, including IHN-CCO, and making other workforce and service reductions.[81] Additional detail of the consultant's evaluation is provided in Exhibit 6.c.ii.

Samaritan separately evaluated the level of future sustained financial performance that would be necessary to obtain new debt to undertake necessary infrastructure improvements.[82] Samaritan determined it "would need to maintain operating margins between 4.0% and 5.0% (or EBITDA 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."[83] According to Samaritan, its operating margin has only been greater than 3% twice in the past 10 years and was less than 0.5% for five of the last ten years.[84]

Samaritan has taken steps to improve its financial condition over the last year. These steps have included ending its Medicare Advantage business, eliminating approximately 230 FTE, and consolidating leadership roles to reduce administrative overhead. According to Samaritan, "while these changes have been effective at reducing operating losses, they have not achieved and will not provide a sustainable operating margin."[85]

The entities assert that MultiCare's financial position is "robust," allowing MultiCare the ability to provide necessary capital to Samaritan.[86] According to the notice, as of December 2024, MultiCare "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."[87] MultiCare states that "[t]his substantial liquidity bufferer allows MultiCare to weather industry headwinds, absorb operating losses from across the health system, and continue investing in infrastructure and service expansion."[88] MultiCare further states that MultiCare has been able to make investments even during periods of operating loss."[89] "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 strong ability to meet debt obligations."[90]

MultiCare points to its acquisition of Yakima Memorial in 2023 as evidence of its ability to improve the financial performance of an acquired hospital.[91] According to MultiCare, Yakima Memorial improved its financial performance and achieved a $10 million operating margin within two years.[92]

Samaritan's current financial condition is weak, but insolvency is not imminent.
OHA analyzed the financial condition of both entities, using common measures for assessing hospital financial condition. Audited financial statements were analyzed to assess the financial status of both Samaritan and MultiCare.

OHA's analysis found that in the absence of the transaction, Samaritan would likely be forced to reduce expenses and face increasing pressure to reduce services. Over the past 2 years, Samaritan has not had positive net income.[93] Over the past 3 years, Samaritan has not made an operational profit.[94] [95] As a result, their net assets have decreased and have not maintained consistent cashflow or positive debt coverage ratios.[96] [97] Samaritan is at risk of breaching the terms of its debt with lenders demanding payment of standing debt in full, and seizing assets if Samaritan fails to repay that debt.

However, OHA's analysis finds that, in the absence of the transaction, Samaritan is unlikely to face complete insolvency or be forced to close any of its hospital facilities. Samaritan has taken steps to reduce expenses and return to profitability. Samaritan has adequate cash on hand and equity, although neither is ideal. At the end of fiscal year 2025, Samaritan had nearly $150 million in cash and equivalents, and a net loss of $39 million.[98] Unless conditions notably worsen from their current trajectory, Samaritan is still projected to have several years of operating reserves.

MultiCare's financial condition is stable and has ample cash to cover Samaritan's liabilities.
OHA's analysis of MultiCare's financial statements confirms their financial condition is stable. Based on an analysis of audited financial data from 2019-2024, MultiCare has had positive net income for all but one of these years.[99, 100, 101] Although their equity position is not ideal, it is adequate. Moreover, MultiCare has ample cash reserves, enough available to pay off Samaritan's liabilities. OHA's analysis found that MultiCare generates enough net income to cover the losses of Samaritan and remain a profitable system.

Although MultiCare is financially more stable than Samaritan, it is still at some risk. MultiCare continues to run at an operational loss, incurring $63 million in losses in 2025. However, this was an improvement from $116 million in losses in 2024 and $188 million in 2023.[102] MultiCare is able to cover these losses with non-operational funds, resulting in net positive income. However, as MultiCare is running at an operational loss, the risk of service reductions lingers. MultiCare is also increasingly leveraged. It has an acceptable ratio of equity but has issued $1.1 billion in bonds between 2020 and 2024.[103]

The proposed transaction has the potential to provide Samaritan with financial stability, lowering the risk of closures or service reductions.

