

Health Care Market Oversight

Transaction 079

Salem Health – Santiam

Preliminary Review Report

May 5, 2026



About this Report

This report summarizes analyses and findings from Oregon Health Authority’s preliminary review of the proposed material change transaction involving Salem Health Hospitals & Clinics and Santiam Hospital & Clinics. It accompanies the Determination issued by Oregon Health Authority on May 5, 2026. For legal requirements related to the proposed transaction, please reference the [Determination](#).

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 health 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 April 16, 2025, OHA accepted a complete [Notice of Material Change Transaction](#) (“notice”) from Salem Health Hospitals & Clinics (“Salem Health”) and Santiam Memorial Hospital, dba Santiam Hospital & Clinics (“Santiam”).ⁱ (Salem Health and Santiam are referred to in this report as the “entities.”)

The notice describes plans for an affiliation between Salem Health and Santiam whereby Santiam would become a part of Salem Health’s system of hospitals and clinics. Under the terms of the agreement, Salem Health plans to invest \$61 million into Santiam over 10 years.

Salem Health is a private, non-profit health system that primarily serves patients in Marion and Polk Counties. It operates two hospitals in Oregon: Salem Hospital in Salem and West Valley Hospital in Dallas. Salem Health also operates 27 clinics across Marion and Polk Counties, providing primary care, urgent care, and a range of specialty services, and cares for approximately 185,000 patients annually.

Santiam is a non-profit health system that operates Santiam Memorial Hospital and provides outpatient primary care and specialist services. Santiam serves patients in the Santiam Canyon in Marion County and some parts of Linn County. It cares for approximately 60,000 patients annually.

OHA’s Preliminary Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA assessed the likely impact of the transaction in alignment with preliminary review criteria. OHA’s preliminary analysis focused on assessing the scale and scope of the entities’ operations and services in Oregon, how the transaction could affect consolidation and competition in health care markets, and implications for access to services. OHA held a public comment period and received more than 80 public comments.

Based on the information obtained during the preliminary review, OHA determined that the proposed transaction requires a comprehensive review.

ⁱ DBA stands for “doing business as.”

Next Steps

OHA will complete the comprehensive review within 180 days of when it accepted a completed notice unless the review period is tolled or extended in accordance with Oregon law. During the comprehensive review, OHA will analyze the likely impact of the proposed transaction and determine whether the transaction meets the criteria for approval under Oregon Administrative Rule (OAR) 409-070-0060(6). OHA expects to request additional information from the entities and may engage outside advisors to assist with the review.

Upon completion of the comprehensive review, OHA will issue a decision to approve, approve with conditions, or disapprove the transaction. The proposed transaction may also be subject to other state or federal regulatory oversight and OHA will monitor those processes.

OHA will accept and post public comments throughout the comprehensive review period. Public comments can be submitted via email to hcmo.info@oha.oregon.gov, voicemail at 503-945-6161, or online [public comment form](#). Please mention “Santiam” in your comment.

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 April 16, 2026, OHA accepted a complete Notice of Material Change Transaction (“notice”) from Salem Health Hospitals & Clinics (“Salem”) with respect to its Affiliation Agreement (“Agreement”) with Santiam Memorial Hospital, dba Santiam Hospital & Clinics (“Santiam”). The notice describes plans for Santiam to affiliate with Salem Health.

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 accepted public comments on the proposed transaction prior to and during the preliminary review. On April 16, 2026, 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 more than 80 public comments.

Proposed Transaction

Through this proposed transaction, Salem Health plans to affiliate with Santiam. Salem Health and Santiam both operate hospitals and clinics in Oregon’s mid-Willamette Valley.

Submission Timeline

January 2026: Salem Health and Santiam [announced](#) the proposed transaction.

February 11: Entities submitted a Notice of Material Change Transaction to OHA.

March 2: OHA notified entities that the submission was incomplete and requested a resubmission.

March 18: Entities provided requested information.

April 8: OHA notified entities that the submission was incomplete and requested a resubmission.

April 15: Entities provided requested information.

April 16: OHA notified entities that the submission was complete and began its preliminary review.

Entities Involved

Salem Health

Salem Health is a not-for-profit, community-based health system serving Oregon's mid-Willamette Valley.¹ Its network includes Salem Hospital, West Valley Hospital, and numerous clinics.²



Salem Health's origins date back to 1969, when Salem General Hospital and Salem Memorial Hospital merged to form Salem Hospital.³ In 2002, Salem Health affiliated with Valley Community Hospital in Dallas, renaming it West Valley Hospital.⁴ Salem Health is also the sole member of Willamette Valley Insurance Corporation, a Hawaii-based non-profit organization that provides liability insurance to Salem Health and its subsidiaries.⁵

Salem Health's service area spans roughly 2,000 square miles across the mid-Willamette Valley.⁶ This includes the cities of Salem and Dallas, as well as surrounding urban, agricultural, and rural communities. Salem Health's reach extends north to Woodburn, Gervais, and Brooks; south to Jefferson and Albany; west into portions of Benton County; and into the southeastern area of Clackamas County, including Wilsonville and Canby.⁷ In 2025, Salem Health had about \$1.18 billion in net patient revenue.⁸

Facilities and Services

Over the past several years, Salem Health has invested in major capital expansions, adding more than 120 inpatient beds and 150 behavioral health beds.⁹ Today, the system operates Salem Hospital in Salem and West Valley Hospital in Dallas, providing care to the residents of Marion and Polk Counties.¹⁰

Salem Hospital is a Sole Community Hospital, a Level II Trauma Center, and a DRG facility serving a large metropolitan area.^{11,12} Salem Hospital serves as one of the busiest regional destinations for trauma patients, supporting¹³ emergency response systems across the region and throughout the state. Additional offerings include cardiovascular services, a stroke center, joint center, spine center, oncology services, and the full spectrum of women's health services.¹⁴ Salem Hospital has 644 beds.¹⁵

