Health Care Market Oversight (HCMO) Program
HCMO-1: Notice of Material Change Transaction

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.

General Instructions

Pursuant to Oregon Revised Statute (ORS) 415.501, an entity to a material change transaction must submit a Notice to the Oregon Health Authority (OHA) notifying OHA of such transaction. This HCMO-1 Notice form must be used to comply with this statutory mandate.

You must file this HCMO-1 Notice form electronically with OHA, in a portable document form (pdf), by email to hcmo.info@oha.oregon.gov **no less than 180 days** before the expected closing date of your material change transaction. Please submit the completed HCMO-1 Notice form, other relevant HCMO forms, and any supplemental documents as separate files.

To avoid delays in OHA's review of your proposed transaction, due diligence is required to complete this HCMO-1 Notice form correctly. Please provide a public-facing response to each item. Pursuant to the requirements of OAR 409-070-0070(1), this form should not contain any information you intend to designate as confidential. All information you designate as confidential must be provided separately as one or more supplemental attachments to this form. To avoid unnecessary delays, do not redact content that is publicly available or without grounds for a claim of confidentiality under Oregon law. Please consistently apply Bates numbering to all documents submitted with this form and include the applicable Bates number sequence on all redaction logs.

The Notice is not complete until all required information is satisfactorily provided, and the review period will not run until OHA deems the Notice complete.

This HCMO-1 Notice form, along with any public supporting documents, will be published and serve as notice to the public. Contact program staff with any questions or to request technical assistance at hcmo.info@oha.oregon.gov.

Who must file a Notice

Under ORS 415.501, an entity entering into a transaction that constitutes a material change must submit written notice to OHA of such material change.

A material change transaction includes:

A. A transaction in which at least one party had average revenue of $25 million or more in the preceding three fiscal years and another party:

i. Had an average revenue of at least $10 million in the preceding three fiscal years; or
ii. In the case of a new entity, is projected to have at least $10 million in revenue in the first full year of operation at normal levels of utilization or operation as prescribed by the authority by rule.

Out-of-state entities

If a transaction involves a health care entity in this state and an out-of-state entity, a transaction that otherwise qualifies as a material change transaction must submit this Notice if the transaction may result in increases in the price of health care or limit access to health care services in this state. See OHA Guidance on Out-of-State Entities.

Confidentiality

Information on this HCMO-1 Notice form shall be a public record and will be posted on OHA's website. Pursuant to ORS 415.501(13), OHA shall maintain the confidentiality of all confidential information and documents that are not publicly available that are obtained in relation to a material change transaction and may not disclose the information or documents to any person without the consent of the person who provided the information or document. Information and documents described in this paragraph are exempt from disclosure under Oregon Public Records Law (ORS 192.311 to 192.478).

Entities must follow the requirements of Oregon Administrative Rule (OAR) 409-070-0070 when designating portions of a Notice and any documents submitted by the applicant in support of the Notice as confidential. See OHA Use of Confidential Information Guidance.

Definitions

"**Acquisition**" occurs when:

a) Another person acquires control of the health care entity including acquiring a controlling interest as described in OAR 409-070-0025;
b) Another person acquires, directly or indirectly, voting control of more than fifty percent (50%) of any class of voting securities of the health care entity other than a domestic insurer as described in OAR 409-070-0025(1)(c);
c) Another person acquires all or substantially all of the health care entity's assets and operations;
d) Another person undertakes to provide the health care entity with comprehensive management services; or
e) The health care entity merges tax identification numbers or corporate governance with another entity.

"**Legal entity name**" means legal business name as reported with Internal Revenue Service.

"**Merger**" means a consolidation between two or more organizations, including two or more organizations joining through a common parent organization or two or more organizations forming a new organization.

"**NPI**" means 10-digit National Provider Identification number issued by the Centers for Medicare and Medicaid Services (CMS).

"**Tax ID**" means 9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the Internal Revenue Service.

"**Transaction**" means:

a) A merger of a health care entity with another entity;
b) An acquisition of one or more health care entities by another entity;
c) New contracts, new clinical affiliations and new contracting affiliations that will eliminate or significantly reduce, as defined by the authority by rule, essential services (see Essential Services and Significant Reduction guidance);
d) A corporate affiliation involving at least one health care entity; or
e) Transactions to form a new partnership, joint venture, accountable care organization, parent organization or management services organization.

