

Health Care Market Oversight

Transaction 089

Quorum – Healthside Partners Preliminary Review Report

October 7, 2026



About this Report

This report summarizes analyses and findings from Oregon Health Authority’s preliminary review of the proposed material change transaction involving Quorum Health Corporation and QKA Health Corporation dba Healthside Partners. It accompanies the Findings of Fact, Conclusions of Law, and Final Order (“Preliminary Review Order”) issued by Oregon Health Authority on October 7, 2026. For legal requirements related to the proposed transaction, please reference the [Preliminary Review Order](#).

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

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

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Executive Summary

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support Oregon’s goals of health equity, lower costs, increased access, and better care. On August 7, 2026, OHA accepted a complete [Notice of Material Change Transaction](#) (“notice”) from Quorum Health Corporation (“Quorum”). The notice describes plans for Quorum to convert from a for-profit entity to a nonprofit through a merger with QKA Health Corporation dba Healthside Partners (“Healthside Partners”). Quorum and Healthside Partners are referred to in this report as “the entities.”

About the Transaction

Entities Involved

Quorum is a for-profit corporation owned by Quincy Health, LLC, which is majority owned by private equity firm GoldenTree Asset Management, LP (“GoldenTree Asset Management”). Quorum operates and manages 11 general acute care hospitals along with other affiliated physician practices and medical facilities located primarily in non-urban communities.

In Oregon, Quorum owns and operates McKenzie-Willamette Regional Medical Center Associates, LLC (“MWMC”), which includes McKenzie-Willamette Medical Center, a 113-bed acute care hospital, and affiliated outpatient facilities in the Eugene-Springfield metropolitan area. Additionally, Quorum owns the physician group McKenzie Physician Services LLC and (through its ownership of MWMC) a 40% stake in McKenzie Surgery Center, LP. Quorum’s Oregon subsidiaries served approximately 160,000 patients in 2025.

Quorum’s subsidiary QHCCS, LLC, is responsible for providing management services to the Quorum hospitals, including MWMC. Quorum is headquartered in Brentwood, Tennessee and operates in Arkansas, California, Kentucky, New Mexico, Nevada, Oregon, Texas, Utah, and Wyoming.

Healthside Partners is a nonprofit corporation created in 2025 to acquire Quorum. Healthside Partners is headquartered in Brentwood, Tennessee and governed by a self-perpetuating board of three directors. The corporation has not generated revenue and does not currently hold any business assets.

Transaction Terms

On May 20, 2026, Quorum and Healthside Partners entered into an Agreement and Plan of Merger (“Agreement”) whereby Quorum will transfer its ownership interests in all directly owned subsidiaries to QHC Merger Sub, a newly formed, wholly-owned subsidiary of Quorum. QHC Merger Sub will then merge with Healthside Partners. As a result of the transaction, Healthside Partners will acquire substantially all assets, operations, and interests of Quorum, and all of Quorum’s Oregon subsidiaries, including MWMC and McKenzie Physician Services, LLC, will be converted from for-profits to nonprofit status under IRC Section 501(c)(3).

OHA's Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA assessed the potential impacts of the proposed transaction on people in Oregon in alignment with preliminary review criteria outlined in OAR 409-070-0055(2). OHA relied on information provided in the notice and related submissions, documents provided by the entities in response to OHA's request for information, OHA databases, public comments, and publicly available information. OHA accepted public comments on the transaction prior to and throughout the review period and received 12 comments.

Key Findings

The transaction is unlikely to reduce access to care for patients in the service area.

The proposed transaction does not involve any changes in services, service locations, clinical staffing, or participation in public or commercial health insurance plans that would reduce access to health care services for people in Oregon. Healthside Partners intends to continue providing the same types and levels of services, maintaining the same facility locations, and serving the same geographic areas in Oregon. Healthside Partners does not expect any changes to the type or level of clinical staff in Oregon, and the Oregon facilities will maintain their current participation in federal, state, and commercial insurance plans. Additionally, Healthside Partners will maintain the same management team as proposed to OHA and does not expect any changes to the membership or responsibilities of MWMC's local board. OHA has imposed conditions on its approval of the transaction to hold Healthside Partners to these commitments.

The transaction may help maintain access to care for patients in the service area.

The transaction may help to maintain access to health care services for people in Oregon by improving the financial position of Quorum and MWMC, enabling investments in new or expanded services in the Eugene-Springfield area, and increasing MWMC's spending on patient financial assistance and community benefit programs.

Financial Outlook

As a nonprofit, Healthside Partners will have access to tax-exempt financing, and the entities anticipate that this will reduce the health system's borrowing costs by approximately \$31 million annually. Further, Healthside Partners estimates that nonprofit exemptions from property, sales, and use taxes will be worth \$13 million annually. Healthside Partners' hospitals will also be eligible to participate in the federal 340B Drug Pricing Program and receive tax deductible philanthropic donations, gifts, and other contributions not available to for-profit entities.

Despite these anticipated financial benefits, Healthside Partners will remain highly leveraged, with long-term debt increasing by 30% to approximately \$1.259 billion post-closing. Whether Healthside Partners remains financially viable in the long term will

depend in large part on whether it can successfully turn around struggling hospitals, including MWMC, and build sufficient reserves to reduce its debt load and withstand external financial headwinds. OHA has imposed several conditions on its approval of the transaction intended to help protect the longer-term solvency of Healthside Partners and MWMC.

Investments in Patient Care

Healthside Partners plans to allocate \$300 million in capital investments through 2029, including outpatient expansions, facility upgrades, and new technology. In Oregon, Healthside Partners expects to invest \$12 million in MWMC during 2027, upgrade MWMC's Electronic Health Records ("EHR") system, and spend \$24 million on the development of a free-standing emergency department ("ED") facility in Eugene. Other initiatives planned for MWMC include development of an employed primary care staff base, pursuing clinical partnerships with other larger health systems and physician groups, and additional support for cardiovascular, pulmonary, and orthopedic services. OHA has imposed a condition on its approval of the transaction holding Healthside Partners to its commitment to invest in a new EHR system for MWMC. OHA has also imposed a condition specifying the composition and authorities of MWMC's local board to ensure that future investments are driven by community needs and local priorities.

Community Benefit and Financial Assistance

Post-closing, MWMC will be subject to Oregon's laws governing nonprofit hospitals' community benefit spending and financial assistance policies. These added regulatory requirements may help to increase MWMC's total spending on community benefits and will make more MWMC patients eligible for financial assistance. OHA has imposed a condition on its approval of the transaction to ensure that Healthside Partners complies with community benefit and financial assistance requirements for nonprofit hospitals under Oregon law.

Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction with conditions on October 7, 2026.** (See [Preliminary Review Order](#)). OHA approved the proposed transaction based on the following criterion:

The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon.

The entities are not planning any changes in services, service locations, clinical staffing, or health insurance plan participation in connection with the transaction. The transaction may help to maintain access to health care services for people in Oregon by improving the financial position of Quorum and MWMC, enabling investments in new or expanded services in the Eugene-Springfield area, and increasing MWMC's spending on patient financial assistance and other community benefits. OHA has imposed conditions on its approval of the transaction to mitigate any risk that the transaction would adversely impact access to affordable health care in Oregon.

Approval Conditions

Approval conditions are summarized below and apply for a five-year period following the transaction's close unless otherwise specified. Please see the [Preliminary Review Order](#) for the legal wording of conditions.

