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August 14, 2026

VIA EMAIL

Zachary Goldman, MPP
Acting Cost Programs Manager
Oregon Health Authority
Health Policy and Analytics Division
Health Care Market Oversight Program
800 NE Oregon Street, Suite 772
Portland, OR 97232

Re: Response to Request for Information — 089 Quorum-Healthside Notice of Material Change Transaction

Dear Mr. Goldman:

This letter responds, on behalf of Quorum Health Corporation ("QHC") and QKA Healthcare Corporation ("QKA," and together with QHC, the "Entities"), to OHA's August 7, 2026 letter and the accompanying Attachment B Request for Information issued pursuant to ORS 415.501(12)-(13) and OAR 409-070-0085. The Entities' responses below are numbered to correspond to the numbering used in Attachment B. Certain responses are marked [CONFIDENTIAL] and are submitted subject to the confidential treatment procedures set forth in OAR 409-070-0070. Please note that the exhibits attached hereto are labeled consistent with the originally submitted material change transaction filing and proceed from beginning with Exhibit M.

1. **The Agreement and Plan of Merger by and among QHC, QHC Merger Sub, LLC, and QKA dated May 20, 2026 ("Merger Agreement") provides that all directly owned QHC subsidiaries are being contributed to QHC Merger Sub and merged into QKA. What ongoing business activities, subsidiaries or assets, if any, will remain with QHC?**

Response:

QHC will not retain any of the subsidiaries currently owned by QHC. The only assets to be retained by QHC will be the cash in QHC's bank accounts. We do not anticipate QHC will have any active business operations post-closing.

2. **Will QHCCS, LLC, become a subsidiary of QKA pursuant to the Merger Agreement, and will it continue to serve as Manager under the Management Agreement provided as Exhibit J?**

Response:

Yes, QHCCS, LLC will become a subsidiary of QKA. As of closing, neither QHC nor its private equity sponsors will have any control rights associated with or other interests in QHCCS, LLC. QKA Health intends to reevaluate the existing Manager and Management Agreement post-closing to ensure alignment with QKA's mission and operational objectives as a nonprofit organization. Regardless of the outcome of such evaluation, the Manager as closing and post-closing will be ultimately controlled by QKA and subject to the fiduciary duties of the QKA Board as a non-profit Board.

3. **Will QHC, its post-closing subsidiaries, or its private equity owners continue to provide management services to QKA or have any go-forward business relationship with QKA, its subsidiaries, or its officers and directors post-closing?**

Response:

No. Neither QHC nor any of its subsidiaries (QHC is not expected to have any subsidiaries post-closing) nor its private equity owners will provide any management services to QKA or have any go-forward business relationship with QKA, its subsidiaries, or its officers and directors post-closing.

4. **Post-close, will any subsidiaries of QKA remain for-profit entities? If yes, please list these for-profit subsidiaries.**

Response:

Yes. Two QKA subsidiaries, Convene Health, LLC and Golden Sun TSA Services, LLC, that provide services to third parties will remain for-profit entities.

5. **Please provide a copy of the proposed Termination Agreement referenced in the Merger Agreement (or the most recent draft thereof).**

Response:

This document has not yet been prepared. It will be a simple termination agreement that incorporates the concepts in Section 2.12 of the Merger Agreement and will not contain any ongoing monetary obligations between the parties.

6. [redacted]

Response:

[redacted]

[redacted]

7. [redacted]

Response:

[redacted] Please find the cover page for such confidential attachment as Exhibit M.

[redacted]

Response:

[redacted]

9. How were the current QKA board members selected?

Response:

QKA's board members were selected based on the competencies necessary to evaluate the contemplated transaction and to design an organization for success, including non-profit operating and financial expertise, knowledge of the tax-exempt capital markets, rural health strategy, and non-profit transaction expertise, among other characteristics. These QKA board members are not intended to replace the roles and responsibilities of existing local board members, including those at MWMC.

10. Do the current QKA board members have any prior or ongoing financial relationships with QHC or its private equity sponsors? Please provide a copy of the QKA Board of Directors Conflict of Interest Policy.

Response:

None of the QKA board members have ever worked for QHC or had any financial relationship with QHC or its private equity sponsor prior to joining the Board. A copy of the QKA Board of Directors Conflict of Interest Policy is attached as Exhibit N.

11. The notice (page 16) provides as follows: "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."

a. **QHC and QKA currently have different boards of directors. Will QKA's current board members remain in place post-closing?**

b. **If not, do the parties anticipate that the current QHC directors will become directors of the QKA board post-closing?**

Response:

a. The QKA board is currently evaluating whether to increase the size and composition of the QKA board as of closing or post-closing; however, the QKA board shall at all times consist of no fewer

than three (3) members, and the current QKA board members will serve both pre- and post-closing.

b. No, the parties do not anticipate that any of the current QHC directors will become directors of the QKA board post-closing.

12. Please provide any minutes or other board materials from QKA board meetings where the proposed transaction was discussed, considered, and/or approved.

Response:

Responsive board minutes and materials from QKA board meetings discussing the proposed transaction are provided under separate cover and the Entities request confidential treatment under OAR 409-070-0070. Please find a cover sheet for such confidential disclosure attached as Exhibit O.