Additional defined terms can be found at ORS 415.500 et seq. and OAR 409-070-0000 to -0085.

I. Parties to the proposed transaction

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

Party A (Applicant)	Quorum Health Corporation
Party B:	QKA Health Corporation

As noted herein, QHC Merger Sub, LLC is a party to the Merger Agreement, but for the limited purpose of (1) assuming the interest of QHC immediately prior to closing and (2) merging with and into QKA. QHC Merger Sub will operate solely as a wholly owned subsidiary of QHC and all statements related to QHC also apply to QHC Merger Sub for a moment in time prior to closing.

II. Contact information for the parties

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

1. Provide information for Party A.

Legal entity name	Quorum Health Corporation
Assumed name	Click or tap here to enter text.

Tax ID	47-4725208
Mailing address	1573 Mallory Lane, Suite 100, Brentwood, TN 37027-2895
Website	https://quorumhealth.com/
Contact Name	Richard Charbonneau
Title	SVP, Development and Managed Care
Phone	615.221.3626
Cell Phone	615.221.3626
Email	rcharbonneau@qhcus.com

Is Party A represented by legal counsel for this transaction?

☒ Yes

☐ No

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

Name	Adriante Badger, Esq.
Firm	Bradley Arant Boult Cummings LLP
Address	1221 Broadway, Suite 2400, Nashville, TN 37203
Phone	615-252-2351
Email Address	acarter@bradley.com

2. Provide information for Party B.

Legal entity name	QKA Health Corporation
Assumed name	QKA Health intends to file for the d/b/a "Healthside Partners" on or before closing consistent with the existing trademark "HEALTHSIDE PARTNERS", which will transfer to QKA Health as of closing and is currently being licensed to QKA Health under the Merger Agreement.
Tax ID	33-4318954

Mailing address	1573 Mallory Lane, Suite 100, Brentwood, TN 37027-2895
Website	https://healthsidepartners.com/
Contact Name	James W. Blake
Title	Board Chair
Phone	(312) 598-2008
Cell Phone	(312) 598-2008
Email	jimblake@mac.com

Is Party B represented by legal counsel for this transaction?

☒ Yes

☐ No

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

Name	Maxwell Karasek
Firm	Norton Rose Fulbright US LLP
Address	1045 W. Fulton Market, Suite 1200, Chicago, Illinois 60607
Phone	312 964 7756
Email Address	maxwell.karasek@nortonrosefulbright.com

For any additional Parties, please provide a supplemental attachment describing the information requested in Section 2.

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

Name	Adriante Badger
Address	1221 Broadway, Suite 2400, Nashville, TN 37203
Phone	615-252-2351
Email Address	acarter@bradley.com

III. About the proposed transaction

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

   ☒ Merger

   ☐ Acquisition

   ☐ Affiliation

   ☐ Contract

   ☐ Other (specify)_____

5. **What is the anticipated effective date of the proposed material change transaction?**
   The proposed transaction is anticipated to close as soon as reasonably practicable upon receipt of all required regulatory approvals but in no event later than October, 1, 2026.

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

   a. **Goals and objectives**

   Quorum and QKA propose a transaction to transition Quorum's hospital system from a for-profit ownership model to a not-for-profit, community-focused health system. The primary objective is to ensure the long-term sustainability of essential healthcare services, particularly in rural and underserved communities served by Quorum's hospitals.

   This proposed transaction comes at a time when the delivery of healthcare is increasingly challenged. As outlined in the Kaufman Hall "National Hospital Flash Report: February 2026 Data" published on April 9, 2026, "cost pressures are driving a tenuous financial outlook as hospital expenses are elevated in 2026 compared to 2025, while revenues are pressured by an eroding payer mix and remain below sustainable levels." Further, legislative impacts such as H.R.1 are expected to further impact hospital systems as key sources of revenue are reduced. These macro headwinds are exacerbating the trend of expense inflation outpacing revenue growth, placing significant pressure on the operating margins of hospitals.

   While Quorum has improved operational performance in recent years, its current capital structure, characterized by high-cost debt obligations and continued private equity ownership, limits its ability to reinvest in facilities and infrastructure, expand services, support access, and respond to evolving community needs. A significant

portion of operating cash flow is directed toward payments to its investors rather than supporting patient care and community investment. Without a change to this structure, these constraints are expected to persist and will constrain the organization's ability to sustain and enhance services over time. This is evidenced by the 2020 bankruptcy, in which Quorum's obligations to investors exceeded its ability to operate. Despite emerging from bankruptcy, the overall structure of the organization did not materially change and continues to present structural limitations on long-term sustainability. Absent a material change, Quorum is likely to face significant challenges maintaining its operations, which could impact the availability and delivery of healthcare services in the communities it serves.