1. Healthside Partners must continue to operate and maintain the existing hospital and non-hospital based services of MWMC without significant reduction to current service levels and at the same or similar locations. OHA must be notified of any decision to significantly reduce service levels.
2. MWMC and its affiliated providers in Oregon must continue to participate in Medicare fee-for-service, Oregon Health Plan (Medicaid fee-for-service), and Oregon Coordinated Care Organizations with whom they are currently contracted.
3. Before the transaction closes, Quorum must inform the Healthside Partners board of any payments to Healthside Partners' executive management triggered by the transaction, and any such individuals must be excluded from discussions surrounding closing terms. Healthside Partners may not bear any costs for executive management compensation triggered by the transaction.
4. Compensation paid to Healthside Partners' executive management must be determined by Healthside Partners' board absent of any conflict of interest and based on compensation data for other comparable nonprofit health systems as provided by an independent consultant.
5. Except for routine accounting and financial management purposes, Healthside Partners may not use net profits from MWMC and its affiliated Oregon providers to fund its operations outside of Oregon. Healthside Partners may receive payment for services it provides to MWMC provided that reimbursement terms are consistent with the fair market value ("FMV") of those services. Healthside Partners may not send payments or distributions to affiliated entities that are not charitable organizations.
6. MWMC will be prohibited from paying management fees calculated as a percentage of MWMC's revenues or expenses to entities that are not charitable affiliates.
7. Within three years of closing, Healthside Partners must complete an upgrade of MWMC's EHR system as part of a health system-wide EHR update.
8. Healthside Partners must establish a debt service reserve fund to be used exclusively for the payment of interest and principal amounts on Healthside Partners' long-term debt and notify OHA if the balance of this fund decreases.
9. Healthside Partners must perform an annual "variance analysis" comparing actual financial results to pre-closing projections and provide a report to OHA including information on how Healthside Partners will address variances that may adversely affect access to or quality of care in Oregon.
10. MWMC and its affiliated providers must comply with requirements for community benefit spending and financial assistance applicable to nonprofit hospitals in Oregon.
11. Healthside Partners must establish a Board of Trustees of MWMC ("MWMC board"). The MWMC board must be composed of members of MWMC's medical

staff, patients or patient advocates, and community members. Only a minority of board members can be employed or compensated by Healthside Partners or MWMC. The MWMC board must have the authority to (1) approve MWMC's community health priorities and initiatives, (2) review and recommend MWMC capital spending exceeding \$5 million, (3) provide a written opinion to Healthside Partners prior to any significant reduction in services, and (4) conduct public listening sessions to obtain community input as needed.

- 12.** Other than any payments specified in the Agreement, Healthside Partners is prohibited from paying, through reimbursement or any other means, for Quorum's closing-related transaction costs.
- 13.** Healthside Partners must submit an Annual Report to OHA. The Annual Report must include certification of compliance with each approval condition, information on activities to ensure compliance, and other information required by OHA to verify compliance with conditions.

As required by statute, OHA will conduct follow-up analyses one year, two years, and five years after the transaction closes to monitor compliance with these conditions and assess the impact of the transaction on health care costs, quality of care, access to care, and health equity in Oregon.

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 August 7, 2026, OHA accepted a complete Notice of Material Change Transaction (“notice”) from Quorum Health Corporation (“Quorum”) with respect to its Agreement and Plan of Merger (“Agreement”) with QKA Health Corporation doing business as Healthside Partners (“Healthside Partners”). The notice describes plans for Quorum to convert from a for-profit entity to a nonprofit through a merger with Healthside Partners. Quorum and Healthside Partners are referred to in this report as “the entities.”

OHA reviewed the notice 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. For more information about OHA’s review, please refer to [Appendix A](#).

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. From June 1, 2026 – June 4, 2026, OHA received four public comments before the complete notice was submitted.

On August 7, 2026, OHA posted the [089 Quorum – Healthside Partners](#) website to the [Transactions and Review](#) page 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 12 public comments.

Proposed Transaction

Under the proposed [Agreement and Plan of Merger](#) (“Agreement”), Quorum will transfer its ownership interests in all directly owned subsidiaries to QHC Merger Sub, which will then merge with Healthside Partners. As a result of the transaction, Healthside Partners will acquire substantially all assets, operations, and interests of Quorum.

Entities Involved

Quorum



Quorum is a for-profit corporation owned by Quincy Health, LLC, which is majority owned by private equity firm GoldenTree Asset Management. Quorum was founded in 2015 in Brentwood, Tennessee as a spinoff from Community Health Systems, with 38 hospitals located in 16 states.¹

Quorum currently operates 11 general acute care hospitals along with other affiliated physician practices and medical facilities located primarily in non-urban communities across Arkansas, California, Kentucky, New Mexico, Nevada, Oregon, Texas, Utah, and Wyoming.

In April 2020, Quorum filed for Chapter 11 bankruptcy protection as part of a financial restructuring plan to reduce roughly \$500 million in debt.²

From 2016 – 2026, Quorum sold or closed 29 hospitals and other affiliated physician practices and medical facilities in Alabama, Arkansas, California, Georgia, Illinois, Kentucky, New Mexico, North Carolina, Ohio, Pennsylvania, Tennessee and Texas. In 2024, Quorum purchased two hospitals in Texas from Steward Health.³ In June 2026, Quorum announced plans to purchase Banner Lassen Medical Center in California.⁴

Quorum’s subsidiary QHCCS, LLC (“QHCCS”), is responsible for providing management services to the Quorum-owned hospitals. See the **Management team** section for more information about plans for QHCCS post-closing.

Organizational Structure and Governance

A simplified organizational chart for Quorum is shown to the right. For a more detailed version, please see the [QHC Org Chart](#).⁵



Oregon Operations



In Oregon, Quorum owns McKenzie-Willamette Regional Medical Center Associates, LLC (“MWMC”), which operates McKenzie-Willamette Medical Center and affiliated facilities and locations in the Eugene-

Springfield metropolitan area. MWMC and McKenzie-Willamette Medical Center are sometimes referred to collectively as “MWMC” in this report.

McKenzie-Willamette Medical Center is a level III trauma center with 113 licensed beds, and the hospital and its subsidiaries served 160,000 patients in 2025. MWMC holds a 40% stake in McKenzie Surgery Center, LP, an outpatient surgery center in Eugene. Quorum also owns the physician group McKenzie Physician Services, LLC.

Healthside Partners



Healthside Partners is a nonprofit corporation created in 2025 to acquire Quorum. Healthside Partners is governed by a self-perpetuating board of three directors.⁶

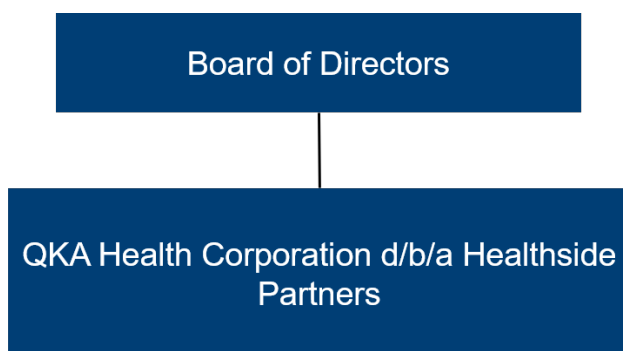
According to the notice, the corporation has not generated revenue and does not currently hold any business assets.⁷ For more information about the plans for Healthside Partners post-closing, see [“Post Transaction Plans.”](#)

Healthside Partners’ Tax-Exempt Status

Healthside Partners applied to the Internal Revenue Service (“IRS”) for tax-exempt 501(c)(3) status in April 2025.⁸ On May 2, 2025, the IRS issued a determination granting Healthside Partners exemption from federal income tax under Internal Revenue Code (“IRC”) Section 501(c)(3). The determination further designated Healthside Partners as a “public charity” under IRC Section 170(b)(1)(A)(iii), which qualifies contributions from donors for more favorable tax treatment, including higher deduction limits.⁹ For more information, see the Healthside Partners [IRS Form 1023](#).

