

**STATE OF OREGON
OREGON HEALTH AUTHORITY
HEALTH POLICY AND ANALYTICS DIVISION**

In the Matter of the Proposed	)	Findings of Fact, Conclusions of Law, and
Material Change Transaction of	)	Final Stipulated Order with Conditions
Cascades Rural High Value Network	)	
	)	Transaction ID: 087

The Oregon Health Authority (“OHA”), through the Health Care Market Oversight (“HCMO”) Program, is the state agency responsible for reviewing and approving requests by health care entities to engage in a material change transaction pursuant to Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On May 13, 2026, counsel for the entities listed below filed a Notice of Material Change Transaction (the “Notice”) with respect to the formation of Cascades Rural High Value Network (“Cascades Network”), a clinically integrated network of the following entities (collectively referred to as “Participating Hospitals”):

- Bay Area Health District
- Blue Mountain Hospital District
- Coquille Valley Hospital District
- Curry Health District
- Grande Ronde Hospital, Inc.
- Harney District Hospital
- Lake Health District
- Lower Umpqua Hospital District
- Morrow County Health District
- Southern Coos Health District
- Wallowa County Health Care District

Cascades Network, including the Participating Hospitals, may be collectively referred to as “Entities.” Post-closing, Cascades Network will enter into a management services agreement with Cibolo Health, LLC (“Cibolo Health”), pursuant to which Cibolo Health will provide comprehensive management services¹ to Cascades Network. The formation of Cascades Network and post-closing comprehensive management services agreement between Cibolo Health and Cascades Network, are collectively referred to herein as the “proposed transaction.”

On August 27, 2026, OHA confirmed receipt of a complete Notice in compliance with OAR 409-070-0030 and 0045 and commenced its preliminary review of the proposed transaction pursuant to ORS 415.501(5). OHA’s review analyzed the potential impact of the proposed transaction, following guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085, and ORS 415.501(6). OHA’s analysis is posted to the HCMO

¹ “Comprehensive management services” has the meaning provided in OAR 409-070-0005(7).

website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notices-and-reviews.aspx> and is incorporated herein by reference.

This Stipulated Final Order will be posted to the Health Care Market Oversight Program website at www.oregon.gov/HCMO.

Entities and OHA have reached an agreement to resolve OHA's preliminary review of the proposed transaction and stipulate to entry of this Findings of Fact, Conclusions of Law, and Final Order with Conditions ("Stipulated Final Order").

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. OHA has jurisdiction over the subject matter and the parties to this proposed transaction.
2. The proposed transaction is comprised of two separate material change transactions subject to review by OHA's HCMO program pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.
3. Cascades Network is an Oregon nonprofit corporation and clinically-integrated network (CIN) formed by the Participating Hospitals. The primary goals of Cascades Network are to:
 - a. Improve coordination of patient care across multiple hospitals and provider settings;
 - b. Enhance clinical quality and patient outcomes through shared, evidence-based protocols and population health initiatives;
 - c. Support participation in value-based payment models by establishing infrastructure for quality reporting, care management, and analytics;
 - d. Increase access to healthcare services for rural and medically-underserved populations in Oregon; and
 - e. Promote financial sustainability of the Participating Hospitals by allowing them to share resources and improving operational efficiencies.
4. Participating Hospitals are eleven (11) rural, independent hospitals located in Oregon. Participating Hospitals include:
 - a. Bay Area Hospital District is a 501(c)3 hospital district that owns and operates the 172-bed Bay Area Hospital in Coos Bay, as well as primary care and specialty care clinics. Bay Area Hospital District served approximately 100,000 people in 2025.