Although OHA's analysis of Samaritan's financial condition does not conclude that the transaction is necessary for its survival, MultiCare's stronger financial condition would likely provide Samaritan with short-term stability. This would reduce the risk of debt default by Samaritan, as well as decrease immediate pressure to reduce services. In the absence of the transaction, Samaritan remains exposed to financial risk and faces a challenging path to financial stability.

The proposed transaction has the potential to improve access to care in the Samaritan service area.

Through the capital commitment, the Entities plan to expand ambulatory and outpatient services and recruit additional medical providers.

There is potential for access to care to increase as a result of MultiCare's capital commitment. The entities have identified the following planned projects to expand access to outpatient care:

- An off-campus emergency department in or near Albany;
- One or two ambulatory surgery centers in or near Corvallis and/or 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.[104]

The entities state that the proposed affiliation will allow for recruitment of additional providers.[105] The entities have identified initial recruitment priorities of:

- 15 to 30 primary care, behavioral health, and pediatric physicians; and
- Five to 15 specialists in otolaryngology (ENT), allergy, gastroenterology, dermatology, and neurology.[106]
- Samaritan has forecasted it will need an additional 35 inpatient beds at GSRMC in the next ten years. Samaritan's forecast does not expect a need for additional beds at its other four hospitals.[107]

The Entities do not plan to reduce any services, close any locations, or make changes to Samaritan's payer contracts.

The entities stated that "the affiliation is not predicated on, nor does it contemplate, facility closures or service reductions."[108] MultiCare further states that it "does not have any intention to divest of Samaritan assets or close hospitals."[109]

The Samaritan Board will continue to have authority over any proposed changes to locations or service lines.[110] Any decision to close or materially reduce locations or service lines is subject to review and approval by the Samaritan Board. Decisions involving the closure of hospitals, other material facilities, or significant service lines will require engagement by the MultiCare Board as well.[111]

Samaritan has also stated that all existing payer contracts will remain in place at closing.[112]

The proposed transaction does not pose significant concerns related to financial assistance.

Under the terms of the transaction, Samaritan will continue to use its current financial assistance policy at closing.[113] Following closing, the entities will review each other's policies to consider potential changes.[114] The MultiCare and Samaritan Financial Assistance policies are similar, with the most notable differences being the percent discount on care based on federal poverty limit (FPL), the length the application is approved, and the verification of income. The table below outlines the percent discount based on the individual's income compared to the FPL for each entity. MultiCare provides a slightly more general financial assistance policy in terms of the discount offered at certain higher income level ranges. Both Samaritan and MultiCare provide charity care for individuals under 400% of the FPL. The FPL is a measure of income updated each year by the Federal Department of Health and Human Services (HHS) that is used to determine eligibility for certain programs.[115]

Samaritan Financial Aid Policy		MultiCare Financial Aid Policy	
Federal Poverty Level	Percent discount	Federal Poverty Level	Percent discount
0-250%	100%	0-300%	100%
251%-300%	75%	301-350%	75%
301%-400%	60%	351%-400%	70%

Following determination of financial assistance, Samaritan applies the financial assistance for nine months, while MultiCare financial assistance approvals will be valid for 180 days [116, 117]. In the financial assistance application, Samaritan states they may also consider non-cash assets owned by a member of the household that can be converted to cash in 5 business days as part of the income verification process.[118] MultiCare states they do not use assets as part of the final determination for financial assistance.[119]

Each of the Samaritan Foundations will retain their current structure, with assets held exclusively for the benefit of Samaritan and its hospitals.[120]

Additionally, the entities have stated that Samarian's existing Board of Directors and leadership team will continue following the close of the transaction. This ensures that

"decisions remain grounded in the needs of the communities' Samaritan serves".[121] The entities state that Samaritan will retain authority over governance, operations and business, subject to MultiCare's reserved powers. In addition, there will be Oregon representation on the MultiCare System Board "to ensure that Oregon voices guide the strategic direction of MultiCare".[122] Allowing the Samaritan Board to continue governing Samaritan hospitals keeps decision making based in Oregon and reduces concerns that the potential transaction would negative impact health equity.

The proposed transaction is unlikely to negatively affect the quality and delivery of clinical care provided by Samaritan.