Organizational Structure and Governance

Healthside Partners is governed by a three-member board of directors. The corporation does not currently have any subsidiaries. A simplified organizational chart is included below, see the [QKA Org Chart](#) for the complete Healthside Partners organizational chart.¹⁰



Rationale for the Transaction

Entities state in the notice that the main purpose of the proposed transaction is to “ensure the long-term sustainability of essential healthcare services [...]”. They note that “macro headwinds” facing hospitals nationwide, including increasing labor and supply costs, workforce shortages, changes in payer mix, and legislative changes such as H.R. 1 are causing hospital expenses to grow faster than revenues, thereby reducing profit margins.¹¹

In addition to these challenges, the Entities note that Quorum holds a large amount of costly debt. High debt payments leave limited funds for investments in facilities, infrastructure, service expansion, or other activities to support community needs. Without the proposed transaction, Quorum would face a “heightened risk of financial distress” including the possibility of a second bankruptcy, reductions in staffing, and associated service disruptions.¹²

Entity statement:

“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.”

(Notice, p. 6)

Entities state they expect the proposed transaction, which would convert Quorum to a nonprofit ownership model, to improve Quorum’s financial stability in several ways:¹³

- **Tax relief:** Quorum (as Healthside Partners) would be exempted from federal income tax under IRC Section 501(c)(3).ⁱ
- **Access to lower-cost financing:** As part of the transaction, Quorum’s existing debt will be refinanced to include a substantial amount of tax-exempt borrowing, which is expected to reduce borrowing costs (e.g., interest payments). Healthside Partners can access tax-exempt financing due to its nonprofit status.
- **Improved liquidity:** Lower borrowing costs would free up cash for other purposes.
- **Participation in the 340B program:** As a nonprofit, Healthside Partners hospitals could generate additional revenues from participation in the 340B Drug Pricing Program.ⁱⁱ
- **Access to philanthropic funding:** As a nonprofit, the health system and its hospitals could receive tax deductible philanthropic donations, gifts, and other contributions not available to for-profit health systems.ⁱⁱⁱ

ⁱ See **QKA’s Tax-Exempt Status** for more information on QKA’s tax-exempt status.

ⁱⁱ Under the 340B Drug Pricing Program, eligible hospitals and other providers can purchase discounted outpatient prescription drugs from manufacturers while charging payers the nondiscounted price, generating a significant revenue stream.

ⁱⁱⁱ See **QKA’s Tax-Exempt Status** for more information on QKA’s tax-exempt status.

- **Strategic partnership opportunities:** Healthside Partners would be able to partner with other nonprofit health systems to provide increased access to key resources and clinical services.

How the Transaction Came About

In early 2024, Quorum and its investors conducted a sale process to solicit proposals from prospective buyers but did not receive any acceptable proposals. Quorum thereafter began exploring a not-for-profit conversion as an alternative to a sale. Healthside Partners was incorporated in March 2025 for the purpose of acquiring Quorum and completing this conversion. After preliminary due diligence, Healthside Partners submitted an indication of interest to Quorum in the summer of 2025. This was followed by additional due diligence and negotiations between Healthside Partners and Quorum and their respective advisors regarding transaction structure, valuation, financing, and post-transaction governance. The entities finalized a Letter of Intent (“LOI”) in April 2026 outlining the agreed-upon terms and soon thereafter (on or about May 20, 2026) signed a definitive merger agreement.¹⁴

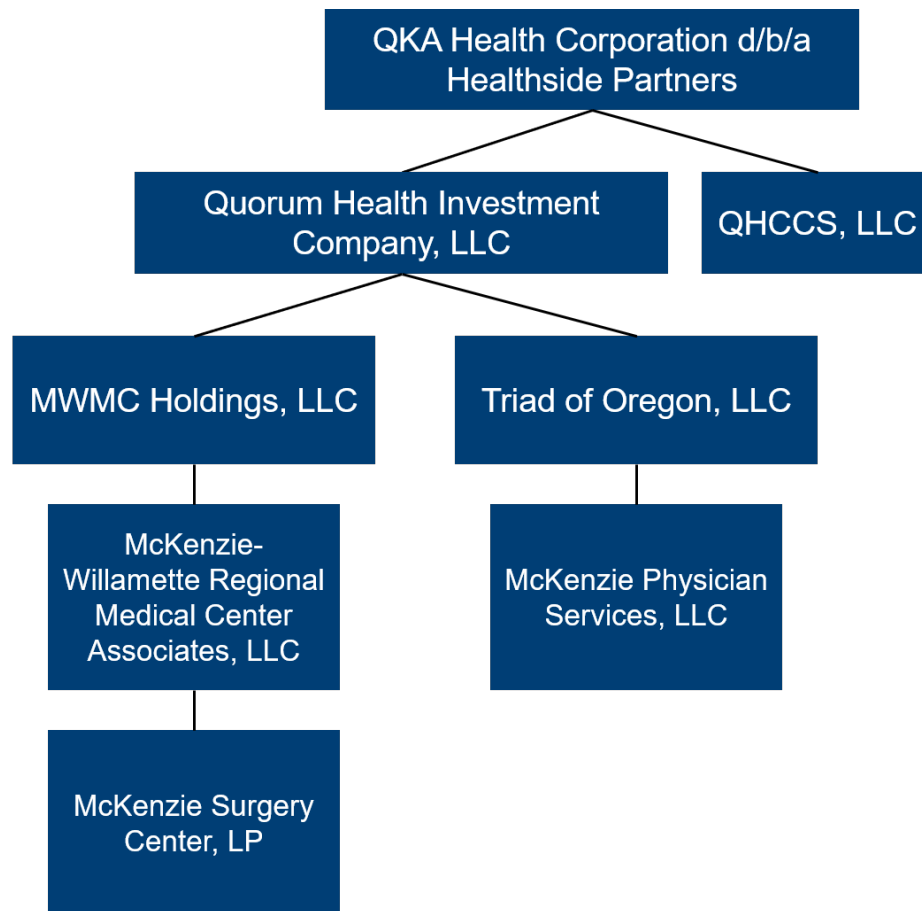
Transaction Terms

Under the Agreement dated May 20, 2026, the entities will complete the transaction in three steps:^{15 16}

1. Quorum will convert certain subsidiaries into limited liability companies.
2. Quorum will transfer its equity ownership interests in all directly owned subsidiaries to QHC Merger Sub, a newly formed, wholly-owned subsidiary of Quorum. The transfer will include Quorum’s ownership interest in MWMC and its affiliated entities operating in Springfield, Oregon.
3. QHC Merger Sub will merge with and into Healthside Partners, with Healthside Partners continuing as the surviving corporation after closing.

Healthside Partners will assume substantially all of Quorum’s existing operating assets and liabilities. In return, Healthside Partners will pay a consideration to the current Quorum investors totaling \$956.7 million. The majority of these funds will be used to repay Quorum’s existing debt.^{17 18} Healthside Partners expects to fund the transaction through a combination of tax-exempt and taxable debt.¹⁹ To this end, Healthside Partners has executed Transaction Support Agreements with prospective lenders outlining each lender’s financing commitments.²⁰

The transaction will result in the conversion of all directly owned Quorum subsidiaries, including MWMC and its affiliates from for-profits to nonprofit status under IRC Section 501(c)(3). The post-closing organizational structure including the Oregon entities is shown below.



The entities do not anticipate that Quorum will have any active business operations following closing of the transaction. Quorum will not retain any subsidiaries or assets other than cash held in Quorum’s bank accounts.²¹

On June 29, 2026, the entities formally notified federal antitrust regulators of the transaction by submitting a notice to the Federal Trade Commission (“FTC”) and the U.S. Department of Justice (“USDOJ”) under the Hart-Scott Rodino (“HSR”) act.^{iv} The 30-day HSR waiting period expired without a request for further information, and the transaction has therefore cleared federal antitrust review.

^{iv} For more information on the Hart-Scott Rodino premerger notification and review process, see the FTC’s [website](#).

Post-Transaction Plans

This section summarizes Healthside Partners' plans post-closing. This information is based on statements in the notice and the entities' public responses to OHA's information request.