West Valley Hospital is a Type B, for-profit Critical Access Hospital offering inpatient care, including a swing bed program, allowing for patients to transition from an acute inpatient stay to a lower level of skilled nursing or rehabilitation.^{16,17} West Valley Hospital operates a comprehensive Emergency Department and diagnostic and therapeutic services.¹⁸ West Valley Hospital has 25 beds.¹⁹

Salem Health also has clinics across Marion and Polk Counties, delivering primary care, urgent care, and a range of specialty and subspecialty services. The table below shows Salem Health's clinics.^{20,21}

Clinic Name	Specialty/Services	Location
Central Health and Wellness Center	Primary Care	Independence
Salem Health Medical Clinic - Independence	Primary Care	Independence
Salem Health Medical Clinic - Monmouth	Primary Care	Monmouth
Salem Health Medical Clinic – Uglow Ave.	Primary Care	Dallas
Family Medicine – Boulder Creek	Primary Care	Salem
Salem Health Medical Clinic - Edgewater	Primary Care	Salem
Salem Health Medical Clinic - Keizer	Primary Care	Keizer
Salem Health Medical Center – Skyline Village	Primary Care	Salem
Salem Health Medication Management Clinic – River Road	Medication Management	Salem
Salem Health Occupational Medicine	Occupational Medicine	Salem
Salem Health Orthopedics - Keizer	Orthopedics	Keizer
Salem Health Orthopedics – Salem	Orthopedics	Salem
Rehabilitation Monmouth Clinic	Outpatient Rehabilitation	Monmouth
Salem Health Specialty Clinic – Dallas	Anticoagulation Infusion & Wound Medication Management Outpatient Rehabilitation	Dallas
Salem Health Shoreview Outpatient Rehabilitation	Rehabilitation	Keizer
Salem Health State St. Imaging Services	Imaging	Salem
Salem Health State St. Outpatient Rehabilitation	Rehab	Salem
Salem Health Cardiology Clinic	Cardiology	Salem
Miller Clinic	General Surgery Orthopedics	Dallas
Salem Health Urgent Care - Salem	Urgent Care	Salem
Salem Health Urology Clinic	Urology	Salem
Woodburn Medical Clinic	Primary Care	Woodburn

Clinic Name	Specialty/Services	Location
	Urgent Care Imaging Lab	

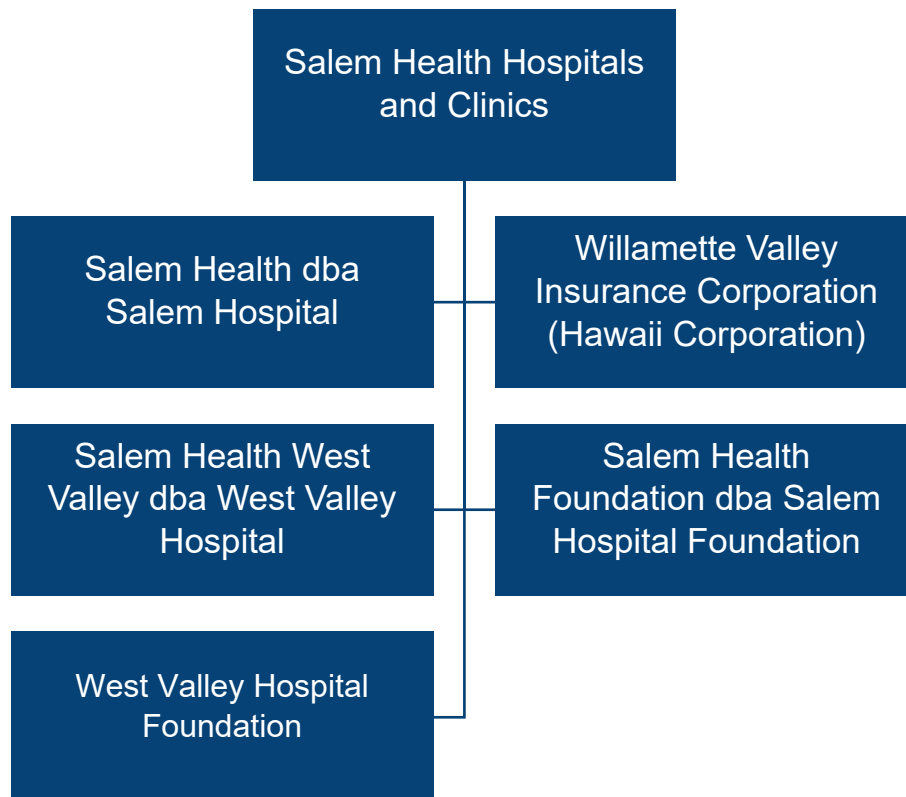
Across its system of hospitals and clinics, Salem Health employs 6,480 total staff, constituting 5,377 FTEs.²² Of these, 5,145 staff members work at Salem Hospital and 125 at West Valley Hospital.²³

Annually, Salem Health Hospitals & Clinics serve approximately 185,000 unique patients across all facilities and service lines.²⁴ Between July 1, 2024, and June 30, 2025, Salem Health Hospital & Clinics provided care across 33,688 admissions, 136,088 emergency room visits, and 1,173,348 visits for surgical and ancillary care to 182,507 distinct patients.²⁵

Organizational Structure and Governance

Salem Health is a non-profit, 501(c)(3) charitable organization governed by a 12-member board of directors.²⁶

A simplified organizational chart is included below. (See [Exhibit 10.C – Salem Pre-Closing Organizational Chart](#) for the submitted organizational chart.)