Local governance will be maintained.

As the entities have structured the transaction in a way to maintain local governance of Samaritan as much as possible, OHA does not have significant concerns about the day-to-day operations and care delivery model of Samaritan being significantly impacted. Samaritan will retain its existing Board of Directors, as well as the existing boards of each of its local hospitals. Subject to MultiCare's reserve powers as the sole member of Samaritan, the Samaritan Board will retain authority over Samaritan's governance, operations, business, and exercise of reserve powers of its direct subsidiaries. MultiCare will also add an Oregon member to the MultiCare Board, which will be nominated by the Samaritan Board.

Samaritan current president and CEO will also remain in place under current contract terms.[123] MultiCare will, however, have power to select and remove Samaritan's president and CEO, in consultation with the Samaritan Board.

While MultiCare will have reserved powers, governance is structured in a way that provides for Samaritan to first develop its annual operating and capital budgets, strategic plan, and community benefit plan. MultiCare retains final approval over these, if MultiCare does not approve Samaritan's proposed operating and capital budgets, the plan is sent back to Samaritan for changes before going back to MultiCare for final approval.

MultiCare also holds final approval authority over Samaritan Board member appointments and approvals, and a similar process is required for Samaritan Board member appointments and removals.[124]

Local oversight of the medical staff will be maintained.

The entities have stated that local control of Samaritan's hospital medical staff will not change. Article VII, Section 7.3 of the Affiliation Agreement provides that the transaction will not change the independence of the Samaritan Medical Staff. MultiCare has stated that it "does not intend to interfere with or alter the relationship between each Samaritan hospital's medical staff and its hospital governing board."[125] Post-closing, medical staff matters—including credentialing, privileging, peer review, and clinical practice standards—will continue to be governed by the applicable hospital medical staff bylaws and overseen by the respective hospital board, consistent with current practice and applicable law.[126]

There will be no changes to medical staff membership, privileges, or leadership roles at closing. The medical staff will remain independent and operate under existing bylaws.[127]

In addition to the medical staff, Samaritan employees will continue employment at closing under the same terms and conditions in place today and Samaritan will continue to honor all existing union agreements.[128] The Samaritan Board will also continue to have authority over employment policies and practices post-closing.[129]

The proposed transaction is unlikely to increase health care costs for patients and payers.

The proposed transaction will not result in increased market concentration as the Entities serve distinct markets.

While MultiCare and Samaritan provide similar types of services, they do not compete for patients, insurance plan members, or employees because they do not have overlapping service areas.[130] MultiCare primarily operates solely in Washington, with few exceptions, while Samaritan operates in Oregon. Further, they do not overlap near the border. Thus, there will be no increase in market concentration in the service areas of either entity.

There is some potential for increased negotiating leverage with payers resulting from cross-market effects.

While the entities do not directly compete with each other, Samaritan and MultiCare contract with some of the same payers in both Oregon and Washington. Further, MultiCare is a large health system with a widespread presence across Washington. Some studies have found that these types of "cross-market" transactions can lead to higher prices if a combined health system is able to use its dominant market position and increased payer negotiation resources to bargain for higher reimbursement rates when there is a common payer.[131] To mitigate the potential for the entities to use their combined leverage to increase reimbursement rates, OHA has applied an approval condition that prohibits the entities from engaging in anticompetitive contracting practices that expressly or implicitly condition or impose contract terms on the participation of one or more other affiliated hospitals within the combined system. This prohibition includes:

- Engaging a payer in "all-or-nothing" contracting for hospital services or requiring a payer to contract with all affiliated hospitals and not permitting a payer to contract with individual hospitals;
- Explicitly or implicitly penalizing a payer for contracting with individual hospitals, including setting significantly higher than existing out-of-network fees for any or all affiliated hospitals should the payer choose to not contract with less than all affiliated hospitals.

There is some potential for the proposed transaction to positively impact the cost of care through increased utilization of lower cost-of-care sites.