Governance and Management

Healthside Partners Board

Healthside Partners will be governed by a board of directors consisting of no fewer than three members.²² The three current members of Healthside Partners' board were selected to include individuals with expertise in nonprofit operations, tax-exempt capital markets, rural health strategy, and transactions involving nonprofits.^{23 24} Per the entities, none of the current Healthside Partners board members have previously worked for Quorum, served on Quorum's board, or had any financial relationship with Quorum or its private equity sponsor.²⁵ Following the transaction's close, the current CEO of Quorum (who will become the CEO of Healthside Partners), is expected serve as a voting member of the board.²⁶ The Healthside Partners board may decide to further increase its membership following the transaction's close, but there are currently no plans for new members to include other current Quorum board members.²⁷

The entities have stated that the roles and responsibilities of the local board of MWMC, and its members, are expected to remain the same post-closing.^{28 29}

Management Team

Quorum's current executive team and all Quorum corporate employees will be employed by Healthside Partners post-closing. Compensation and other employment terms for executive management will be set by the Healthside Partners board in consultation with an independent advisor (Sullivan Cotter) based on market data.^{30 31}

Following closing of the transaction, QHCCS, the Quorum subsidiary which currently provides management services to Quorum hospitals, will become a subsidiary of Healthside Partners and operate as a nonprofit entity governed by Healthside Partners' board. Neither Quorum nor its investors will exercise any control over or retain any ownership interest in QHCCS post-closing. Per the notice, the management services agreement ("MSA") between QHCCS and MWMC will remain in effect post-closing.³²

The entities further state that Quorum and its private equity investors will not have any ongoing business relationship with Healthside Partners, its subsidiaries, or its officers or directors post-closing.³³

Entity statement:

"The compensation QKA [Healthside Partners] would pay its executive management would be consistent with the advice and market data provided by Sullivan Cotter to the QKA [Healthside Partners] Board." (Supplemental RFI Response, p. 1)

Services and Staffing

The entities do not anticipate any changes in the type or level of services provided in Oregon or elsewhere because of the transaction, nor do they expect any changes to the locations or geographic areas where services are provided. Healthside Partners will maintain its current participation in federal, state, and commercial insurance plans. Healthside Partners intends to take over all contracts currently held by Quorum, including contracts with suppliers and ancillary service providers.³⁴

Healthside Partners does not expect any changes to the type or level of staffing post-closing. Staffing levels may increase in the longer term if Healthside Partners is successful in growing the organization.³⁵ The entities state that Healthside Partners hospitals will grant medical staff privileges to “all qualified physicians in the area, consistent with the size and nature of the facilities.”³⁶

Investments and Initiatives

The entities state in the notice that they anticipate the transaction will provide resources for Healthside Partners to invest in health care infrastructure and services and support charity care programs in communities served. (OHA notes, however, that Quorum’s CEO has made statements appearing to contradict this; see callout box.³⁷) In its press release announcing the transaction, Quorum noted plans to invest over \$300 million in capital investments through 2029, including outpatient expansions, facility upgrades, and new technology.³⁸

Healthside Partners also expects to enter into “strategic partnerships” with other nonprofit health systems. The entities state that such partnerships are “increasingly required in the challenging operating environment” and could increase Healthside Partners’ “access to key resources and clinical services.”³⁹ The entities note that MWMC has already had “numerous discussions” with nonprofit health systems about such partnerships, but these discussions have not moved forward due to MWMC’s status as a for-profit.⁴⁰

In Oregon, Healthside Partners plans to invest \$12 million in MWMC in 2027 and complete an upgrade of MWMC’s EHR.⁴¹ Additionally, Healthside Partners has budgeted approximately \$24 million in capital spending for the development of MWMC’s outpatient/emergency department capacity.⁴² ⁴³Quorum is currently involved in the development of a free-standing ED in Eugene, and Healthside Partners will continue this

Entity statements:

“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.” (Notice, p. 9)

“We already kind of operate like a nonprofit, so we really don’t have to change a lot of the culture, mission, values. All we do is change that the entity that owns us now doesn’t pay taxes.” (Chris Harrison, CEO, Marketplace Podcast, 2026)

project.⁴⁴ The project is currently in the design and permitting phase; construction has not yet started. The developer is expected to fund construction of the facility and subsequently lease it to MWMC.⁴⁵ The entities expect this new facility to help fill the gap in ED capacity in Eugene created by the closure of the PeaceHealth's University District hospital in 2023.⁴⁶

Other initiatives referenced in the notice include employment of primary care providers, developing referral relationships, and supporting cardiovascular, pulmonary, and orthopedic services.⁴⁷ Additionally, in the longer term, Healthside Partners anticipates that the Oregon business will be able to fund other "investments in community-based healthcare services."⁴⁸ Investments in new programs and initiatives will be informed by Community Health Needs Assessments ("CHNAs") completed every three years to identify local health gaps and gather public input.⁴⁹

Financial Assistance

Nationally, Healthside Partners' financial assistance policies will need to comply with the requirements of IRC Section 501(r) and implementing regulations. MWMC and its affiliated clinics must also meet Oregon's requirements for nonprofit hospital financial assistance, as outlined in ORS 442.601 through 442.618 and OAR Chapter 409, Division 023. The entities expect that the amount of free and discounted health care provided to the MWMC community will increase as a result of the transaction.⁵⁰

Background: Nonprofit vs. For-Profit Hospitals

Community hospitals in the United States may be designated as nonprofit, for-profit, or government-owned.⁵¹ As of 2024, 58% of the 5,121 community hospitals in the United States were designated as nonprofit, 24% were designated as for-profit, and 18% were designated as government-owned.⁵² As of the date of this report, there are two for-profit hospitals in Oregon (McKenzie-Willamette Medical Center and Willamette Valley Medical Center).⁵³ The remaining 60 hospitals have nonprofit designations.⁵⁴

This section provides a summary of the differences between nonprofit and for-profit designated hospitals, focusing on three key areas: ownership structure and regulatory oversight, standard of care and service lines, and financial benefits and obligations.

Ownership structure and regulatory oversight

For-profit hospitals are owned either by investors or the shareholders of a publicly traded company.⁵⁵ Nonprofit hospitals are governed by a board of directors and regulated by regulatory bodies, such as the IRS and state agencies.⁵⁶ For example, with the conversion to a nonprofit hospital, regulation of MPMC's activities will expand to include the Oregon Department of Justice's ("ORDOJ") Charitable Activities section.⁵⁷ The conversion will also require additional documentation for the IRS (e.g., Form 990, CHNAs, Financial Assistance Policy), ORDOJ (e.g., Annual Report), and OHA (e.g., community benefit spending, hospital financial reports).

Standard of care and service lines

Studies have shown that there are differences in service lines between nonprofit and for-profit hospital governance. For-profit facilities align their clinical service lines with profitability by prioritizing high-margin elective surgical and specialty services while reducing underperforming ones. Conversely, nonprofit hospitals maintain greater operational commitment to relatively unprofitable yet essential safety-net services, such as psychiatric emergency care, trauma response, and specialized pediatric care.⁵⁸

Financial benefits and expectations

Nonprofit hospitals do not pay federal income or state and local property taxes.⁵⁹ From 2020-2022, Oregon hospitals received \$301 million in tax breaks each year, an average of \$7.2 million per hospital.^{v 60}

To maintain their tax-exempt status under IRC Section 501(c)(3) in Oregon, nonprofit hospitals must provide measurable benefits to the communities they serve. Examples of community benefits include providing free or discounted care to persons experiencing poverty, conducting education or research to promote community health, or donating funds or services to community groups. Each year, each nonprofit hospital in Oregon is required by law to report the hospital's costs of providing community benefits to OHA.⁶¹

^v Oregon's largest hospital (OHSU) does not file Form 990 and was not included in this datapoint, which may underestimate the state tax exemption.

All nonprofit hospitals in Oregon are subject to a Community Benefit Minimum Spending Floor (“MSF”) as outlined in OAR 409-023-0110. As required by ORS 442.624, the MSF is calculated by OHA for each hospital and its affiliated clinics every two years. For more information about community benefit requirements for this transaction, see **MWMC’s community benefit spending**.