Salem Health Foundations

Salem Health operates two foundations with separate boards of directors: Salem Health Foundation and Salem Health West Valley Foundation.²⁷ The foundations raise funds, with the mission to “provide local, extraordinary health care to the people of the Mid-Willamette

Valley.”²⁸ The Salem Health West Valley Foundation is dedicated to supporting West Valley Hospital and Polk County.²⁹ The foundations operate funds to support cancer services, pediatrics, heart, patient assistance, scholarships, and other program areas.³⁰

Recent Transactions²

In 2023, Salem Health acquired Hope Orthopedics of Oregon, an orthopedic practice with existing clinic locations in Salem, Keizer, and Dallas.³¹ After the acquisition, Hope Orthopedics clinics were rebranded as "Salem Health," while retaining the majority of its pre-transaction 16 physicians and 182 staff members.³²

In late 2024, Salem Health acquired Willamette Urology, Salem’s only independent urology clinic. The clinic was rebranded as Salem Health Urology and continued to operate with the same urologists.³³

Santiam

Santiam Memorial Hospital (Santiam) is a non-profit corporation founded in 1953.^{34,35} Santiam owns and operates a hospital and six primary care provider-based rural health clinics.³⁶

Santiam primarily serves patients in Marion and Linn Counties, providing inpatient and outpatient

hospital services, primary care, and specialist services.³⁷ Santiam serves more than 60,000 patients annually. In 2024, Santiam had a net patient revenue of over \$125 million.³⁸



Facilities and Services

Santiam Memorial Hospital is a 40-bed Type B, Level IV trauma hospital located in Stayton, Oregon.^{39,40} Santiam Memorial Hospital is certified by Medicare and Medicaid as an acute care hospital.⁴¹ Santiam has multiple business segments including hospital inpatient and outpatient services and primary care services.⁴² Santiam also owns and operates 11 clinics, including six rural clinics.^{43,44} The table below lists Santiam locations and services.

Clinic Name	Specialty/Services	Location
Santiam Hospital & Clinics	Ambulance, behavioral health, cardiology, cardiopulmonary, care management, diagnostic imaging, emergency department, intensive care unit, internal medicine, laboratory, medical surgical, inpatient, surgical, pharmacy, primary care, pulmonology and sleep lab, wound and infusion, nutritional counseling	Stayton, OR
Aumsville Medical Clinic	Primary Care	Aumsville
Cascade Medical Clinic	Primary Care	Stayton
Santiam Medical Clinic	Primary Care	Stayton
Sublimity Medical Clinic	Primary Care	Mill City

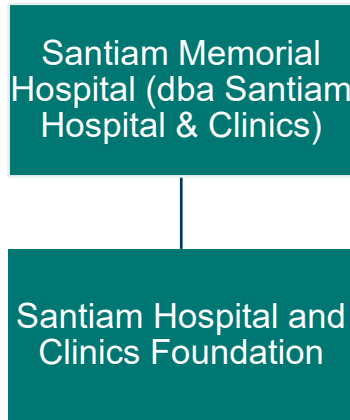
² Neither the Hope Orthopedics or Willamette Urology transactions were submitted to OHA for HCMO review.

Clinic Name	Specialty/Services	Location
Santiam Women’s Clinic	Women’s Health Care	Sublimity
Santiam General Surgery Clinic	General Surgery	Stayton
Santiam Health & Wellness Clinic	Behavioral Health	Stayton
Santiam Cardiology Clinic	Cardiology	Stayton
Santiam Internal Medicine Clinic	Internal Medicine	Stayton
Santiam Pulmonary & Sleep Medicine Clinic	Pulmonary Medicine Sleep Medicine	Stayton

Santiam has 678 staff, equating to 495 FTEs, all of whom are in Oregon.⁴⁵

Organizational Structure and Governance

Santiam is governed by a nine-person community board of directors.³ Board Directors serve a three-year term and a majority of board members must be residents of the area served by Santiam.⁴⁶ The board establishes corporate policies and rules to govern and manage Santiam. The diagram below shows Santiam’s organizational structure.



Santiam Hospital & Clinics Foundation

Established in 2022, the Santiam Hospital & Clinics Foundation (SMH Foundation) has a mission to “invest in Santiam Hospital, supporting the infrastructure needed for the health and well-being of its growing communities.”⁴⁷ SMH Foundation is governed by a community board of directors, currently with nine members.⁴⁸

The SMH Foundation’s goal is to support Santiam to:

- Provide access to health care where people live, work, and play;
- Stay current or ahead of people, process, and technology innovations and best practices;
- Realize the vision of a rural health care system model that is patient-centric and sustainable.

Recent Transactions

In 2024, Santiam sought to affiliate with Samaritan Health Services, a health system that operates five hospitals and services in the mid-Willamette Valley and Oregon coast. Santiam and Samaritan submitted a notice to OHA for the transaction and OHA began a review.⁴⁹ In May 2025, Santiam and Samaritan notified OHA that they had mutually agreed to abandon the transaction. More information about this transaction is available on [OHA's website](#).

Rationale for the Transaction

In the notice, the entities state that a key purpose of the proposed transaction is to support Santiam's financial sustainability. Santiam has faced financial pressures in recent years, including impending federal cuts to Medicaid, low reimbursement rates, and increasing labor costs. Santiam is seeking a partnership to support investments in infrastructure and services and allow it to offer more competitive wages for workers.⁵⁰

According to the entities, the proposed transaction will support Santiam's financial stability, improving its ability to hire and retain staff, coordinate care, and operate at its full capacity. They further state that this will improve access to care for Santiam patients and the region as a whole.⁵¹

Transaction Terms

The entities entered into an Affiliation Agreement through which Salem Health will become the sole member of Santiam and its subsidiaries.⁵² The transaction does not involve a purchase price or direct exchange of funds at the time of closing. Salem Health will invest \$61 million in Santiam, including;⁵³

- Assuming \$22 million of Santiam's debt; and
- A \$35 million capital commitment over 10 years, including an upgrade of Santiam's electronic medical records and \$10 million of the \$35 million dedicated to urgently needed projects in the first 12 months post-closing.