The entities state that the proposed affiliation will positively impact health care costs as Samaritan intends to invest in expanding access to facilities that alternatives to higher-cost sites care.[132] These efforts include shifting surgeries from inpatient hospitals to the proposed Ambulatory Surgical Centers (ASCs), the proposed off-campus Emergency

Department (ED) in Albany and 6 to 8 urgent care centers that may divert lower-acuity patients away from hospital-based EDs, and the proposed off-campus imaging centers.[133]

MultiCare states they have also had success utilizing their population health program in Washington to reduce costs under value-based payer contracts.[134] Further, as assessed by Washington's Health Care Cost Transparency Board, MultiCare also trended lower in cost growth compared to the statewide average in each of the commercial, Medicaid, and Medicare markets.[135]

Public Comments

OHA accepted public comments during the duration of the review period. OHA received 28 public comments during the review period. Public comments related to this transaction are posted to the HCMO website. Commenters included members of the public, employees, patients and caregivers, and other individuals.

Commenters were worried about local control not being maintained with the proposed affiliation. Comments discussed issues with MultiCare's presence in Washington and worried that patients needing more specialized care would be referred to MultiCare facilities in Washington instead of a closer Oregon facility.

"I feel as though a merger of this magnitude, where all of the decisions and medical decisions being made from a managerial platform in Washington would dilute and harm the community relationships with our healthcare providers. I foresee doctors leaving to go elsewhere. Departments and offices shutting down and patients being expected to travel to a larger city for specialty care and/or for the availability of specialized equipment or services and testing."

"How can Multicare 'save' the strapped healthcare system when Samaritan can't? The way they do that is by squeezing more out of less (think reduced staffing and benefits), shortening hospital stays (is that appropriate?), cutting non-profitable services and taking control as they are doing in Pierce and Thurston Counties in Washington."

"Currently Samaritian Health providers often refer very clinically complex patients to OHSU for treatment which already creates transportation issues for older patients in the Samaritan Health service area. Will Multicare guarantee that complex patients needing very high level care will continue to be referred to OHSU? Will Multicare promise in writing to OHA that they will not send specialist to Corvallis and who then refer high complexity patients to Tacoma for treatment?"

Many commenters believed Samaritan mismanaged their finances, which has led them to the need to find a partner. Commenters stated that they hoped the proposed affiliation would address the issues of financial mismanagement to strengthen and maintain access to care.

"Samaritan has been mismanaged for many years and has had change in leadership. That have made poor decisions again mostly leaving the coastal hospitals without specialist and reliable services. I would like to see a commitment from this merger of what they're going

to do to address the issues of healthcare on the coast most people moving to this area have a hard time even finding a primary care doctor because of the shortage we have thank you"

"It is clear that Samaritan has mismanaged its finances particularly in their Health Plans and Samaritan Medical Group operations and are too extended in their reliance on government funded insurance programs such as medicaid and medicare. An affiliation with Multicare is a necessary thing to preserve current care in the area given Samaritan's ability to control finances. I believe MultiCare's investment should be well rounded and support the other hospital areas, not just in Corvallis."

"I served as their planning and analysis manager roughly 2008 – 2017, and closely watched the bond justifications for expansion/remodeling around 2016. That was a dramatic over-leveraging that was entered into through a shell game citing fiscal reserves that were in fact donor funds designated for a separate project. Operations during that time were riddled with excessive managerial salaries, wasteful provider compensation (well above MGMA benchmarks), and a general executive hubris that they "had built" the system, failing to recognize their legacy as a community resource built on the tax-exempt generosity of Oregon taxpayers."

Ultimately, many commenters supported the transaction and believed that the transaction would continue to keep services open. Commenters believed that the proposed transaction would keep Samaritan's rural hospitals open, benefiting access to care for rural communities. Commenters called out financial challenges currently facing healthcare systems and believe the $700 million investment by MultiCare into Samaritan hospitals will support the facilities and make a difference for patients seeking care. In addition, commenters appreciated that MultiCare was a non-profit organization that is committed to the communities that Samaritan serves.

"The partnership would foster sustainability and growth in the three counties currently served by SHS (Linn, Benton, Lincoln), and for these reasons I encourage your favorable consideration of this affiliation agreement."