Under ORS 442.601 through 442.618, nonprofit hospitals operating in Oregon are subject to specific financial assistance (i.e., charity care) standards governed by OHA. As a result, hospitals are prohibited from referring patients to collections prior to screening them for financial assistance eligibility. In 2026, the Oregon Legislature, through enrolled House Bill 4040, raised the pre-screening threshold for presumptive eligibility for financial assistance outlined in ORS 442.615(2)(c) from more than \$500 owed to the hospital to more than \$1,500 owed.

ORS 442.614 also specifies that hospitals adjust the cost to patients of medically necessary care for people based on household income. Specifically, patients with household incomes that do not exceed 200 percent of the federal poverty level (“FPL”) guidelines must have their cost reduced to zero. For patients earning up to 400 percent of FPL, ORS 442.614 establishes a sliding scale – the hospital must reduce charges by at least 75 percent for household incomes up to 300 percent of FPL, implement at least a 50 percent reduction for household incomes up to 350 percent of FPL, and at least a 25 percent reduction for household incomes up to 400 percent of FPL.⁶²

ORS 442.610 does not prohibit hospitals from seeking reimbursement for those patient costs from other payers, such as those with third-party liability, and does not prohibit hospitals from requiring that patients share information to help hospitals collect payment from other payers.⁶³

Findings & Potential Impacts

OHA compiled and analyzed data and information to assess the potential impacts of the transaction on people in Oregon. OHA's analysis was guided by the approval criteria outlined in OAR 409-070-0055(2) and relied on information provided in the notice and related submissions, documents provided by the entities in response to OHA's RFI, OHA databases, public comments, and publicly available information. For more information on OHA's analysis, see **Appendix A: OHA's Review**. The below sections present OHA's key findings from the preliminary review.

Key Findings

The transaction is unlikely to reduce access to care for patients in the service area.

The transaction, as proposed, does not involve any changes in services, service locations, clinical staffing, or participation in public or commercial health insurance plans that would reduce access to health care services for people in Oregon.

MWMC provides a broad array of inpatient and outpatient services to people in Lane County.

Primary Service Areas

MWMC provides inpatient and outpatient services to people in Lane County, including the cities of Springfield, Eugene, Junction City, Cottage Grove, and Veneta. MWMC's primary service area ("PSA") for inpatient services includes the ten zip codes surrounding the hospital as shown in the map below. These zip codes together made up approximately 7.5% of Oregon's population in 2024.⁶⁴ There are two other hospitals located within MWMC inpatient PSA: PeaceHealth Sacred Heart Medical Center Riverbend and PeaceHealth Cottage Grove Community Medical Center, both part of the PeaceHealth system.

MWMC's primary service area for outpatient surgery overlaps heavily with its inpatient service area and includes the ten zip codes surrounding McKenzie Surgery Center as shown in the map below. These

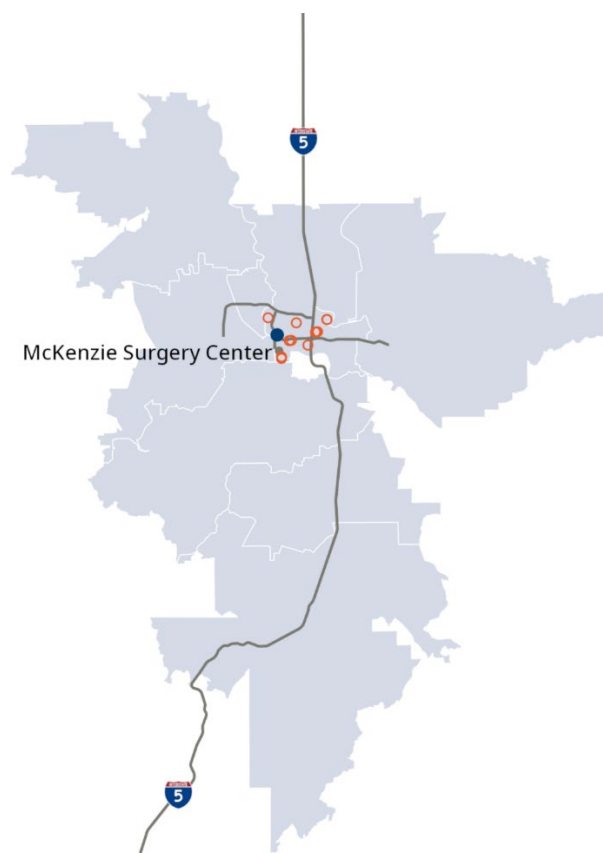


zip codes together made up approximately 7.5% of Oregon’s population in 2024.⁶⁵ There are 11 other Ambulatory Surgery Centers (“ASCs”) located within the service area, shown as open orange circles in the below map.^{vi}

Service Volume

The table below shows the volume of inpatient and outpatient services offered by MWMC in 2025, in total and as a percentage of total services provided by all hospitals in MWMC’s service area. These figures are based on data from Oregon’s Hospital Financial and Utilization (“Databank”) data.

MWMC accounted for approximately 22% of total discharges from service area hospitals in 2025, one quarter (25%) of inpatient surgeries, and one third (33%) of hospital-based outpatient surgery visits. In 2025, McKenzie Surgery Center saw 920 visits, or 1.5% of 61,735 total visits to all 11 ASCs in the service area.



Service	MWMC	All hospitals in service area	% MWMC
Inpatient discharges	7,409	33,902	22%
Inpatient surgeries	2,411	9,620	25%
Hospital-based outpatient surgery visits	4,987	15,251	33%
Births	488	2,949	17%

The entities are not planning any changes in services or staffing in connection with the proposed transaction.

The entities have stated in the notice and other submissions to OHA that following the transaction’s close, Healthside Partners intends to continue providing the same types and levels of services, maintaining the same facility locations, and serving the same geographic areas in Oregon. Healthside Partners does not expect any changes to the type or level of clinical staff in Oregon, and the Oregon facilities will maintain their current participation in federal, state, and commercial insurance plans.⁶⁶ OHA has imposed

^{vi} These are: Cascade Endoscopy Center, Day Surgery at Riverbend, Lane Surgery Center, Oregon Endoscopy Center, Oregon Eye Surgery Center, Oregon Surgicenter, Pacific Surgery Center, Slocum Surgery Center, Spine Surgery Center of Eugene, and Two Rivers Surgical Center.

conditions on its approval of the transaction to hold Healthside Partners to these commitments.

The transaction may help maintain access to care for patients in the service area.

The transaction may help to maintain access to health care services for people in Oregon by improving the financial position of Quorum and MWMC, enabling investments in new or expanded services in the Eugene-Springfield area, and increasing MWMC's spending on patient financial assistance and community benefit programs.

The transaction may help lower the health system's borrowing costs.

Quorum currently holds a large and growing amount of costly long-term debt. Much of this debt is structured as "paid in kind" ("PIK"), meaning that annual interest payments are added onto the principal, such that the amount of long-term debt increases 4% annually.⁶⁷ Quorum pays an average of 10.36% on this debt, and its annual interest expense on long-term debt amounts to over \$135 million annually. In practice, this has meant that Quorum's operating profits have been fully absorbed by interest payments, leaving little cash left for spending to improve or expand patient care.

The transaction may improve the organization's cash flow going forward by lowering annual interest payments. As part of the transaction, existing debt will be refinanced to include a substantial amount of tax-exempt borrowing. Healthside Partners will be able to access such tax-exempt borrowing due to its nonprofit status. Tax-exempt loans are offered at lower interest rates than taxable loans, as lenders do not pay federal income tax on interest income and may also be exempt from state and local income taxes. Entities currently estimate Healthside Partners will pay an average interest rate of 8.25% on the \$1.259 billion it expects to borrow to finance the transaction.⁶⁸ (This is an initial estimate based on current market conditions for similar organizations and is subject to change.) Based on this two- percentage point lower interest rate, the entities estimate that Healthside Partners' interest expense will decrease by \$31 million to \$104.9 million annually.^{vii 69}

The transaction may bring other financial benefits.