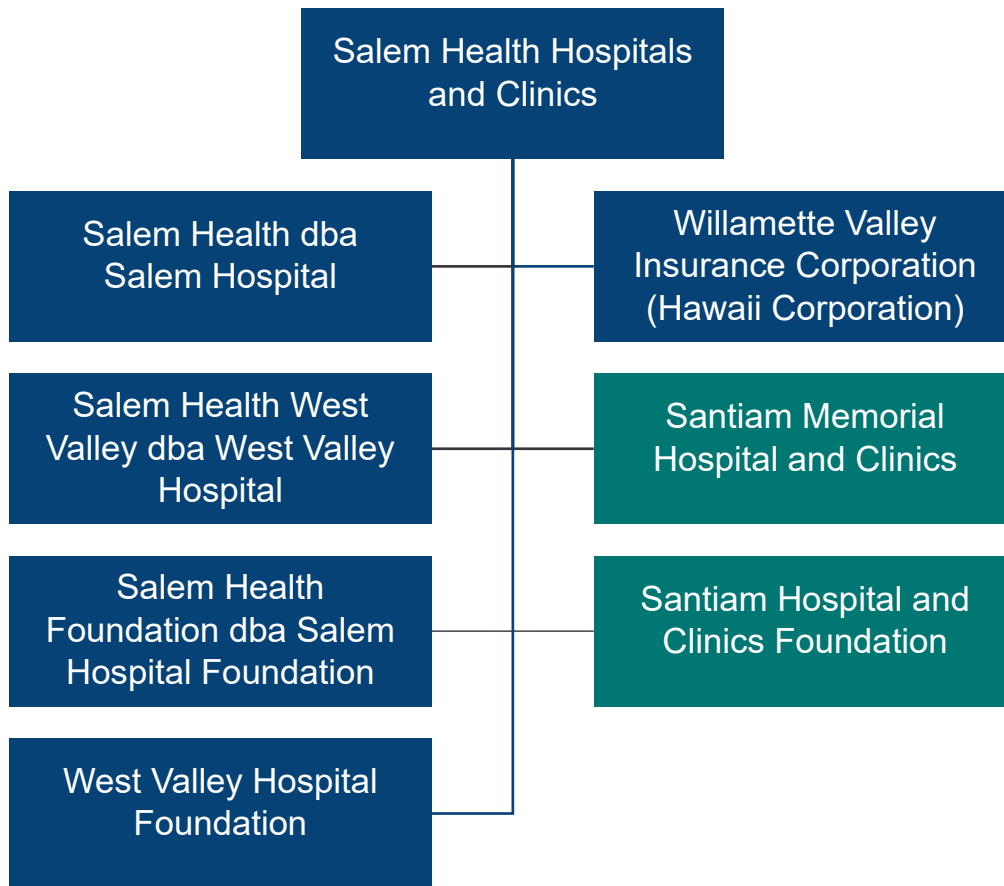
Post-Transaction Plans

Post-transaction, Santiam will become a part of Salem Health's system of hospitals and clinics. At closing, Salem Health will offer all Santiam staff employment through Salem Health.⁵⁴

Governance and Organizational Structure

The entities state that Santiam will maintain local advisory governance and leadership post-transaction, and that they expect Santiam's management to remain in place.⁵⁵ At closing, the Salem Health fiduciary board will become the fiduciary board of Santiam Hospital. Santiam Hospital's existing fiduciary board will become an advisory board. Two seats on Salem Health's governing board will be filled by Santiam appointees. Salem Health is also committed to appointing at least one Santiam representative on each of

Salem Health’s board committees. The organizational chart below shows the post-transaction structure.⁵⁶



Entity Statements and Commitments

In the notice submission, the entities provided the following information about expected post-transaction changes, investments, and initiatives:

Capital Investment	Salem Health has agreed to invest a minimum of \$61 million into Santiam, which includes a \$35 million capital commitment over 10 years. ⁵⁷
Electronic Medical Record System (EMR)	About \$4 million of the \$35 million capital investment will be allocated to upgrade Santiam’s Epic electronic medical records (“EMR”) system. The entities estimate that this will be a 24-month process following the close of the transaction. ⁵⁸
Urgent Capital Needs	In addition to the \$4 million EMR upgrade, Salem will invest at least \$10 million of the \$35 million in Santiam’s urgent capital needs. These funds will be allocated in the first 12 months after closing. ⁵⁹ The entities have not yet identified how the \$10 million will be allocated but have developed a governance framework to identify priorities. While the entities have not identified a definitive list of

	<p>investments, they have provided potential projects that are under consideration: ⁶⁰</p> <ol style="list-style-type: none"> 1. Development of a new, centrally located ambulance facility for Santiam’s ambulance service. 2. Development of a new retail pharmacy in Mill City. 3. Expansion of Santiam’s Women’s Health Center.
Santiam Hospital and Clinics Foundation	All foundation funds will be used to benefit Santiam and its community. Santiam Hospital and Clinics Foundation will maintain a separate board. ⁶¹
Staffing	The entities have stated that “neither Salem Health nor Santiam have any intention to change the type or level of staffing for any Salem Health or Santiam services or location, except in the context of bringing on additional staff to facilitate service expansion or to respond to increases in patient census.” ⁶²
Employment	Santiam employees will be offered employment at Salem Health, with compensation based on Salem Health’s salary and benefits. Salem Health intends to honor tenure, accrued paid time off, and other leave benefits of Santiam employees. All current Santiam-employed physicians and advanced practice providers will continue to receive compensation at or above their existing levels for at least two years following the closing. ⁶³
Clinical Leadership	The entities have stated that the affiliation will not change the medical staff department leadership or the independence of medical staff at Santiam or Salem Health. ⁶⁴
Type and Level of Services	Salem Health has committed to continue operating and maintaining Santiam as a licensed general acute care hospital providing the following services: general medical, maternity, surgical, emergency, dietary, laboratory, radiology, and pharmacy services. Salem Health has also committed to maintaining Santiam’s rural ambulance services. The entities have also stated that they plan to expand maternity services in the Santiam Canyon. ⁶⁵
Number and Type of Locations	The entities state that the proposed transaction will not result in any reduction in the number or type of Salem Health or Santiam locations.
Geographic areas served	The entities state that the proposed transaction will not change Santiam’s geographic services area. ⁶⁶
Payer Contracts/payer mix	According to the entities, Salem Health has no plans to terminate any of Santiam’s payer contracts at closing. The