The proposed transaction addresses these challenges by enabling Quorum to operate under a not-for-profit structure with a more sustainable capital foundation. Under QKA's ownership, the organization is expected to benefit from lower-cost financing, improved liquidity, and access to resources not available to for-profit systems, including eligibility for certain programs, philanthropic support, and strategic partnerships. These changes are intended to support reinvestment in operations, workforce, infrastructure, and clinical services, including at McKenzie-Willamette Medical Center, which provides acute care and emergency services to patients in Springfield, Eugene, Lane County, and surrounding communities.

The goals of the transaction include:

- **Preserving access to care:** Maintain and strengthen access to essential hospital and outpatient services in Quorum's communities served across the country, many of which rely on these facilities as sole community providers, as well as maintaining access to acute care services in regional markets such as the Willamette Valley, where McKenzie-Willamette Medical Center serves the surrounding community.

- **Improving financial sustainability:** Establish a capital structure that enables QKA to maintain and reinvest operating cash flow into patient care rather than distributing it to private equity investors.

- **Enhancing quality and care delivery:** Support continued investment in clinical programs, care coordination, and quality improvement initiatives across the system, including facilities such as McKenzie-Willamette Medical Center

- **Expanding access and services over time:** Position QKA to pursue strategic growth, partnerships, and service line expansion to better meet community needs.

- **Ensuring continuity of operations:** Maintain existing leadership, workforce, and day-to-day operations, minimizing disruption to patients, employees, and communities.

Overall, the transaction is designed to transition Quorum into a stable, not-for-profit organization capable of delivering high-quality, accessible, and sustainable care over time, while preserving and strengthening access to hospital-based

services for patients in Springfield, Eugene, Lane County, and the broader southern Willamette Valley.

b. Summary of transaction terms

The parties to the transaction are Quorum Health Corporation, a Delaware corporation ("QHC") and QKA Healthcare Corporation, a Delaware nonprofit corporation ("QKA"). A description of the transaction is also included in the PowerPoint presentation attached as Exhibit K.

QHC owns and operates, through its direct and indirect subsidiaries, various health care facilities across nine states including McKenzie-Willamette Regional Medical Center and certain affiliates that operate in Springfield, Oregon (the "Oregon Facilities"). Pursuant to that certain Agreement and Plan of Merger dated May 20, 2026 (the "Agreement"), (i) QHC will convert certain subsidiaries into limited liability companies, (ii) QHC will subsequently transfer its equity ownership interests in all of its directly owned subsidiaries to a newly-formed wholly-owned subsidiary of QHC, QHC Merger Sub, LLC ("QHC Merger Sub") including the ownership interest QHC holds in the Oregon Facilities through its subsidiary Quorum Health Investment Company, LLC ("QHIC"). QHIC is both a direct and indirect owner of the Oregon Facilities through MWMC Holdings, LLC and Triad of Oregon, LLC; and (iii) QHC Merger Sub will merge with and into QKA, with QKA continuing as the surviving corporation after closing.

The Oregon Facilities will continue to be treated as a disregarded entity for tax purposes, therefore assuming the character of its parent company, QKA, as a not-for-profit corporation. In addition, for QHC subsidiaries where there is an additional holding company (or companies) between QHC and the operating company, as is the case with McKenzie-Willamette, the immediate parent company will not change as a result of the Merger, but the ultimate parent company will be QKA. The proposed transaction is expected to close as soon as reasonably practicable upon receipt of all required regulatory approvals, but in no event later than October 1, 2026.

c. Why the transaction is necessary or warranted

Absent the proposed transaction, Quorum faces a heightened risk of financial distress, including the potential need to pursue restructuring alternatives such as a return to bankruptcy proceedings. Quorum's current capital structure is not sustainable over the medium-term and continues to limit its ability to reinvest in hospital operations and services. Without a more optimal capital structure, access to lower-cost capital, improved financial flexibility, and an ability to reinvest in the communities it serves, these constraints are expected to persist and may worsen over time, increasing the likelihood of disruption to care delivery in the communities served by Quorum's hospitals.