The conversion from for-profit to nonprofit health system may bring additional financial benefits for Healthside Partners, as noted earlier in this report (see **Rationale for the Transaction**). First, Quorum (as Healthside Partners) would be exempted from federal income tax under IRC Section 501(c)(3). Additionally, Quorum anticipates exemptions from property, sales, and use taxes will be worth around \$13 million annually.⁷⁰ Second, Healthside Partners' hospitals could generate additional revenues from participation in the 340B Drug Pricing Program, provided they meet the requirements for program participation. Quorum has stated it expects revenues of over \$11 million annually from 340B participation.⁷¹ Third, the health system and its hospitals could receive tax deductible

^{vii} Entities expect Healthside Partners' borrowing to be interest-only in the first five years (i.e., Healthside Partners will not be required to pay down any of the loan principal during this time).

philanthropic donations, gifts, and other contributions not available to for-profit health systems.⁷²

While OHA expects the transaction to improve the health system's financial position in the short term through reduced borrowing costs, improved cash flow, and new revenue opportunities, the transaction by no means guarantees the long-term financial sustainability of Healthside Partners or MWMC. Post-closing, Healthside Partners will remain a highly leveraged health system; the transaction will increase long-term debt by 30% from \$968 million to approximately \$1.259 billion.⁷³ ⁷⁴The health system currently expects to set aside \$120 million for future debt payments (a "debt service reserve fund") which would cover one year's worth of interest-only payments.⁷⁵ However, debt payments can be expected to increase significantly after the five-year interest-only period expires.⁷⁶ Financial projections on which the transaction is based, including expected 340B revenues, may not materialize, and high corporate overhead for executive compensation and other expenses could further burden the health system.

Since its formation, Quorum has closed or divested 27 hospitals, reducing its geographic footprint from 16 to nine states. As the entities note, many hospitals are facing financial pressures due to increasing labor and supply costs, workforce shortages, changes in payer mix, and federal legislative changes such as H.R. 1. Whether Healthside Partners remains financially viable in the long term will depend in large part on whether it can successfully turn around struggling hospitals, including MWMC, and build sufficient reserves to pay off debt and withstand external financial headwinds.

The entities have described various strategies Healthside Partners expects to implement post-closing to improve MWMC's financial performance. (See below for further discussion of these plans.) Over the past three years, MWMC's net patient revenue growth has not kept pace with operating expense growth. While the hospital was profitable in 2023 and 2024, MWMC recorded an operating loss ("EBITDA") of \$8.5 million and a net loss of \$14.9 million for 2025.^{viii} ⁷⁷ MWMC currently pays an annual fee to Quorum's QHCCS subsidiary for management services. Over the past three years, this corporate management fee has ranged between \$8.94 million and \$9.76 million, averaging at around 3.5% of MWMC's net revenues. In both 2024 and 2025, corporate management fees exceeded net profits, meaning that all of MWMC's profits (and more) were used to pay for Quorum's management services.⁷⁸ As noted above, the entities intend for the MSA between MWMC and QHCCS to remain in place post-closing.

OHA has imposed conditions to help safeguard the financial position and continued operations of Healthside Partners and MWMC.

OHA has imposed several conditions on its approval of the transaction intended to help protect the longer-term solvency of Healthside Partners and MWMC. These are summarized below.

^{viii} EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. EBITDA measures a company's earning potential and ability to generate cash flow. It is often calculated as Operating Income + Depreciation + Amortization.

- **Keeping profits in Oregon.** Except for routine accounting and financial management purposes, Healthside Partners may not use profits from MWMC or its affiliates to fund its out-of-state operations. Healthside Partners may receive payment for services it provides to MWMC provided that reimbursement terms are consistent with the fair market value (“FMV”) of those services.
- **Charitable use of funds.** Healthside Partners may not send payments or distributions to affiliated entities that are not charitable organizations.
- **Limitation on corporate management fees.** MWMC will be prohibited from paying management fees calculated as a percentage of MWMC’s revenues or expenses to entities other than charitable affiliates.
- **Debt service reserve fund.** Healthside Partners must maintain a debt service reserve fund and notify OHA if the balance of this fund decreases.
- **Variance analysis.** Healthside Partners must perform an annual analysis of actual financial results compared to pre-closing projections, including analysis of the impacts of legislative changes and plans for addressing variances that may adversely affect access to or quality of care in Oregon, and report the results to OHA.
- **Closing-related costs.** Other than any payments specified in the Agreement, Healthside Partners is prohibited from paying, through reimbursement or any other means, for Quorum’s closing-related transaction costs.
- **Executive compensation.** Compensation terms for executive management of Healthside Partners must be based on market data for similar nonprofit health systems and set by the Healthside Partners board with no conflict of interest. Additionally, Healthside Partners may not bear any costs for executive management compensation triggered by the transaction.

The transaction may enable investments in new or expanded services at MWMC.

Healthside Partners plans to make investments in MWMC intended to improve the hospital’s long-term sustainability and expand access to health care services in the Eugene-Springfield area. These initiatives include:⁷⁹

- Developing an employed primary care staff base.
- Reestablishing referral relationships.
- Pursuing clinical partnerships with other larger health systems and physician groups.
- Expanding outpatient and emergency department capacity.
- Supporting cardiovascular, pulmonary, and orthopedic services.

Healthside Partners expects to spend approximately \$24 million on the development of MWMC’s outpatient/ED capacity.^{80 81} The entities expect this new facility to help fill the gap in ED capacity in Eugene created by the closure of the PeaceHealth’s University District hospital in 2023.⁸² Healthside Partners has also stated it will invest \$12 million in MWMC in 2027 and upgrade MWMC’s EHR.⁸³

Funding future investments will require that MWMC's profits stay in Oregon and are not absorbed by Healthside's corporate or out-of-state activities. As noted above, OHA has imposed conditions on its approval of the transaction limiting Healthside Partners' ability to move profits out-of-state and collect management fees from MWMC. OHA has imposed a condition on its approval of the transaction holding Healthside Partners to its commitment to invest in a new EHR system for MWMC.

The local board of MWMC will play an important role in ensuring that capital spending and service line investments are based on community needs and local priorities. The entities have not provided any information to OHA as to what (if any) authority the MWMC board will have over capital spending decisions and service line investments going forward. OHA is therefore imposing a condition specifying the composition and authorities of the MWMC board. This condition requires that the MWMC board be composed of members of MWMC's medical staff, patients or patient advocates, and community members, and that only a minority of board members be employed or compensated by Healthside Partners or MWMC. Additionally, the MWMC board must have the authority to (1) approve MWMC's community health priorities and initiatives, (2) review and recommend MWMC capital spending exceeding \$5 million, (3) provide a written opinion to Healthside Partners prior to any significant reduction in services, and (4) conduct public listening sessions to obtain community input as needed.

The transaction may increase MWMC's community benefit spending.

Post-closing, MWMC will be subject to Oregon's laws governing nonprofit hospitals, including community benefit spending and financial assistance requirements. These added regulatory requirements may help to increase MWMC's total spending on community benefits and will make more MWMC patients eligible for financial assistance.

MWMC's Community Benefit Spending

OHA analyzed MWMC's historical spending on community benefit activities, as reported to OHA, to understand how MWMC's spending compared to similar Diagnostic Related Group ("DRG") hospitals in the state.^{ix} (See **Hospital Community Benefit Data** for details.) In fiscal year 2024, MWMC contributed \$40 million in community benefit spending. Unreimbursed care comprised \$29 million,

Community Benefit Spending

Direct spending is money hospitals spend to improve community health, reduce health disparities, or address social determinants of health. It may include paying for health professional education, community health improvement activities (such as vaccination clinics), and cash and in-kind investments in community initiatives or groups.