- b. Blue Mountain Hospital District is a 501(c)3 hospital district that owns and operates Blue Mountain Hospital, a 25-bed critical access hospital in John Day, Oregon. Blue Mountain Hospital District served roughly 7,000 people in 2025.
 - c. Coquille Valley Hospital District is a 501(c)3 hospital district that owns and operates Coquille Valley Hospital, a 25-bed critical access hospital in Coquille, Oregon. In 2025, Coquille Valley Hospital District served 10,630 people.
 - d. Curry Health District is a 501(c)3 hospital district that owns and operates Curry General Hospital, an 18-bed critical access hospital in Gold Beach, Oregon. In 2025, Curry Health District served approximately 23,000 people.
 - e. Grande Ronde Hospital, Inc. is a 501(c)3 hospital district that owns and operates Grande Ronde Hospital, a 25-bed critical access hospital in La Grande, Oregon. Grande Ronde Hospital, Inc. served approximately 26,000 people in 2025.
 - f. Harney County Health District is a 501(c)3 hospital district that owns and operates Harney District Hospital, a 25-bed critical access hospital in Burns, Oregon. In 2025, Harney County Health District served approximately 8,000 people.
 - g. Lake Health District is a 501(c)3 hospital district that owns and operates Lake District Hospital, a 25-bed critical access hospital in Lakeview, Oregon. Lake Health District served 16,954 people in 2025.
 - h. Lower Umpqua Hospital District is a 501(c)3 hospital district that owns and operates Lower Umpqua Hospital, a 20-bed critical access hospital in Reedsport, Oregon. In 2025, Lower Umpqua Hospital District served approximately 8,000 people.
 - i. Morrow County Health District is a 501(c)3 hospital district that owns and operates Pioneer Memorial Hospital, a 21-bed critical access hospital in Heppner, Oregon. In 2025, Morrow County Health District served 12,249 people.
 - j. Southern Coos Health District is a 501(c)3 hospital district that owns and operates Southern Coos Hospital and Health Center, a 21-bed critical access hospital in Bandon, Oregon. Southern Coos Health District served approximately 10,000 people in 2025.
 - k. Wallowa County Health District is a 501(c)3 hospital district that owns and operates Wallowa Memorial Hospital, a 25-bed critical access hospital in Enterprise, Oregon. In 2025, Wallowa County Health District served 7,391 people.
5. The proposed transaction involves two separate material change transactions: (1) the creation of Cascades Network, a clinically integrated network with the primary goal of enabling Participating Hospitals to enter into value-based contracts with payers; and (2) the management services agreement between Cibolo Health and Cascades Network, pursuant to which Cibolo Health will provide comprehensive management services to Cascades Network post-closing.

6. Post-closing, Entities will apply for Oregon’s Rural Health Transformation Project (“RHTP”) funding.² The proposed transaction aligns with RHTP goals and initiatives by promoting regional partnerships and system transformation.
7. Each Participating Hospital will execute a Hospital Participation Agreement (“Agreement”), with a target effective date of January 1, 2027, to become a member of Cascades Network. Per the Agreement:
 - a. Cascades Network and each Participating Hospital will remain separate and independent entities.
 - b. Each Participating Hospital will make payments to Cascades Network to cover operational costs of Cascades Network.
 - c. Each Participating Hospital will designate Cascades Network to act as the agent in negotiations with payers.
8. Post-closing, Cascades Network will enter into a management services agreement with Cibolo Health, pursuant to which Cibolo Health will provide comprehensive management services to Cascades Network, including managing the day-to-day operations, coordinating network operations, managing shared infrastructure, supporting value-based contract implementation, and staffing committees of the Cascades Network Board.
9. Post-closing, Cascades Network will jointly negotiate with payers on behalf of Participating Hospitals for value-based contracts.
10. The formation of Cascades Network will allow Participating Hospitals to pool resources, infrastructure, and best practices, including implementing technology solutions to support population health management, telemedicine, and AI-enabled supports.
11. The proposed transaction is expected to enable Participating Hospitals to increase the type and level of services they can reliably offer, including expanding access to telemedicine, remote monitoring, and chronic disease management services.
12. Following completion of the proposed transaction, Cibolo Health will provide comprehensive management services to Cascades Network. Participating Hospitals will continue to be managed under existing corporate governance structures, leadership, and boards, and will continue to serve their existing geographic service areas. The proposed transaction will not change the number, type or locations of Participating Hospitals.