As previously described, Quorum's capital structure significantly constrains the organization's ability to deploy operating cash flow toward patient care, capital investment, and service expansion. These limitations are compounded by broader industry pressures, including rising labor and supply costs, workforce shortages, and reimbursement constraints. As a result, Quorum has limited financial flexibility to fund necessary investments.

The proposed transaction is also time-sensitive. The ability to refinance Quorum's existing obligations and establish a sustainable capital structure is dependent on access to favorable financing conditions. Current market conditions support the availability of capital on terms that would enable the successful completion of the transaction; however, those conditions are subject to change. A delay in executing the transaction may limit access to financing or increase its cost, further constraining Quorum's financial position and decreasing the likelihood of transaction success.

The proposed transaction addresses these risks by transitioning Quorum to a not-for-profit ownership model with a more sustainable capital structure in the near-term. Under QKA's ownership, the organization is expected to benefit from lower-cost financing and improved liquidity, enabling reinvestment in hospital operations, workforce stability, and clinical services.

Transitioning from a for-profit to not-for-profit model allows Quorum to better align its operations with community health needs and long-term patient outcomes rather than shareholder returns. As a not-for-profit organization, the system can reinvest resources into expanding access, enhancing care delivery, supporting underserved populations, and advancing community-focused initiatives, ultimately creating a more patient-centric and mission-driven healthcare model.

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

QKA will provide consideration to the current Quorum investors in connection with the merger. The total transaction value was validated by a third-party fair market valuation firm at $956.7 million.

At closing, the consideration will be paid to Quorum and its current investors, primarily for the purpose of Quorum's existing debt. In exchange, QKA will assume substantially all of Quorum's existing operating assets and liabilities.

QKA expects to fund the transaction and related obligations through financing sources obtained in connection with the proposed transaction.

Other than the consideration described above, there are no arrangements between the parties involving discounts, rebates, refunds, or other forms of remuneration in

exchange for, or related to, the provision of healthcare services, including services provided at McKenzie-Willamette Medical Center in Springfield, Oregon or within Lane County.

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

   Quorum and its investors explored a sale process in early 2024, but no acceptable transaction proposals were received. Following the conclusion of the sale process, QKA Health was incorporated for the purpose of evaluating a potential transition of Quorum to a not-for-profit ownership structure, supported by tax-exempt financing and continued operation by Quorum's existing leadership team.

   After conducting preliminary due diligence, QKA Health submitted an indication of interest in the summer of 2025. The parties subsequently engaged in extensive diligence and arm's-length negotiations regarding transaction structure, valuation, financing, and post-transaction governance. These efforts resulted in the execution of a letter of intent in April 2026, followed by the signing of a definitive merger agreement on or about May 20, 2026.

   Quorum's negotiation team included select members of its Board of Managers, representatives of its lead investors, and its legal counsel, McDermott Will & Schulte. QKA's negotiation team included members of its Board of Directors, its financial advisor, Kaufman Hall & Associates, and its legal counsel, Norton Rose Fulbright. Each party also engaged additional third-party advisors to support financial, legal, and operational diligence. The transaction terms were developed through multiple negotiation sessions among the parties and their respective advisors.

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

      In advance of Quorum's April 2025 term loan maturity, Quorum and its investors explored a sale process in early 2024 across a broad universe of potential strategic and financial buyers. Despite this outreach, no acceptable transaction proposals were received.

      Following the conclusion of the sale process, Kaufman Hall was engaged to advise the QKA Board in evaluating alternative transaction structures and capital solutions, including Quorum's transition to a not-for-profit entity, financed by tax-exempt debt and managed by Quorum's existing leadership team.

      Throughout this process, Quorum continued to evaluate the viability of a conversion implemented through the formation of a new not-for-profit parent entity. Quorum leadership shared the proposed transaction structure with the existing Quorum Board of Directors and Quorum's debt and equity holders, who indicated willingness to further explore and participate in the proposed transaction. The evaluation included consideration of Quorum's national hospital portfolio, including

McKenzie-Willamette Medical Center in Springfield, Oregon, which serves patients in Springfield, Eugene, Lane County, and surrounding communities.

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

Key due diligence activities included the following and details in Exhibit I:

- Fair market value analysis: engaged VMG Health to conduct a third-party FMV study of the consideration contemplated between QKA Health and Quorum.
- Feasibility study: engaged VMG Health to evaluate QKA Health's ability to service the debt contemplated in the transaction.
- Legal due diligence: Norton Rose Fulbright conducted extensive legal diligence to understand risks, structural impacts, and other considerations of the contemplated transaction.
- Business case: Kaufman Hall evaluated the current business and the expected profile of QKA Health going forward.