	entities expect to renegotiate Santiam contracts as they expire or in accordance with standard practices. ⁶⁷
Other Contracts	The entities expect to explore options to improve logistics and supply chain opportunities for volume pricing from supply vendors. ⁶⁸

Potential Effects of Hospital Consolidation

There are many potential effects of hospital consolidation. A hospital acquiring another hospital may result in more streamlined referrals and patient care coordination, greater investments in infrastructure, lower administrative costs as some departments and personnel (e.g., billing, information technology) may be reduced, and other economies of scale. However, academic literature has identified many potentially harmful effects of hospital consolidation on patients and the wider community.

Prices Tend to Increase

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.⁶⁹

Extensive research shows that hospital consolidation tends to lead to higher prices, contradicting the claim that consolidation will increase efficiencies to such a level that prices will decrease.^{70 71} Additionally, research shows that non-consolidating nearby hospitals also increase their prices after other hospitals in the same region consolidate.⁷² Patients treated at competitor hospitals also face higher prices as a result of hospital consolidation.⁷³

One analysis found that for hospitals with no competition (also known as monopoly hospitals), prices were 12.5% higher on average than in areas in which there were 3 or more competitors. Similarly, among hospitals with only one competitor (also known as duopoly hospitals) prices were 7.6% higher compared to hospitals with more competition.⁷⁴

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.⁷⁵

Quality of Care May not Improve

Whether quality of care will improve as a result of a hospital merger is uncertain. When a hospital merger or acquisition results in a higher volume of specific surgeries or complex procedures, health care quality may increase. Newly combined hospitals that route patients with complex care needs to surgical teams who perform a very high volume of the needed procedure tend to lead to better patient outcomes.⁷⁶

However, other research has found that hospital consolidation either does not improve health care quality at all (measured by readmission rates and mortality data), or in some cases marginally decreases the quality of care.⁷⁷

Wage Growth for Hospital Workers May Slow

The academic literature shows that hospital consolidation also affects hospital workers' wages. Workers' wages grew less after a hospital merger or acquisition resulted in a large increase in consolidation and when the workers were highly skilled and industry-specific.

This downward pressure on workers' wage growth, however, is lessened in markets with strong labor union representation.⁷⁸

Hospital consolidation and subsequent price increases can lead to broader economic effects. One study found that increased in health care prices resulted in lower payroll and employment for non-health care employees, reduced labor income, and increased unemployment, particularly for lower- and middle-income workers.⁷⁹

Preliminary Analysis

OHA’s preliminary analysis focused on assessing the scale and scope of the entities’ operations in Oregon and how the transaction could potentially affect consolidation and competition in Oregon’s health care markets. OHA expects to conduct more in-depth analyses of the proposed transaction and its impacts during comprehensive review. For more information on OHA’s analysis, see **Appendix A: OHA’s Review**.

Summary of Analyses

The proposed transaction has the potential to significantly impact health care in Marion County and Polk County.

Salem Health and Santiam serve a region that includes a large number of Oregon residents. The entities have a substantial presence in Marion and Polk Counties and are important health care providers in the region. Salem Health is the largest health system in the region, operating one of the largest hospitals in Oregon. Santiam provides access to care for rural communities that might otherwise face more barriers to getting the health care they need.

Roughly 10% of Oregon’s population resides in regions impacted by the proposed transaction.

Marion and Polk Counties comprise the Salem metropolitan statistical area (MSA), which has a population of 445,814. Marion County has 355,777 residents and 90,037 reside in Polk County.⁸⁰ The region represents roughly 10% of the overall Oregon population.

Roughly 25% of households in Marion County speak a language other than English, compared with 12% in Polk County and 15% across all of Oregon.⁸¹ Select demographic information about the Salem MSA is provided below.⁸²

Population Characteristics	Salem MSA	Oregon
Total population	445,814	4,273,586
Percent female	50%	50%
Percent age under 18	23%	20%
Percent age 65 or older	17%	19%
Percent with public health insurance	44%	41%
Percent with no health insurance	8%	6%

Santiam provides crucial access to health care for rural communities in the Santiam Canyon.

Santiam’s hospital and outpatient clinics provide access to health care services for rural communities in the Santiam Canyon, east of Salem and including the communities of Stayton, Mill City, Gates, Detroit, and Idanha, among others. Santiam operates essential services for the Santiam Canyon community, including an emergency department and rural ambulance services.⁸³ The table below summarizes Santiam statistics for 2025.

	Santiam Hospital
Annual Patients Served ⁸⁴	60,000
Licensed Beds ⁸⁵	40
Emergency Department Visits ⁸⁶	23,690
Inpatient Discharges ⁸⁷	1,167
Outpatient Surgeries ⁸⁸	2,377
Total Surgical, Outpatient, and Clinical Care Visits ⁸⁹	180,024

Due to the geography of the region and limited road connectivity (Oregon Route 22 is the main road connecting the Santiam Canyon with areas to the east and west), residents have few options for care and would need to travel long distances to get care if not for Santiam.^{90,91} (See the map below.)