² RHTP is a federal initiative administered by the Centers for Medicare & Medicaid Services (CMS). Oregon received \$197.3 million in federal funding to support projects that strengthen rural health systems and improve access to care in rural communities. Oregon intends to distribute funds to hospitals, health clinics, community health centers, and community-based organizations providing health care services in rural and frontier areas.

13. Entry of this Stipulated Final Order is in the public interest.

STIPULATIONS

Entities understand, acknowledge, stipulate, and agree to the following:

- a) This Order, once issued, is a Final Order.
- b) Entities stipulate that they shall comply with the provisions of this Stipulated Final Order.
- c) Entities acknowledge that they have the right to notice and a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and fully, finally, and forever waive any and all such rights and any rights to appeal or otherwise challenge this Stipulated Final Order.
- d) OHA and the Entities agree that this Stipulated Final Order is a product of their mutual negotiation and preparation and shall not be deemed to have been prepared or drafted by either party. OHA and the Entities further agree that any court seeking to interpret this Stipulated Final Order shall construe it as a product of mutual negotiations and preparation.
- e) This Stipulated Final Order in no way limits or prevents further remedies, sanctions, or actions which may be available to OHA under Oregon law for conduct or actions of Entities not covered by this Stipulated Final Order, including but not limited to, any remedies, sanctions, or actions available to OHA for failing to comply with the conditions under this Stipulated Final Order.
- f) Entities agree that if any provision of this Stipulated Final Order is determined to be invalid by a court of competent jurisdiction, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if the Stipulated Final Order did not contain the provisions held to be invalid.
- g) By the signatures below, the Entities acknowledge that they have read and know the contents of this Stipulated Final Order, that they fully understand the terms of this Stipulated Final Order, and that they enter this Stipulated Final Order voluntarily for the purpose of making a full compromise and settlement. If this Stipulated Final Order is executed by an officer, employee or agent of an Entity, the Entity and the officer, employee or agent of the Respondent represent and warrant that the officer, employee or agent of the Entity has the authority to enter into this Stipulated Final Order and bind the Entity on Entities' behalf. Each of the Entities further represents it has consulted with legal counsel of its choice concerning the legal effect of this Stipulated Final Order before signing it, and that each Entity executes this Stipulated Final Order voluntarily.
- h) OHA and Entities agree that this Stipulated Final Order may be executed in one or more multiple counterparts, each of which shall constitute an original and all of which shall constitute one and the same.

CONCLUSIONS OF LAW

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care Entities pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.
2. The transaction is not likely to substantially alter the delivery of health care in Oregon, as long as certain approval conditions are met.
 - a. If Entities comply with the terms of this Stipulated Final Order, the proposed transaction will not change the governance, geographic service areas, or locations and facilities of Participating Hospitals. Further, the proposed transaction is expected to increase the type and level of services offered.

FINAL ORDER AND CONDITIONS

In full satisfaction and settlement of the above-referenced matter:

1. The transaction is hereby APPROVED WITH CONDITIONS upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. Entities shall complete the transaction consistent with the Notice and as conditionally approved by OHA.
3. Entities shall take all actions necessary to ensure that the Entities comply with and satisfy all commitments and representations included in the Notice and any subsequent filings with OHA.
4. Entities shall provide complete and final executed copies of all definitive agreements and associated exhibits and schedules underlying the terms of the proposed transaction no later than 15 calendar days prior to the Closing.³ This shall include, but not be limited to:
 - a. All Hospital Participation Agreements; and
 - b. The management services agreement (MSA) between Cascades Network and Cibolo Health.
5. The Entities shall notify OHA of any material modifications or amendments of the Hospital Participation Agreement (“Agreement”) or MSA. If any material modification to the Agreement is executed, such modification shall be presented to OHA no less than fifteen (15) calendar days prior to the effective date of the modification.
 - a. Such modifications do not include scrivener’s errors such as typos, incorrect numbers, omitted words, or other modifications that do not materially change the terms of the Agreement.
 - b. A new party to the Agreement and a party no longer participating in the Agreement constitute a material modification or amendment of the Agreement.
 - c. OHA may issue an order blocking such modification prior to its effective date if the modification violates conditions of this order or changes the basis on which OHA approved this transaction.