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

☐ Yes

☒ No

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

Notice to the FTC and DOJ was submitted on June 29, 2026.

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

A copy of the pre-merger notification filing is attached as Attachment 9(a).

IV. About the entities involved in the proposed transaction

10. **Describe Party A.**

Quorum Health Corporation, founded in 2015 and headquartered in Brentwood, Tennessee, is a healthcare company that operates and manages general acute care hospitals and outpatient services, primarily focused on non-urban communities across the United States. Its hospitals provide a range of services including general and acute care, emergency room care, general and specialty surgery, critical care, internal medicine, diagnostic services, obstetrics, and psychiatric and rehabilitation services.

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

QHC is a corporation organized under the laws of Delaware that, by and through subsidiaries, owns and operates 11 hospitals along with other affiliated physician practices and medical facilities in 9 states, specializing in operating hospitals in non-urban communities.

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

QHC is a for-profit corporation owned by Quincy Health, LLC. It is managed by the following board members, directors, and officers:

Directors:

Christopher M. Harrison

Henry H. Kunath

Anthony Roberts

Officers:

Christopher M. Harrison	Chief Executive Officer and President
Henry H. Kunath	Executive Vice President and Chief Financial Officer and Treasurer
Anthony Roberts	Chief Operating Officer
Laura Coleman	Chief Human Resources Officer
Richard S. Charbonneau	Senior Vice President, Managed Care and Business Development
Devonne P. Grizzle	Senior Vice President, Chief Clinical Officer

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

See HCMO Notice Attachment 10.c.

d. List all of Party A's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business

name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See attached.

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

See attached as HCMO Attachment 11.e.

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

QHC is the sole member of Quorum Health Investment Company, LLC ("QHIC"). QHIC is the upstream owner of MWMC Holdings, LLC and Triad of Oregon, LLC (both Delaware limited liability companies). MWMC Holdings owns McKenzie-Willamette Regional Medical Center Associates, LLC which owns and operates McKenzie-Willamette Medical Center and McKenzie Health, Lung and Vascular Center. McKenzie-Willamette Regional Medical Center Associates, LLC also holds a 40% ownership interest in McKenzie Surgery Center, LP which is otherwise owned and operated by physician owners and entities unaffected by this transaction. Triad of Oregon owns and operates McKenzie Physicians Services, LLC.

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

Upstream owner of management company that operates certain hospitals and physician groups in Oregon. QHC owns and operates QHCCS, LLC, which is the subsidiary responsible for providing management services to the QHC hospitals, including MWMC. This agreement is attached as Exhibit J and will not be impacted by the transaction and will remain in effect post-merger.

ii. Service lines, both overall and in Oregon

Healthcare Facility Management for QHC.

iii. Products and services, both overall and in Oregon

QHC offers management company services both overall and in Oregon. McKenzie-Willamette Medical Center (MWMC) is an acute care community hospital in Springfield, Oregon, serving the Lane County area. Opened in 1955, it is licensed for 113 hospital beds and is accredited by the Joint Commission. It holds a Level III Trauma Center accreditation.

In terms of clinical services, MWMC offers a broad range of care. Through its McKenzie Heart, Lung and Vascular Center, it provides cardiology, cardio-thoracic surgery, and vascular surgery. Other key services include obstetrics, general surgery, orthopedics, gastroenterology, pulmonary/critical care, hospitalist care, pediatrics, gynecology, colorectal surgery, spine surgery, urology, radiology, rehabilitation, robotic surgery, and wound care. The

hospital also offers general and specialized surgical procedures, many available on a same-day, outpatient basis, along with diagnostic imaging, nutritional services, an inpatient pharmacy, and a full-service laboratory that processes lab work around the clock. Its specialty offerings include intensive care, women's and children's services, and wound center/hyperbaric medicine. Notably, MWMC is the only hospital in Lane County with joint replacement robotic technology for total knee and hip replacements.

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

Oregon: 816 FTE and staff in Oregon, including 19 contracted FTE for a total of 835

Overall: 3,562 FTE and staff

v. Geographic areas served, both overall and in Oregon

Nonurban communities overall and in Oregon including Lane County and supports outlying communities extending from the Cascade mountains to the coast, and south to Douglas and Coos Counties. QHC, by and through subsidiaries, owns and operates hospitals in California, New Mexico, Utah, Arkansas, Nevada, Kentucky, and Wyoming.