The nearest emergency room to Santiam is Salem Hospital, located 16 miles or 23 minutes of travel time to the northwest. Geography necessitates travel through Stayton, where Santiam is located, to reach either of the alternate hospitals in Marion County, Salem Hospital or Legacy Silverton. Approximate driving times from Santiam Canyon communities to these three hospitals are included in the table below. For reference, travel time from these communities to the nearest hospitals to the east (St. Charles Medical Center in Bend) and south (Samaritan Lebanon Community Hospital and Samaritan Albany General Hospital) are also included.

Travel Time Between Area Hospitals and Select Towns, in minutes

Hospital	Mill City	Gates	Detroit	Idanha
Santiam Hospital	21	23	50	57
Salem Health Salem Hospital	40	42	70	77
Legacy Silverton Medical Center	42	44	72	79
Samaritan Albany General Hospital	60	62	89	97
Samaritan Lebanon Community Hospital	55	57	85	92
St. Charles Medical Center - Bend	143	138	112	104

Salem Health operates one of the largest hospitals in Oregon.

Salem Health operates two hospitals in Oregon: Salem Hospital and West Valley Hospital. Salem Hospital is the only acute care hospital in Salem and has more licensed beds than any other hospital in Oregon, with 644 licensed beds.⁹² (OHSU has the second-most licensed beds, with 576.)⁹³ According to audited financial data submitted to OHA, Salem Hospital had the third highest net patient revenue in the state in 2024, reporting roughly \$1.1 billion.⁹⁴ According to Salem Health, Salem Hospital operates the busiest emergency department on the West Coast, serving more than 300 patients per day.⁹⁵

The table below summarizes Salem Health statistics for 2025.

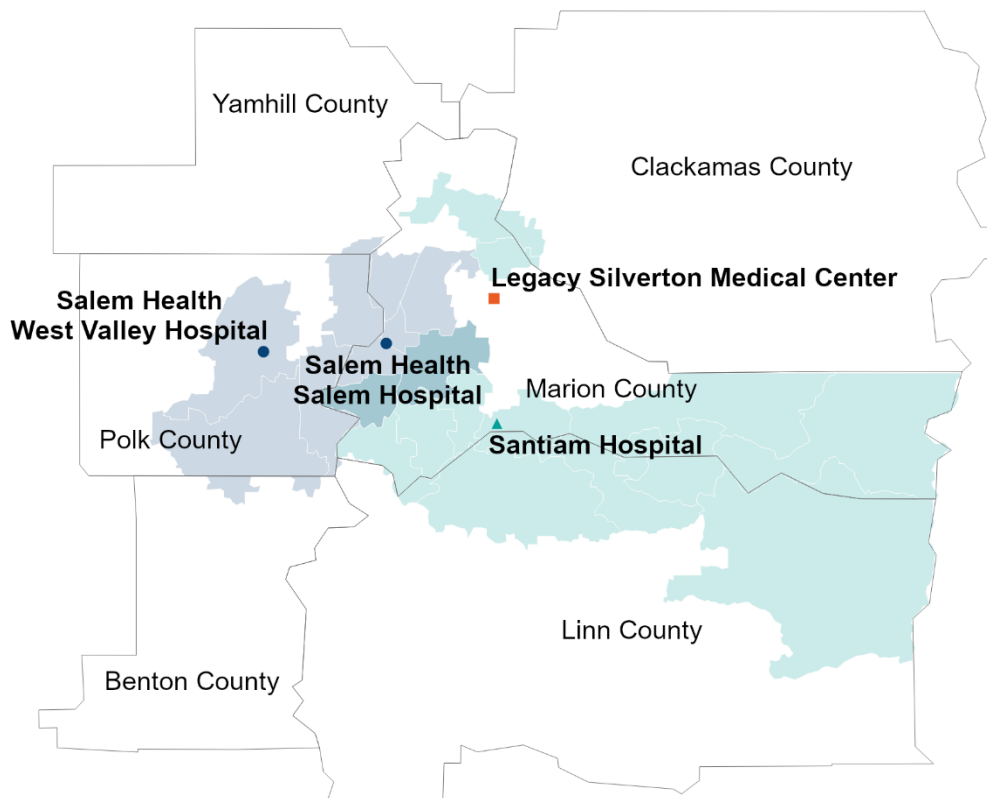
	Salem Hospital	West Valley Hospital
Licensed Beds ⁹⁶	644	25
Births ⁹⁷	2,794	N/A
Diagnostic Imaging Procedures ⁹⁸	266,666	46,276
Emergency Department Visits ⁹⁹	92,749	21,110
Inpatient Discharges ¹⁰⁰	21,240	466
Outpatient Surgeries ¹⁰¹	8,769	105
Total Outpatient Visits ¹⁰²	594,471	104,879

The proposed transaction has the potential to further consolidate the market for inpatient and outpatient services in Marion County

The proposed transaction would combine two of the three hospitals located in Marion County and increase Salem Health’s presence in the region.

Salem Health and Santiam serve overlapping geographic regions.

Prior to the transaction, three acute care hospitals are located in Marion County: Salem Hospital, Santiam Hospital, and Legacy Silverton Medical Center. The map below shows the locations of hospitals and zip codes included in Santiam and Salem Health service areas.¹⁰³ (Service areas were calculated using information reported by the entities with the notice.)



Both Salem Health and Santiam serve markets with high concentration.

OHA used publicly available information to conduct an initial assessment the market share and market concentration for the geographic areas served by Salem Health and Santiam. A recent analysis by the Yale Health Care Affordability Lab shows that, prior to the transaction, both entities have operated in regions with high market concentration.¹⁰⁴ The analysis calculated the Herfindahl-Hirschman Index (HHI) for hospitals in Oregon, which is a standard measure of concentration in a market.