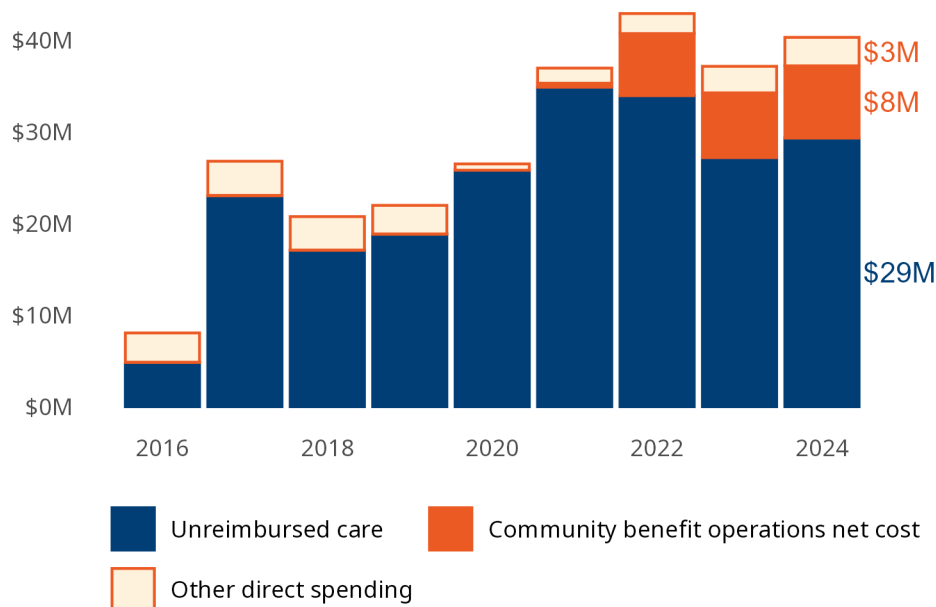
Unreimbursed care is medical care that hospitals provide at reduced or no cost. Examples may include charity care, subsidized health services, and unreimbursed Medicaid charges.

Charity care (a type of unreimbursed care) refers to financial assistance that hospitals provide to patients who cannot afford to pay a medical bill. Charity care may cover all or part of the total costs.

^{ix} DRG hospitals are typically large urban hospitals that receive standard Medicare Diagnostic Related Group (DRG) based reimbursement.

or 73%, of this. This percentage has been consistent since fiscal year 2022, averaging at 75%, but was considerably higher in previous years, averaging at 89%. The decrease in the share of unreimbursed care corresponds to a significant increase in direct spending, particularly in community benefit operations net cost (costs associated with staffing and coordinating hospital community benefit initiatives).

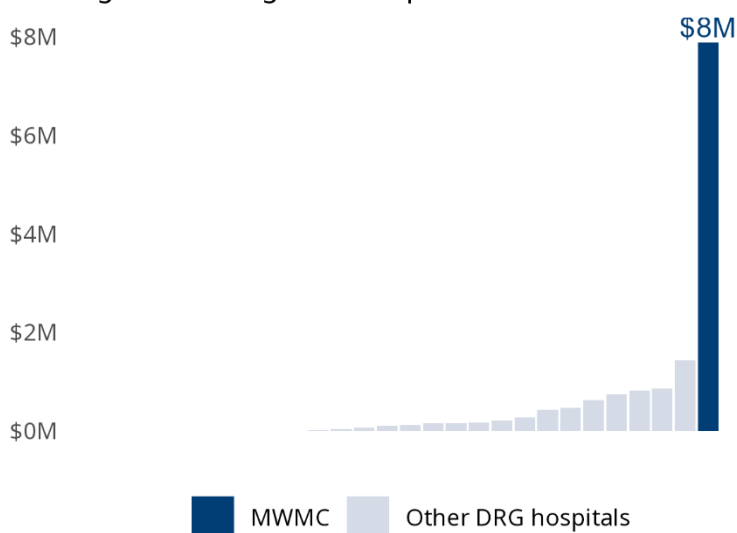
Starting in 2022, McKenzie-Willamette Medical Center's unreimbursed care comprised a smaller proportion of total community benefit spending



Among 27 DRG hospitals in the state, MWMC ranked 12th in total community benefit spending and 16th in unreimbursed care.

Relative to total operating revenue, MWMC's unreimbursed care was 11%, putting it in the 12th rank. However, its community benefit net operations cost was \$8 million, 1st among all DRG hospitals by a wide margin, exceeding the total of the other 26 DRG hospitals combined. Net operations cost represented 20% of MWMC's total community benefit spending and 3% of total MWMC's operating revenue.

McKenzie-Willamette Medical Center's 2024 community benefit operations net cost was the highest among DRG hospitals

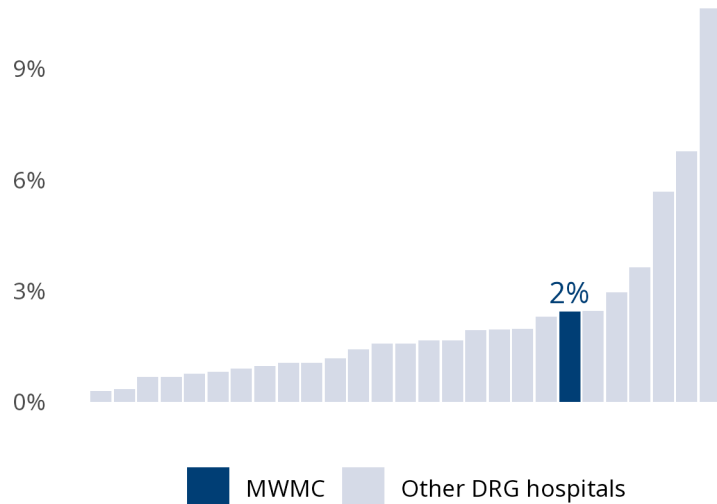


Out of the \$29 million in unreimbursed care MWMC spent in 2024, 22%, or \$6.5 million, was for charity care net cost (the amount forgiven from bills because patients were unable to pay). Relative to total operating revenue, MWMC's charity care net cost was 2%, putting it in the 7th rank among 27 DRG hospitals.

McKenzie-Willamette Medical Center's 2024 charity care net cost relative to total operating revenue was in the top third among DRG hospitals

Impact of the Transaction

The entities state in the notice that they expect the transaction to allow for increased financial assistance and “expanded community-focused programs.”⁸⁴ MWMC and its affiliated clinics will provide financial assistance in accordance with requirements for nonprofit hospitals in Oregon. MWMC will complete CHNAs every three years to identify local health needs and obtain public input on community benefit programs.⁸⁵



By converting to nonprofit status, MWMC will be required (per ORS 442.624 and OAR 409-023-0110) to spend a minimum dollar amount annually on community benefits as determined by OHA on a biennial basis. The earliest MWMC would be assigned a MSF is calendar year 2027 with implementation for fiscal year 2028.

Post-closing, MWMC will be subject to Oregon's requirements for financial assistance by nonprofit hospitals. (See **Background: Nonprofit vs. For-Profit Hospitals** for more information.) MWMC's current financial assistance policy applies to patients whose household income is 100% of FPL or lower.⁸⁶ In contrast, under OAR 442.614, patients at 400% of FPL or less are eligible for partial discounts, and patients at 200% of FPL or less must receive a full discount. Therefore, because of MWMC's conversion from nonprofit to for-profit status, more MWMC patients will be eligible for financial assistance. Additionally, under ORS 442.615, MWMC will be required to preemptively screen a patient for financial assistance if the patient is uninsured, enrolled in a state medical assistance program such as Oregon Health Plan ("OHP"), or owes the hospital more than \$1,500.^x

OHA has imposed a condition on its approval of the transaction to ensure that Healthside Partners complies with community benefit and financial assistance requirements for nonprofit hospitals under Oregon law.