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

See attached.

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

QHC, through its ownership in the health care facilities discussed above, serves 160,000 patients in Oregon in 2025. It does not provide other services outside of its healthcare services.

viii. Annual number of services provided in Oregon

QHC, through its ownership in the health care facilities discussed above, provided 7,580 total inpatient discharges; 28, 849 patient days; and 121,367 outpatient services in 2025.

ix. For hospitals, number of licensed beds

McKenzie-Willamette Medical Center has 113 licensed beds.

11. **Describe Party B.**

QKA Health, is a non-profit corporation, was created to address the healthcare needs of non-urban communities across the United States. As described in this application, QKA Health intends to acquire from QHC 11 hospitals currently operated on a for-profit basis and operate them on a non-profit charitable

basis in accordance with the community benefit standard. This entity has not previously generated revenue.

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

QKA does not hold any business assets and was formed for the purpose of acquiring Quorum.

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

QKA is governed by a self-perpetuating board of 3 directors.

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

See attached as HCMO Attachment 11.c.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

N/A

ii. Service lines, both overall and in Oregon

N/A

iii. Products and services, both overall and in Oregon

N/A

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

N/A

v. Geographic areas served, both overall and in Oregon

N/A

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

N/A

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

N/A

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

N/A

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

N/A

For any additional Parties, please provide a supplemental attachment describing the information requested in Section 11 (a) – (f).

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

a. Legal names of all entities party to the transaction

b. Type of transaction

c. Description of the transaction

d. Date the transaction closed

See attached as HCMO Attachment 12.

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

a. Operational structure

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

See attached as Exhibit E.

Parties do not expect any changes to the existing operational structure with the exception of converting the corporate form of certain entities as required to comport with Party A's tax exempt status.

b. Corporate governance and management

With the exception of the new parent entity and the removal of any shareholder powers over the operations, the parties do not anticipate any material changes to

the current management structure and downstream governance. As currently anticipated, the management of QHC including its fiduciary board, will be the same for QKA. In addition, the local board of MWMC will be unchanged by this merger.

Parties do not expect any changes to the existing operational structure with the exception of converting the corporate form of certain entities as required to comport with QKA Health's tax-exempt status.

c. Investments or initiatives

Given the for-profit nature of Quorum today, it is limited in its ability to make meaningful investments in the business. By transitioning to a not-for-profit entity, QKA Health will have the ability to invest in capital projects that promote access to healthcare and enhance infrastructure (e.g., a new electronic medical record system), support charity care programs in the communities, and to otherwise enable the long-term durability of healthcare in the communities served.

With respect to Oregon, QKA Health expects to make certain investments to support patient access, which may include more than $20.0 million in outpatient and/or emergency department related investments[1]. QKA Health also expects the medium- and long-term profile of the business will allow it to generate incremental investments in community-based healthcare services that are currently not possible. These investments will drive significant value for the local communities.

Further, QKA Health will have increased opportunities to develop partnerships and/or to seek support in ways that were historically unavailable. For example, Quorum has been approached on numerous occasions to receive philanthropic donations; however, Quorum cannot adequately receive these funds as a for-profit. Transitioning to a not-for-profit will allow QKA Health to access these donations, which are intended to support the local communities it serves. Similarly, other not-for-profit health systems have sought to partner with Quorum to provide increased access to key resources and clinical services in the communities served by Quorum. Forming these strategic partnerships, which are increasingly required in the challenging operating environment, is often complicated by Quorum's for-profit status since many of the potential partners are not-for-profits themselves.

d. Type and level of staffing

Absent the transaction, and while there are no plans for an immediate reduction in force, Quorum's existing financial position is likely to necessitate reductions in staffing over the medium- to long-term. As the business's existing investor base continually requires distributions of capital, this impacts its ability to invest and to support critical services in the community. This will inevitably drive reductions in services and staffing levels.