³ The “Closing” means the date after the effective dates of this stipulated approval order, the Hospital Participation Agreements, and the management services agreement, when the Entities begin working together as a CIN.

6. Within 60 calendar days after the Closing, Entities must appoint and implement “Clean Teams”⁴ to ensure that Competitively Sensitive Information⁵, including sensitive Pricing Information⁶, is not shared between or among the Participating Hospitals.
 - a. Clean Teams:
 - i. Must consist of Clean Team members who shall not, during their service on the Clean Team and for at least 2 years thereafter, participate in or advise on contracting, payer negotiations, pricing decisions, price forecasting, or competitive strategy for any individual Participating Hospital concerning overlapping services or geographies implicated by the network; provided, however, that this restriction does not prohibit Clean Team members from supporting CIN-level payer negotiations, modeling, analysis, or implementation activities, so long as Competitively Sensitive Information is not disclosed to any Participating Hospital other than the originating Participating Hospital.
 - ii. May not tie compensation related to participation on the Clean Team to contracting or pricing outcomes.
 - iii. May not communicate, suggest, or facilitate alignment on current or future pricing, reimbursement, rates, discounts, negotiation tactics, or timing among Participating Hospitals; however, clinical and operational information necessary for patient care and quality improvement that does not include Competitively Sensitive Information may flow outside the Clean Team.
 - b. Competitively Sensitive Information:
 - i. From or about any Participating Hospital that is to be used for performance benchmarking, care coordinating, or any other function of the clinically integrated network (“CIN”) shall be routed exclusively through the Clean Team to the extent such information includes Pricing Information or Competitively Sensitive Information.
 - ii. No Participating Hospital personnel who are not Clean Team members may receive Competitively Sensitive Information of any other Participating Hospital, including Pricing Information, whether directly or indirectly. This restriction does not prohibit Clean Team members from supporting CIN-level payer negotiations, modeling, analysis, or implementation activities provided that Competitively Sensitive Information is not disclosed to any Participating Hospital other than the originating Participating Hospital.

⁴ “Clean Team” means a structured, controlled group consisting of Designated Internal Personnel who are walled off from Pricing Information and contracting/pricing decisions and tasked with receiving, handling, analyzing, and producing permitted outputs from Competitively Sensitive Information

⁵ “Competitively Sensitive Information” means any non-public information that could influence, facilitate, or affect independent business decisions or competition among the Participating Hospitals, including Pricing Information, costs, margins, reimbursement terms, utilization by payer, network strategies, or confidential payer or vendor terms.

⁶ “Pricing Information” means any actual, proposed, or target prices, rates, charges, fees, discounts, markups, margins, reimbursement rates or methodologies, shared savings or risk-sharing terms tied to reimbursement, payer-specific rates, and any terms from which such pricing can be derived.

