John Bauer
Chief Legal Officer
Salem Health Hospitals & Clinics
John.bauer@salemhealth.org

July 31, 2026

Re: Final Emergency Exemption Determination — 079 Salem Health-Santiam

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This determination resolves the Request for Emergency Exemption (the "Request") received on July 3, 2026, from Salem Health Hospitals & Clinics ("Salem Health") and Santiam Memorial Hospital ("Santiam") (collectively referred to herein as the "Entities"). Entities filed the Request with the Oregon Health Authority ("OHA") under the Health Care Market Oversight ("HCMO") Program pursuant to Oregon Revised Statute (ORS) 415.501(8)(a) and Oregon Administrative Rule (OAR) 409-070-0022.

BACKGROUND

On April 16, 2026, OHA confirmed receipt of a complete Notice of Material Change Transaction ("Notice") in compliance with OAR 409-070-0030 and 0045. This Notice described plans for Santiam to affiliate with Salem Health ("proposed transaction"). OHA held a public comment period on the Notice from April 16, 2026, through July 3, 2026, and received more than 700 public comments. Entities withdrew the Notice on July 3, 2026, thereby ending OHA's comprehensive review of the proposed transaction.

On July 3, 2026, Entities filed the Request with OHA pursuant to OAR 409-070-0022. OHA requested additional information from the Entities on July 17, 2026, and July 24, 2026, and determined the Request met the requirements of OAR 409-070-0022(3). Pursuant to OAR 409-070-0022(4), OHA held a public comment period on the Request from July 10, 2026, through July 24, 2026, and received 336 public comments. This Final Emergency Exemption Determination ("Determination") resolves Entities' Request.

FINDINGS AND ANALYSIS

1. Applicable Review Criteria

Pursuant to OAR 409-070-0022(1), in determining whether circumstances exist to warrant approval of an emergency exemption, OHA must consider whether:

(a) there is an emergency situation, including but not limited to a public health emergency, which immediately threatens health care services; and

(b) the transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity other than a domestic health insurer.

2. OHA Findings

The Transaction qualifies for an emergency exemption under OAR 409-070-0022(1).

(a) There is an emergency situation, including but not limited to a public health emergency, which immediately threatens health care services.

The Entities provided confidential information exempt from public release pursuant to ORS 415.501(13), including audited and unaudited financial statements, balance sheets, financial projections, third party reports, bond agreements, and more, outlining Santiam's current financial situation. Absent immediate relief and exemption from HCMO review, Entities state that Santiam will be forced to take immediate action to preserve its cash to continue funding its day-to-day operations which will involve immediate staffing cuts, wage reductions, and health care service terminations.

Entities state the proposed transaction will support the continuation of Santiam's health care services in the following ways:

i. Salem Health commits to expanding maternity services by aligning staffing with demand, including OBGYN, nurse midwives, pediatric, and anesthesia support;

ii. Salem Health will establish care pathways connecting high-acuity mothers and newborns to Salem Hospital's Level III NICU;

iii. Salem Health commits to maintaining all existing payer contracts at closing thereby ensuring no disruption to coverage or network access for any current Santiam patient; and

iv. Salem Health commits to continue operating and maintaining Santiam as a financially sustainable Oregon non-profit corporation operating a trauma Level IV general acute care hospital providing general medical, maternity, surgical, emergency, dietary, laboratory, radiology, and pharmacy services, and build upon existing service lines, maintain Santiam's rural ambulance service, and develop consistent quality and patient care standards.

The confidential and public-facing information provided to date reflects that immediate relief and exemption from HCMO review is necessary to prevent an emergency immediately threatening health care services in Santiam's service area.

(b) The transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity other than a domestic health insurer.

Absent immediate relief and exemption from HCMO review, Entities project that Santiam will become insolvent by the third quarter of 2026. Entities have stated that the proposed transaction will stabilize Santiam's financial condition in the following ways:

i. Salem Health will assume all of Santiam's liabilities at the time of closing, including approximately $22 million in debt; and

ii. Salem Health will commit a minimum of $61 million into Santiam. This will include $35 million in capital investments, which will cover the cost associated with Santiam's electronic health record (EHR) transition and $10 million allocated to urgently needed projects in the first 12 months post-transaction.

Salem Health commits to continuing to operate Santiam as a general acute care hospital and to build on existing service lines.

The confidential and public-facing information provided to date reflects that the immediate relief and exemption from HCMO review is necessary to protect the interest of consumers and preserve Santiam's solvency.

DETERMINATION

1. The Request is supported by the required documentation and meets the requirements of the HCMO Program rules for approval of an emergency exemption application pursuant to ORS 415.501(8)(a) and OAR 409-070-0022.
2. OHA finds that the Request qualifies for an emergency exemption under OAR 409-070-0022.

This Notice of Final Determination will be posted to the Health Care Market Oversight Program website at https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx.

APPEAL RIGHTS

You have the right to appeal this order to the Oregon Court of Appeals pursuant to ORS 183.482. To appeal you must file a petition for judicial review with the Court of

Appeals within 60 days from the day this order was served on you. If you do not file a petition for judicial review within the 60-day time period, you will lose your right to appeal.

Dated this 31st day of July, 2026

Zachary Goldman, MPP
Acting Cost Programs Manager
Oregon Health Authority