By completing the transaction, QKA Health will immediately reposition and support the financial profile of Quorum. In the immediate term, this means that there will be no changes to types and level of staffing. Over the longer-term, QKA Health

expects this transaction to support growth of the organization, which will allow it to increase the type and level of staffing.

e. Type and level of services provided

No changes to the type and level of services provided are expected as result of the transaction. As outlined above, however, the current financial profile of Quorum means it does not have the capital required to make much of the needed investments to maintain and expand services over the medium- and long-term. This will lead to reductions of current programs and, over time, reduce access to needed services in the community. As part of the transaction, QKA Health will receive access not only to the capital but also to the organizational structure necessary to support the investments necessary.

These investments will include, but are not limited to, the current complement of services and programs as well as the future needs of the communities served. Given the increasingly vulnerable populations served by Quorum, these investments will be necessary to support the health of the community.

f. Number and type of locations

QHC's existing related services location are expected to be maintained as a result of the transaction.

g. Geographic areas served

QKA will inherit the same geographic services areas currently services by QHC.

h. For providers, payer contracts and payer mix

QKA expects to maintain the same participation in the same federal, state, and commercial payment plans.

i. For insurance carriers, provider contracts and networks

Not applicable as neither Party is an insurance carrier.

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

QKA intends to assume all contracts currently held by QHC by operation of the merger.

V. Impacts from the proposed material change transaction

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

The proposed transaction is expected to benefit the people of Oregon by strengthening access to healthcare services and enabling continued investment in facilities, workforce, and clinical care for patients served by Quorum in the state,

including those served by McKenzie-Willamette Medical Center in Springfield, Eugene, and Lane County.

By improving the financial sustainability, the organization is expected to increase its ability to invest in facilities, workforce, and clinical services -supporting an improved patient experience and the continued delivery of high-quality care.

The transaction is also expected to position the organization to respond more effectively to evolving healthcare needs in the region, including the expansion of services and improved access to care for the communities it serves, particularly in the Eugene-Springfield area and surrounding communities.

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

None.

15. **Explain how the proposed material change transaction will:**

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

The proposed transaction is expected to improve health outcomes for patients served in Oregon by supporting expanded access to care, strengthening financial stability, and enhancing care coordination across the system. Under the current capital structure, Quorum incurred a FY25 interest expense of $135.9M; however, within a not-for-profit structure, the business anticipates a go-forward annual interest payment of $104.9M. This results in a positive $31M cash flow impact that will go directly towards building a strong, sustainable business capable of investing directly into the local community Select examples include the following: **Infrastructure investments** such as upgrading IT systems, including a modernized electronic medical record system, are expected to improve the organization's ability to capture and utilize clinical data, support the dissemination of evidence-based clinical protocols, enhance care quality, and promote patient safety. **Clinical services access** investments that may be necessary to support services that may be necessary for the community but are challenging to maintain or expand under Quorum's current capital-constrained structure. **Strategic, clinical, and operational partnerships** are expected to be more accessible, as such collaborations are often more feasible for not-for-profit organizations, particularly with other not-for-profit providers. **Continued advancements** of the business across clinical quality and performance improvement initiatives – which have shown positive trends in key quality metrics, including patient experience and clinical outcomes – are expected to be sustained under a more stable and financially viable operating model.

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

Quorum has demonstrated improvements in cost control and operational efficiency in recent years, including efforts to better manage patient utilization, enhance care coordination, and improve overall operational performance. These efforts have supported more efficient delivery of care; however, the organization's current capital structure limits its ability to further invest in and expand these initiatives.

The proposed transaction is expected to reduce these constraints by enabling reinvestment in clinical infrastructure, staffing, and care delivery programs, including at McKenzie-Willamette Medical Center in Springfield, which serves patients in Eugene, Lane County, and surrounding communities. These investments are expected to support more appropriate utilization of healthcare services, including enabling care to be delivered in lower-cost outpatient settings where appropriate and reducing reliance on higher-cost acute care services.

In addition, continued investment in care coordination and clinical programs is expected to reduce unnecessary duplication of services and support more effective management of chronic conditions. Together, these factors are expected to moderate the growth in healthcare costs over time while maintaining access to high-quality care for the communities served.

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

The proposed transaction is expected to increase access to healthcare services for patients served in Oregon by supporting continued care delivery and enabling reinvestment in services, staffing, and infrastructure.

In the Eugene market, the closure of PeaceHealth's University District emergency department has created access challenges for patients, requiring many individuals to travel outside the immediate area for emergency care and contributing to increased demand and wait times at surrounding facilities. The proposed transaction will allow QKA to continue advancing Quorum's initiative to develop additional emergency department capacity within Eugene, addressing this access gap and improving timely access to emergency services.