^x In 2026, Oregon's legislature passed House Bill 4040, which raised the threshold for pre-screening from \$500 to \$1,500.

Conclusions

Based on preliminary review findings, **OHA approved the transaction with conditions on October 7, 2026.** See [Findings of Fact, Conclusions of Law, and Final Order](#) (“Preliminary Review Order”), dated October 7, 2026.

The transaction was approved per ORS 415.501(6)(b) and OAR 409-070-0055(2)(b), because OHA determined the transaction is unlikely to substantially reduce access to affordable health care in Oregon.

Approval Criteria

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

The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon.

The entities are not planning any changes in services, service locations, clinical staffing, or health insurance plan participation in connection with the transaction. The transaction may help to maintain access to health care services for people in Oregon by improving the financial position of Quorum and MWMC, enabling investments in new or expanded services in the Eugene-Springfield area, and increasing MWMC’s spending on patient financial assistance and other community benefits. OHA has imposed conditions on its approval of the transaction to mitigate any risk that the transaction would adversely impact access to affordable health care in Oregon.

Approval Conditions

Approval conditions are summarized below and apply for a five-year period following the transaction’s close unless otherwise specified. Please see the [Preliminary Review Order](#) for the legal wording of conditions.

1. Healthside Partners must continue to operate and maintain the existing hospital and non-hospital based services of MWMC without significant reduction to current service levels and at the same or similar locations. OHA must be notified of any decision to significantly reduce service levels.
2. MWMC and its affiliated providers in Oregon must continue to participate in Medicare fee-for-service, Oregon Health Plan (Medicaid fee-for-service), and Oregon Coordinated Care Organizations with whom they are currently contracted.
3. Before the transaction closes, Quorum must inform the Healthside Partners board of any payments to Healthside Partners’ executive management triggered by the transaction, and any such individuals must be excluded from discussions surrounding closing terms. Healthside Partners may not bear any costs for executive management compensation triggered by the transaction.
4. Compensation paid to Healthside Partners’ executive management must be determined by Healthside Partners’ board absent of any conflict of interest and

based on compensation data for other comparable nonprofit health systems as provided by an independent consultant.

5. Except for routine accounting and financial management purposes, Healthside Partners may not use net profits from MWMC and its affiliated Oregon providers to fund its operations outside of Oregon. Healthside Partners may receive payment for services it provides to MWMC provided that reimbursement terms are consistent with the fair market value (“FMV”) of those services. Healthside Partners may not send payments or distributions to affiliated entities that are not charitable organizations
6. MWMC will be prohibited from paying management fees calculated as a percentage of MWMC’s revenues or expenses to entities that are not charitable affiliates.
7. Within three years of closing, Healthside Partners must complete an upgrade of MWMC’s EHR system as part of a health system-wide EHR update.
8. Healthside Partners must establish a debt service reserve fund to be used exclusively for the payment of interest and principal amounts on Healthside Partners’ long-term debt and notify OHA if the balance of this fund decreases.
9. Healthside Partners must perform an annual “variance analysis” comparing actual financial results to pre-closing projections and provide a report to OHA including information on how Healthside Partners will address variances that may adversely affect access to or quality of care in Oregon.
10. MWMC and its affiliated providers must comply with requirements for community benefit spending and financial assistance applicable to nonprofit hospitals in Oregon.
11. Healthside Partners must establish a Board of Trustees of MWMC (“MWMC board”). The MWMC board must be composed of members of MWMC’s medical staff, patients or patient advocates, and community members. Only a minority of board members can be employed or compensated by Healthside Partners or MWMC. The MWMC board must have the authority to (1) approve MWMC’s community health priorities and initiatives, (2) review and recommend MWMC capital spending exceeding \$5 million, (3) provide a written opinion to Healthside Partners prior to any significant reduction in services, and (4) conduct public listening sessions to obtain community input as needed.
12. Other than any payments specified in the Agreement, Healthside Partners is prohibited from paying, through reimbursement or any other means, for Quorum’s closing-related transaction costs.
13. Healthside Partners must submit an Annual Report to OHA. The Annual Report must include certification of compliance with each approval condition, information on activities to ensure compliance, and other information required by OHA to verify compliance with conditions.

Follow-Up Reviews

As required by statute, OHA will conduct follow-up analyses one year, two years, and five years after the transaction closes to monitor compliance with these conditions and assess

the impact of the transaction on health care costs, quality of care, access to care, and health equity in Oregon.

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

Acronyms & Abbreviations

ACS	American Community Survey
APAC	All Payer All Claims Database
ASC	Ambulatory Surgery Center
CHNA	Community Health Needs Assessment
DRG	Diagnosis Related Group
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ED	Emergency Department
EHR	Electronic Health Record
FMV	Fair Market Value
FPL	Federal Poverty Level
FTC	Federal Trade Commission
HCMO	Health Care Market Oversight
HSR	Hart-Scott Rodino Act
IRC	Internal Revenue Code
IRS	Internal Revenue Service
LLC	Limited Liability Corporation
LOI	Letter of Intent
LP	Limited Partnership
MSF	Minimum Spending Floor
MWMC	McKenzie-Willamette Regional Medical Center Associates, LLC
OAR	Oregon Administrative Rule
OHA	Oregon Health Authority
OHP	Oregon Health Plan
ORS	Oregon Revised Statute
PIK	Paid In Kind
PSA	Primary Service Area
RFI	Request For Information
USDOJ	U.S. Department of Justice

Appendix A: OHA's Review

OHA performed a preliminary review of the proposed transaction to assess its potential impact on Oregon's health care delivery system. The review explored impacts in four areas (domains): cost, access, quality, and equity. OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.⁸⁷ 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

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction and the entities involved, and [add text as needed]. OHA consulted publicly available sources, including press releases and media reports; business filings with the Secretary of State in Oregon and other states; entity websites; state agency, professional association, and third-party entity reports; reports commissioned by local, state, and federal government; and other relevant governmental communications.

Request for Information

On August 7, 2026, OHA issued a request for information (RFI) to inform its preliminary review. OHA sought more information about the terms of the proposed transaction, the membership of Healthside Partners' board of directors, financial information, and post-transaction plans. On September 1, 2026, OHA confirmed receipt of complete responses to the RFI.

Analytic Methods

Primary Service Area Methodology

To define the primary service area (PSA) for an entity, OHA follows these steps:¹¹

- (1) Define how to measure service volume (e.g., distinct counts of hospital discharges for inpatient hospital entities, visits to ambulatory surgical centers)
- (2) Summarize the entity's service volume for the three most recent years of data by patient zip code.
- (3) Rank the zip codes in descending order of volume.
- (4) Identify contiguous zip codes that account for at least 75% of the entity's total volume. To do this, OHA starts with the entity's zip code, adding zip codes to the map based on volume rank. Zip codes that are not immediately contiguous with the facility may be permanently excluded from the PSA, or only temporarily excluded until interim zip codes are added that fill in the geographical gap. Continue to add

¹¹ OHA may adjust the PSA methodology as needed, based on the details of a specific transaction.

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

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

Data Sources

All Payers All Claims Data

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

American Community Survey Data

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

Hospital Community Benefit Data

The Community Benefit dataset is comprised of self-reported data on community benefit from Oregon's 60 acute care hospitals. The community benefit data is reported to the Oregon Health Authority by the hospitals 240 days after the end of their fiscal year. The Community Benefit dataset is updated once a year. These data are collected, maintained and analyzed by OHA's Hospital Reporting Program and are available on OHA's [website](#).

Hospital Financial and Utilization Data

Also known as "Databank", Hospital Financial and Utilization Data is managed by Oregon's main hospital trade group, the Hospital Association of Oregon. The data is self-reported by all Oregon hospitals on a monthly basis. These data are collected, maintained and analyzed by OHA's Hospital Reporting Program and are available on OHA's [website](#).

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