- iii. No Clean Team member may disclose Competitively Sensitive Information to any Participating Hospital other than the originating Participating Hospital. Nothing in these conditions prohibits disclosures that are required by law, regulation, or court order, provided that the CIN limits disclosure to the minimum information necessary.
 - c. Written Policies and Governance:
 - i. The CIN shall adopt written Clean Team policies and procedures which must include, at minimum, Competitively Sensitive Information routing rules, prohibited disclosures, data handling protocols, incident response, monitoring, and enforcement.
 - ii. The CIN shall establish a Clean Team charter approved by its governing body that sets forth, at minimum, the composition, scope, and reporting requirements of the Clean Team.
 - iii. Training shall be provided to all Designated Internal Personnel⁷ and Clean Team members, as necessary.
 - iv. Any material change to Clean Team structure, policies, or systems shall be submitted to OHA no later than 15 calendar days prior to implementation. For purposes of this provision, “material change” does not include routine administrative updates, personnel substitutions that do not alter the Clean Team’s function or scope, technology or vendor changes that do not expand access to Competitively Sensitive Information, corrections of scrivener’s errors, or other changes that do not materially alter the Clean Team structure, policies, systems, or protections.
 - v. Within 60 days of the Closing, Entities shall submit the following to OHA:
 - 1. A list of the names of all Clean Team members and their employer(s);
 - 2. A copy of the Clean Team charter; and
 - 3. Copies of all Clean Team policies and procedures.
- 7. For a period of five (5) years following the close of the proposed transaction:
 - a. Each Participating Hospital must remain independently owned, independently governed, and independently operated. No provision of these conditions authorizes or permits common ownership, control, or operational consolidation among Participating Hospitals.
 - b. Entities must maintain Clean Teams and ensure that Competitively Sensitive Information, including Pricing Information, is not shared between or among Participating Hospitals.
 - c. Each Participating Hospital may contract independently with any payer and participate in networks outside the CIN. CIN shall not impose exclusivity, non-compete, or other restrictions that prevent or penalize Participating Hospitals from entering into payer agreements or networks outside the CIN.

⁷ “Designated Internal Personnel” means employees or agents of the CIN or Participating Hospital who are specifically assigned to the Clean Team, subject to walling-off requirements, and who do not participate in contracting, payer negotiations, pricing, forecasting of prices, or competitive strategy for any Participating Hospital.

- d. Cascade Network may jointly negotiate⁸ value-based payment arrangements on behalf of Participating Hospitals. Cascade Network may not jointly negotiate fee-for-service rates as part of a payer contract that has no direct connection to a value-based payment arrangement.⁹
 - i. Any fee-for-service rates included within a value-based payment arrangement negotiated by CIN must be strictly ancillary and directly necessary to operationalize the value-based payment structure and may not be used to set, stabilize, or align unit prices among Participating Hospitals.
- e. Any value-based payment contract that Cascade Network jointly negotiates on behalf of Participating Hospitals may not include any of the following:
 - i. A most-favored nation clause;¹⁰
 - ii. An anti-steering clause;¹¹
 - 1. An anti-tiering clause;¹² or
 - 2. A gag clause.¹³
- f. Entities shall provide an Annual Compliance Report to OHA.
 - i. The Annual Compliance Report shall be due the first day of the month following the anniversary of the Closing and subsequent reports shall be due annually thereafter. (For example, if the Closing occurs on April 15, the first Annual Compliance Report would be due May 1.)
 - ii. The Annual Compliance Report must include:
 - 1. A certification as to compliance with the terms of this order. The certification must separately address each condition, as applicable in the given year of reporting. For each condition being certified, sufficient information, in the form of a written narrative and/or documentation, must be provided to support the validity of the certification.
 - 2. Copies of all payer contracts that Cascade Network jointly negotiated on behalf of Participating Hospitals.
 - 3. A list of all Participating Hospitals and a summary of any changes to this list of Participating Hospitals.
 - 4. A list of all Clean Team members, a description of any changes to Clean Team membership, and the date of any such changes.

⁸ “Jointly Negotiate” means negotiation by the CIN, on behalf of two or more Participating Hospitals of payer contract terms. Joint Negotiation is limited to value-based payment terms and excludes negotiation of fee-for-services rates, except as permitted herein.

⁹ “Value-based payment” is any payment arrangement that aligns with categories 2, 3, or 4 as specified in the Health Care Payment Learning & Action Network’s (HCPLAN) Alternative Payment Model Framework (<https://hcp-lan.org/apm-framework/>).

¹⁰ “Most-favored nation clause” means any term requiring a payer to offer, or a Participating Hospital to receive or offer, rates or terms that are equal to or better than those offered to or received from any other payer or provider.

¹¹ “Anti-steering clause” means any term that restricts, penalizes, or deters a payer from steering, guiding, or incentivizing members to particular providers, facilities, or products based on cost, quality, or network design.

¹² “Anti-tiering clause” means any term that prohibits an insurer from assigning a provider to a non-preferred network tier, limiting the ability of the insurer to direct patients to lower cost or higher quality competitors.