More broadly, the proposed transaction is expected to remove existing financial constraints and enable investment in clinical staffing, outpatient services, and care delivery programs. These investments are expected to improve access to primary, specialty, and emergency care services and support care delivery in more accessible settings.

In addition, the transition to a not-for-profit structure is expected to enhance the organization's ability to support financial assistance and community-based care initiatives, further improving access for patients who may face barriers to obtaining care.

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

The proposed transaction is expected to help address health inequities by reducing financial and systemic barriers to care for patients served in Oregon.

McKenzie-Willamette Medical Center serves a broad patient population across Lane County, including individuals covered by Medicare and Medicaid, as well as patients requiring charity care. These populations often face greater challenges accessing care due to financial constraints and other barriers. The proposed transaction is expected to enhance the organization's ability to support these patients through increased financial assistance, expanded community-focused programs, and the continued provision of essential services.

In addition, improved financial sustainability is expected to allow the organization to maintain and strengthen services that are critical to vulnerable patient populations, supporting more equitable access to care and improved health outcomes over time.

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

N/A

16. **Describe any competitive effects that may result from the proposed material change transaction.**

No immediate change in competition is expected as a result of the transaction. The organization operates in multiple states and will continue to serve patients in Oregon within an existing competitive healthcare environment that includes other hospitals and providers.

The transaction does not involve the consolidation of competing providers within a single local Oregon market. Patients will continue to have access to alternative providers, and the transaction is not expected to reduce patient choice or eliminate competitors.

Over the medium term, the transaction is expected to support the organization's ability to maintain and enhance the provision of healthcare services in Oregon, which may contribute to a more competitive and sustainable healthcare environment.

a. Will the proposed material change transaction result in a decrease in competition?

No, the proposed material change transaction is not expected to result in a decrease in competition. As Party B does not have existing business operations and is effectively stepping into the role of Party A after the transfer to QHC

Merger Sub that retains the structure of Party A, there is not expected to be a change in the competitive landscape.

Over the medium-term, we expect the transaction to enhance competition as QKA Health will be better positioned to enhance the provision of healthcare services in Oregon.

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

N/A

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

N/A

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

N/A

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

The proposed transaction is expected to improve the financial stability of the organization by strengthening its capital structure and supporting long-term sustainability for both QHC and MWMC. MWMC remains an important healthcare provider for Springfield, Eugene, Lane County, and surrounding communities; however, FY 2025 performance reflects meaningful financial pressure. The proposed transaction is intended to strengthen MWMC's ability to preserve access, support its workforce, and continue investing in local care delivery.

The organization currently operates with a higher-cost and inflexible debt structure that limits available resources for reinvestment. The transaction will enable the refinancing of existing debt through a combination of tax-exempt and taxable financing, which is expected to reduce borrowing costs and improve cash flow. In addition, the transition to a nonprofit structure is expected to provide ongoing financial benefits, including eligibility for programs such as 340B and relief from certain taxes, further supporting financial stability.

The organization has demonstrated improving financial performance, including approximately $1.1 billion in annual revenue and approximately $97 million in EBITDA, with projected growth in operating margins over time. The transaction is expected to build on this performance by allowing for continued operational improvements and reinvestment in services, staffing, and infrastructure.

These changes are expected to enhance financial stability across the system and support the long-term viability of facilities serving patients in Oregon and other communities

VI. Supplemental materials

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

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

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

☒ HCMO-1c: Facilities and Locations form

☒ Pre- and post-transaction organizational structure diagram

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

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

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

QKA Health Corporation

Quorum Health Corporation

QHC Merger Sub, LLC

McKenzie Physician Services, LLC

McKenzie Surgery Center, Limited Partnership

McKenzie-Willamette Regional Medical Center Associates, LLC

MWMC Holdings, LLC

Triad of Oregon, LLC

Quorum Health Investment Company, LLC

☒ Documentation or analytic support for your responses, as applicable

☒ Redaction log

VII. Certification

I, the undersigned, being first duly sworn, do say:

1. I have read ORS 415.500 et seq. and OARs 409-070-0000 to 409-070-0085.
2. I have read this Notice of Material Change Transaction and the information contained therein is accurate and true.

Signed on the ___day of _____, 20_____.

_____

SUBSCRIBED AND SWORN TO before me, this ___ day of _____, 20___.

_____

Notary Public in and for _____

My Commission Expires: _____