Under federal antitrust guidelines, an HHI higher than 1,800 indicates a highly concentrated market.¹⁰⁵ An HHI of 10,000 indicates a monopoly.

The table below shows the pre-transaction HHI for Salem Hospital (6,446), Salem Health West Valley (10,000), and Santiam Hospital (7,605).¹⁰⁶

The **Herfindahl-Hirschman Index (HHI)** is a measure of market concentration commonly used by state and federal regulators. A higher HHI indicates a more concentrated market with fewer companies having more power. A lower HHI indicates a more competitive market with more firms competing equally.

Hospital	HHI
Salem Hospital	6,446
Salem Health West Valley	10,000
Santiam Hospital	7,605

Analysis from KFF found that Salem Health has 89% market share in the Salem metropolitan service area, based on hospital inpatient discharges.¹⁰⁷ Some members of the community have voiced concerns, via public comment, that Salem Health already functions as a monopoly, with significant control over access to most health care services in Marion County.¹⁰⁸

These publicly-available findings indicate that Salem Health and Santiam already operate in highly concentrated markets, but more in-depth analyses are needed to fully understand the potential impacts of the proposed transaction. During its comprehensive review, OHA expects to conduct more detailed analyses of market share and concentration for inpatient and outpatient services, assess the likelihood of any anti-competitive effects, and understand how the transaction may impact the quality, availability, and cost of health care for people in the region.

Salem Health already receives high payments for common inpatient services, compared with statewide median payments.

OHA reports data on median commercial payments for hospitals in Oregon across 179 procedures.¹⁰⁹ OHA used publicly available data from OHA's Hospital Payment Report to assess Salem Hospital's payments for its most common inpatient, outpatient, and pregnancy-related services, compared to the statewide median payments for those same services.¹¹⁰

OHA reported median payments for 164 Salem Hospital procedures. Salem Hospital exceeded the statewide median by more than 5% for 70 procedures, had the highest median payments in the state for eight procedures, and had the lowest median payments in the state for three procedures.¹¹¹

- For inpatient services, Salem Hospital payments exceeded the statewide median for all five of its most common procedures
- For outpatient procedures, Salem Hospital payments were below the statewide median for four out of five procedures.
- For pregnancy-related procedures, Salem Hospital payments were below the statewide median for three of the top five procedures.

OHA reported median payments for 79 Santiam procedures. Santiam exceeded the statewide median by more than 5% for 49 procedures, had the highest median payments in the state for five procedures, and had the lowest median payment in the state for one procedure.¹¹²

The table below summarizes median commercial payments for common Santiam Health hospital services.¹¹³ Santiam median payments are included for comparison, where available. Red dots indicate services for which Salem Hospital or Santiam Hospital payments exceed the statewide median.

Procedure	Statewide Median	Salem Hospital	Santiam Hospital
Inpatient Procedures			
Non-invasive mechanical ventilation	\$18,012	● \$23,739	N/A (procedure was performed fewer than 10 times at this hospital)
Abdominal drainage	\$22,547	● \$24,618	
Gallbladder removal	\$29,332	● \$33,296	
PTCA (Angioplasty)	\$43,268	● \$47,903	
Ureteral dilation	\$25,827	● \$26,477	
Outpatient Procedures			
Hysterectomy	\$21,278	● \$21,558	● \$24,215
Wound repair – simple	\$1,285	\$1,032	\$1,109
Cast application	\$1,126	\$971	● \$1,373
Cystoscopy lithotripsy	\$11,730	\$11,155	N/A
Colonoscopy	\$2,942	\$2,826	● \$3,429
Pregnancy-related Procedures			
Obstetrical Ultrasound	\$356	\$336	● \$397
Normal delivery w/out complications	\$12,577	\$11,144	\$11,450
Newborn care with complications	\$4,430	● \$4,740	\$2,088
Newborn care w/out complications	\$4,380	\$2,547	\$3,259
Cesarean section w/out complications	\$18,961	● \$19,477	\$18,264

During comprehensive review, OHA will further evaluate and analyze the entities' payments and how the proposed transaction may affect costs for patients and payers.

The proposed transaction has the potential to impact access to care for patients.

The community has identified existing access to care issues.

A 2024 Community Health Assessment for Marion and Polk Counties conducted by the Marion-Polk Community Health Collaborative found that two out of three people in the region have experienced barriers to getting health care.¹¹⁴ The top three barriers to care included: inability to get an appointment quickly enough, inability to find a doctor or provider taking new patients, and high out-of-pocket costs.¹¹⁵

Some public comments have also raised concerns that the transaction could worsen existing access issues, including lack of appointments, long emergency department wait times, and inadequate staffing to serve patients.¹¹⁶ OHA also received public comments from people who shared that they thought the proposed transaction could improve access to health care.

OHA's comprehensive review will extensively evaluate into the potential impacts on access and quality of care for patients in the region.

Public comments have highlighted the impacts of the terminated contract between Salem Health and Regence.

In 2024, Salem Health and Regence Blue Cross Blue Shield (“Regence”) entered into contract negotiations. They were not able to come to an agreement, the contract was terminated, and Salem Health has been out-of-network for patients with Regence coverage since January 1, 2025.¹¹⁷

OHA received multiple public comments that highlighted concerns with the transaction’s potential to impact access to and continuation of care for people with Regence and other Blue Cross Blue Shield health plans. Commenters shared the following concerns:

- People with Regence coverage are not able to access care from Salem Health providers and Santiam is the closest provider in the region that accepts Regence.
- If Santiam and Salem Health combine, some worry that there will be no options for people with Regence coverage.
- OHA has received reports that Salem Health refuses to treat patients with Regence coverage, even if those patients would like to pay and not use their insurance.
- Patients have reported having to find new primary care providers or switch providers midway through a course of treatment.