¹³ “Gag clause” means any term that prohibits or restricts a payer, provider, or patient from sharing cost, price, quality, or outcomes information as permitted by law.

8. The Entities will be permitted to petition OHA for any needed modifications to or exceptions from any of the conditions contained in this Order. To petition for modification, the Entities shall apply in writing to OHA and include any documentation supporting the need for such modifications or exceptions.
 - a. A petition that fails to properly substantiate the need for such modification or exception will not be accepted as a complete petition.
 - b. No later than ten (10) business days following OHA's receipt of Entities' compliance petition, OHA shall notify the Entities if the petition is complete or specify the additional information OHA requires to make its decision.
 - c. No later than fifteen (15) business days following OHA's confirmed receipt of Entities' complete petition, OHA shall notify the Entities of its determination of the requested modification or exception. In the event OHA requires additional information or clarifications to evaluate the petition, OHA shall notify the Entities of the information required and the running of the fifteen (15) business days shall be tolled upon such notification and shall resume upon OHA's receipt of the requested information.
9. Nothing in these conditions waives or limits OHA's authority under ORS 415.500-415.900, OAR 409-070-0000 – 409-070-0085, or other applicable laws and rules.
10. The Entities shall notify OHA within one (1) business day following completion of the Transaction by email to hcmo.info@oha.oregon.gov.

11. Enforcement of Order.

- a. OHA retains and reserves all rights to enforce the provisions of this Order.
 - b. In any enforcement proceeding in which it is found that the Entities have violated this Order OHA reserves all rights to enforce this Stipulated Final Order to the fullest extent provided by the law. In addition to civil penalties and any legal remedies available, OHA shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of these Conditions.
12. OHA is required to analyze and publish the Entities' compliance with Conditions placed on the Transaction and to assess the impact of the Transaction under ORS 415.501(19) and (20), and OAR 409-070-0080. OHA is required to publish its analyses and conclusions. Per OAR 409-070-0082, OHA may require the Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the proposed transaction.

IT IS SO STIPULATED AND AGREED:

Signed by:



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Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

Dated: 10/16/2026

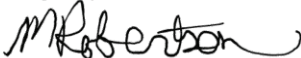
IT IS SO STIPULATED AND AGREED this 13th day of October, 2026

Signed by:



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Gretchen Nichols, President & CEO
Bay Area Hospital District

Signed by:



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Misty Robertson, CEO
Blue Mountain Hospital District

Signed by:



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Board Chair
Cascades Rural High Value Network

Signed by:



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Interim CEO
Coquille Valley Hospital District

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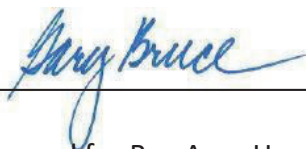


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Virginia Williams, CEO
Curry Health District

Signed by:



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Jeremy Davis, CEO
Grande Ronde Hospital, Inc.



Counsel for Bay Area Hospital District, Blue Mountain Hospital District, Cascades Rural High Value Network, Coquille Valley Hospital District, Curry Health District, Grande Ronde Hospital, Inc., Harney County Health District, Lake Health District, Lower Umpqua Hospital District, Morrow County Health District, Southern Coos Health District, and Wallowa County Health Care District

Signed by:



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Robert Gomes, CEO
Harney County Health District

Signed by:



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Landon Dybdal, CEO
Lake Health District

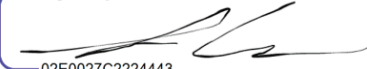
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Jennifer Green, CEO
Lower Umpqua Hospital District

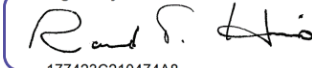
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Shiloh Erven, CEO
Morrow County Health District

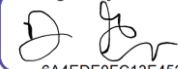
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Raymond Hino, CEO
Southern Coos Health District

Signed by:



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Daniel Grigg, CEO
Wallowa County Health Care District

IT IS SO ORDERED:

Signed by:



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Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority

Dated: 10/16/2026