"The proposed affiliation aligns with and strengthens these partnerships by bringing additional clinical expertise, operational capacity, and long-term system resilience."

"I believe the proposed affiliation will bring a lot of upside to the Samaritan Health Services system's mission of ""building healthier communities together"" as we continue to work towards increased efficiencies in delivering that care to the Oregonians we serve. Economics of scale continue to drive these type of affiliations in the current US health care market while maintaining financial viability."

Conclusions

Based on preliminary review findings, **OHA approved the transaction with conditions on August 24, 2026.** See Findings of Fact, Conclusions of Law, and Preliminary Review Order, dated August 24, 2026.

Approval Criteria

The approval criteria are specified in administrative rules for the HCMO program and are consistent with Oregon law. Below is a summary of the main reasons, based on the findings described in this report, why OHA considers the criterion satisfied.

1. **The material change transaction is not likely to substantially alter the delivery of health care in Oregon.**
   The proposed transaction is designed to maintain and increase access to care in the Samaritan service area through MultiCare's $700 million capital commitment. The entities do not anticipate any closures of locations or reductions in services. The entities plan to utilize the capital commitment to perform necessary renovations to existing facilities, open multiple new ambulatory and outpatient locations, and recruit additional providers to the area in specialties where there is unmet demand. Samaritan will maintain its existing Board, as well as oversight over its local hospitals, subject to MultiCare's reserve powers. MultiCare's stronger financial position is likely to bring more stability to Samaritan's financial condition and reduce risk of necessary closures or reductions in services. Finally, the transaction will not result in increased market concentration as the entities serve distinct markets.

Approval Conditions

OHA is approving this transaction with conditions that are designed to ensure the entities fulfill the commitments made in the notice, which are critical to ensuring that the delivery of health care in the Samaritan service area is not negatively impacted.

Conditions for approval of the transaction are summarized below. Please see the Comprehensive Review Order for the legal wording of these conditions. Approval conditions will apply for a period of five years from the date the transaction closes. Entities must comply with and satisfy all commitments and representations included in the notice and any subsequent filings with OHA.

1. Within 15 days of adopting the capital commitment plan, the entities must:
   a. submit a copy of the plan to OHA, detailing how the $700 million be spent;
   b. post a public-facing version of the plan on Samaritan's website; and
   c. provide a copy of the plan to each of the local Samaritan hospital boards.
2. Within 15 days of initial appointment of the Oregon Nominee, the entities must provide a description of the background and qualifications of the appointed Oregon Nominee and how those qualifications meet the criteria as set out by the entities in the notice.

3. MultiCare must allocate the $700 million capital commitment to support Samaritan capital investments over a 10-year period beginning on the date of the closing.
4. Entities must provide written notification to OHA in the event of any proposed reduction to the capital commitment.
5. MultiCare must allocate a minimum of $300 million of the capital commitment to Samaritan during the first five years to fund, at a minimum, the projects as described in the notice, regardless of Samaritan's financial performance.
6. For a period of five years:
    a. MultiCare must reinvest Samaritan's operating margins into the Samaritan community.
    b. The entities must continue to operate and maintain Samaritan's existing hospital and non-hospital based services without significant reduction to current service levels and at same or similar locations. OHA must be notified of any decision to significantly reduce service levels.
    c. Samaritan must continue to participate in Medicare fee-for-service, Oregon Health Plan (Medicaid fee-for-service), and Oregon CCOs with whom they are currently contracted.
    d. Samaritan must not condition its participation in any payer contracts on the participation of one or more its affiliated hospitals on the basis of requiring the payer to contract with any other affiliated hospital within the combined Samaritan-MultiCare system (otherwise known as all-or-nothing contracting).
    e. Samaritan must maintain all financial assistance policies as required by state and federal law.
7. For a period of ten years:
    a. The entities must report on any governance changes impacting Samaritan.
    b. Samaritan must provide an annual compliance report to OHA demonstrating compliance with all commitments in the notice and these conditions and information on spending and investments outlined in the capital commitment plan.