A public hearing during the 2026 legislative session also contained public testimony related to the Salem Health and Regence contract termination. During that hearing, the Senate Committee on Health Care heard testimony that patients have experienced canceled appointments, termination of provider relationships, and unexpected bills for treatment after Salem terminated its contract with Regence.¹¹⁸

During the comprehensive review, OHA will investigate reports from the community related to barriers for patients with certain types of coverage and assess how the proposed transaction may impact insurance networks and access to care.

Selected Public Comments

“I recently changed sleep medicine providers from Salem Health because they could not keep appointments and prioritized “new patient” appointments over existing customers when they didn’t have the staffing to support existing patients. I looked at Santiam Hospitals and Clinics, but with the merger, the experience would quickly be ruined. I ended up at a small clinic in Salem.”

“I believe the residents of the Santiam Canyon area will receive better care and easier access to health care, specialists etc with this merger and the backing of a larger hospital and health care system.”

“[Salem Health] continue[s] to absorb smaller clinics while refusing to accept all forms of insurance, limiting access to care for many people. As a resident of Keizer in Marion County, it took me months to find a primary care clinic accepting new patients that was not part of Salem Health.”

For full language from all public comments received to date, visit [OHA’s website](#).

Next Steps

This transaction will receive a comprehensive review, per ORS 415.501(7)(a), as the proposed transaction does not meet any of the following criteria required for approval following preliminary review:

1. 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;
2. The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon;
3. The material change transaction is likely to meet the criteria set forth in OAR 409-070-0060;
4. The material change transaction is not likely to substantially alter the delivery of health care in Oregon; or
5. Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

These criteria are outlined in statute and administrative rules for the HCMO program.

Comprehensive Review

A comprehensive review allows OHA to conduct more in-depth analyses to understand how the transaction might affect people and communities in Oregon. During the comprehensive review, OHA will analyze the likely impact of the transaction on access, cost, quality, and equity and determine whether the transaction meets the criteria for approval under OAR 409-070-0060(6). For more information about comprehensive review analyses, please see HCMO's [Analytic Framework](#). OHA may engage outside advisors to perform analysis or consult with OHA in accordance with ORS 415.501(14).

OHA will conduct the comprehensive review in accordance with applicable statutes and administrative rules. OHA will complete the comprehensive review within 180 days of the date on which the complete notice was accepted, unless otherwise tolled or extended according to law. Upon completion of the comprehensive review, OHA will issue a proposed order to approve, approve with conditions, or disapprove the transaction. OHA will accept comments from the public and the entities prior to issuing the final proposed order. This transaction may also be subject to other regulatory oversight and OHA will monitor the progress of those efforts

Public Comment

OHA will accept and post public comments throughout the comprehensive review period. Public comments can be submitted by email to hcmo.info@oha.oregon.gov, voicemail at 503-945-6161, or [public comment form](#). Please mention "Santiam" in your comment.

Public comments will be posted to OHA's website and may be included in reports. Please do not include confidential or sensitive information in submitted comments.

Acronyms & Abbreviations

ACS	American Community Survey
APAC	All Payer All Claims
DBA	Doing Business As
DRG	Hospital Diagnosis-Related Group
EMR	Electronic Medical Record
FTE	Full Time Employee
HCMO	Health Care Market Oversight
HHI	Herfindahl-Hirschman Index
MSA	Metropolitan Statistical Area
OAR	Oregon Administrative Rules
OHA	Oregon Health Authority
OHSU	Oregon Health and Sciences University
ORS	Oregon Revised Statutes
SMH	Santiam Memorial Hospital

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. OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.¹¹⁹ 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 impacts. OHA consulted publicly available sources, including press releases and media reports; business filings with the Secretary of State in Oregon; entity websites; state agency, professional association, and third party entity reports; research articles and reports; reports commissioned by local, state, and federal government; and other relevant governmental communications.

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On April 16, 2026, 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.

Data Sources

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. For this report, OHA used 2024 ACS 5-Year Estimate data. Additional information about the ACS can be found on the US Census [website](#).

Hospital Payment Report

The Oregon Hospital Payment Report, codified into Oregon Revised Statutes (ORS) 442.373, is an annual report of the median payments by commercial insurance companies for common procedures performed in Oregon hospitals. This report includes common procedures that occurred in 2023 at hospital inpatient and outpatient facilities. The data source is the Oregon All Payer All Claims Database (APAC) described below. The data and additional information is available on OHA's [website](#).

Hospital Financial Data

Oregon's hospitals are required to provide information on annual financial performance to the Oregon Health Authority. Specifically, hospitals must submit an audited financial statement and FR-3 form for each fiscal year that includes information on revenues, expenses, margins, and uncompensated care. These data are collected, maintained and analyzed by OHA's Hospital Reporting Program and are available on OHA's website.

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, pharmacy and dental 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](#).

Hospital Market Explorer

The Hospital Market Explorer ([website](#)) is an online data visualization tool created and maintained by the Health Care Affordability Lab at Yale University. The Explorer allows users to research changes to US hospital ownership and market concentration for each year since 2000. The tool includes short-term, acute-care facilities that are most likely to compete for inpatient services delivered to the privately insured.

OpenStreetMap

OpenStreetMap (OSM) is a freely-available, open-source map database maintained by the OpenStreetMap community and licensed under the Open Data Commons Open Database License (ODbL) by the OpenStreetMap Foundation (OSMF). Driving distances and times can be queried using OSM data via the Open Source Routing Machine application programming interface (API).

Analytic Methods

Primary Service Area (PSA) Definition

When filing a notice, entities must submit [HCMO-1c: Business Entities & Locations](#), providing information about location, including the location or facility name, street address, services provided at the location, and service area zip codes. Service area is defined as smallest number of zip codes from which the location or facility draws at least 75% of its patients, based on home zip codes of patients. For this analysis, OHA used service area zip codes provided in the transaction materials [HCMO-1c](#) submitted for this transaction.

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