Follow-Up Reviews

As required by statute, OHA will conduct follow-up analyses one, two, and five years after the transaction is complete. OHA's monitoring will assess compliance with approval conditions and whether the entity keeps the commitments included in the notice. More broadly, OHA will monitor changes to health care cost, quality, access and health equity for people in Oregon.

As part of the required monitoring activities, OHA may request additional information from the entities. OHA will publish findings and conclusions from follow-up analyses to the HCMO website.

Abbreviations & Glossary

Abbreviations

ASC	Ambulatory Surgical Center
CCO	Coordinated Care Organization
CEO	Chief Executive Officer
CMS	Centers for Medicare and Medicaid Services
DCBS	Department of Consumer and Business Services
D-SNP	Dual Eligible Special Needs Plan
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ED	Emergency Department
ENT	Otolaryngology
FPL	Federal Poverty Level
FTE	Full time equivalent
GSRMC	Good Samaritan Regional Medical Center
HCMO	Health Care Market Oversight
HHS	Health and Human Services
IHN	InterCommunity Health Network
IHN-CCO	InterCommunity Health Network Coordinated Care Organization
MBHN	MultiCare Behavioral Health Network
MMA	MultiCare Medical Associates
OAR	Oregon Administrative Rule
OHA	Oregon Health Authority
ORS	Oregon Revised Statute
PSW	Physicians of Southwest Washington
SHP	Samaritan Health Plans

Appendix A: OHA's Review

OHA performed a preliminary review of the proposed transaction to assess its potential impact on Oregon's health care delivery system. The review explored impacts in four areas (domains): cost, access, quality, and equity. OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.[136] The framework is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085.

Background Research and Literature Review

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction, the entities involved, and potential effects of the proposed affiliation. OHA consulted publicly available sources, including press releases and media reports; business filings with the Secretary of State in Oregon and other states; entity websites; state agency, and third party entity reports; reports commissioned by local, state, and federal government; and other relevant governmental communications. OHA also considered articles and research reports about health care consolidation and cross market consolidation.

Request for Information

OHA issued three sets of requests for information (RFIs) to inform its preliminary review, to which the entities responded. Through this RFI, OHA sought more information about the entities' anticipated changes to payer contracts, financial information, patient referrals, and more.

Analytic Methods

Primary Service Area Methodology

To define the primary service area (PSA) for an entity, OHA followed these steps:[ii]

(1) Define distinct counts of hospital discharges as the measure service volume

(2) Summarize each of Samaritan's five hospital's service volume for the three most recent years of data (2022-2024) by patient zip code.

(3) Rank the zip codes in descending order of volume by hospital.

(4) Identify contiguous zip codes that account for at least 75% of each hospital's total volume. To do this, OHA starts with a hospital's zip code, adding zip codes to the map based on volume rank. Zip codes that are not immediately contiguous with the facility may be permanently excluded from the PSA, or only temporarily excluded until interim zip codes are added that fill in the geographical gap. Continue to add

[ii] OHA may adjust the PSA methodology as needed, based on the details of a specific transaction.

zip codes until the total volume from zip codes contiguous with the facility constitutes 75% of the hospital's total service volume. Adding a new zip code that then pulls in previously excluded zip codes can result in a PSA volume over 75% of total volume. This identifies the contiguous, volume-driven PSA.

(5) Add zip codes that are fully encompassed by the zip codes identified in step 3. This may result in a PSA volume over 75% of total volume.

(6) Combine each hospital's service area into a single service area for entire health system.

Data Sources

All Payers All Claims Data

The Oregon All Payer All Claims Database (APAC) houses administrative health care data for Oregon's insured populations. It includes medical and pharmacy claims, non-claims payment summaries, member enrollment data, billed premium information and provider information for Oregonians who are insured through certain commercial insurance, Medicaid and Medicare. Information about APAC is available on OHA's website.

American Community Survey Data

The American Community Survey (ACS) is an ongoing, nationwide survey conducted by the US Census Bureau. The survey generates data about a variety of topics like occupation, housing, education and demographics. OHA uses most recently available ACS 5-Year Estimate data for analyses. Additional information about the ACS can be found on the US Census website.

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