13. Who holds QHC's funded debt? How much of QHC's debt, if any, is owned by QHC's private equity sponsor(s) and/or their affiliates?

Response:

QHC's Senior Debt is held by thirteen different financial institutions; within those thirteen institutions, the Senior Debt is funded by nearly 100 different lender funds. A 2024 amendment to the Company's credit agreement that extended the maturity of the Senior Debt also gave all current lenders a portion of the Company's equity (27.5%); following that amendment, all debt holders were also equity holders. QHC's majority private equity sponsor holds approximately 24.5% of the Senior Debt. The Company's Asset Based Loan (ABL) is funded by Ares.

14. How much cash has QHC distributed to its corporate parent and/or its private equity investors since emerging from bankruptcy in 2020, and when were those distributions made?

Response:

The Company has never made any distribution to its corporate parent or its private equity investors.

15. Please provide QKA's Form 1023 application for tax-exemption.

Response:

A copy of QKA's Form 1023 application for tax-exemption is attached to this response as Exhibit P.

16. The notice (page 19) states: "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." Please provide the assumptions underlying this comparison, including:

a. **the amount of QKA's anticipated post-transaction debt burden;**

b. **anticipated interest rate(s) under QKA's post-transaction debt; and**

c. **any supporting evidence or analysis for QKA's reduced borrowing costs relative to QHC's.**

Response:

a. QKA's anticipated post-transaction debt burden is expected to be approximately $1.259 billion, consisting of approximately 1.025B of tax-exempt senior bonds and $233.9mm of taxable senior bonds.

b. The modeled interest rates on senior debt are expected to be ~8.25% for the total debt.

c. Quorum's current senior debt carries an interest rate of approximately 10.36%. The senior debt also grows by 4.0% each year, given its structure as "paid in kind" (PIK) debt.

17. Describe in detail how QKA plans to improve the financial performance of MWMC post-closing. Please include any analyses, reports, or documentation to support your response.

Response:

QKA plans to improve MWMC's financial performance through targeted investments designed to strengthen the hospital's long-term sustainability and expand access to needed healthcare services in the Eugene-Springfield community. Initiatives include developing an employed primary-care base, reestablishing referral source relationships, pursuing clinical partnerships other larger health systems and physician groups, expanding outpatient and emergency-department capacity, and supporting cardiovascular, pulmonary, and orthopedic services.

Management also intends to drive incremental performance through improvements in coding and denials as part of a planned electronic medical record conversion, and by transitioning the revenue cycle function back in-house. Preliminary analysis indicates MWMC will be the primary beneficiary of this initiative.

QKA has also budgeted approximately $24 million of capital spend for development of MWMC outpatient/emergency department capacity.

These initiatives are expected to transition MWMC from its current operating loss to profitability. Further detail is provided in the feasibility study previously submitted to OHA.

18. On June 29, 2026, Banner Health announced the asset purchase agreement to sell Banner Lassen Medical Center to Healthside Partners.

a. **Describe the rationale for this proposed deal and expected timing.**

b. **Describe the negotiation or transaction process that resulted in this agreement.**

c. **Are the Entities currently contemplating any other mergers, acquisitions, or joint ventures involving QKA or QHC? If so, please identify the entities involved and the status of any such discussions.**

d. **Please describe any anticipated changes to the terms of the proposed transaction, including financing and lender payoff terms, expected to result from the Banner Health transaction or any other planned mergers, acquisitions, or joint ventures involving QKA or QHC.**

Response:

a. QHC operates five Critical Access Hospitals ("CAH") in rural markets. Banner approached QHC in 2025 about taking over operations of its only hospital in California, a CAH, given (1) QHC's expertise managing CAHs in rural markets and (2) QHC's existing ownership and operation of a

hospital in Bartow, California. The close date is currently targeted for December 1, 2026; however, the transaction will only close after QHC completes its conversion from for-profit to non-profit status.

b. Both parties conducted thorough due diligence following execution of a letter of intent; upon completion of much of that diligence, the parties successfully negotiated an Asset Purchase Agreement between Banner Health and Susanville Hospital Company, LLC, currently an indirect subsidiary of QHC that will become an indirect subsidiary of QKA as a result of the contemplated NFP conversion. The closing of the Banner Health transaction is contingent on successful completion of the NFP conversion, and the State of California is aware of that contingency.

c. None at this time.

d. The Entities do not contemplate any changes to the terms of the proposed transaction as a result of the Banner Health transaction. Per the terms of the Asset Purchase Agreement, the Entities do not anticipate that QKA will need any cash or financing to close the Banner Health transaction (the Entities anticipate there will instead be a net amount payable from Banner Health at closing).

19. Describe in detail how QKA plans to meet the community benefit standard as a nonprofit health care organization.

Response:

QKA and McKenzie-Willamette will satisfy the community benefit standard for nonprofit health care organizations. Under the nonprofit structure, QKA will be able to reinvest any financial gains into the communities it serves rather than retaining the profits under the current for-profit model. QKA has an independent community board, and will also seek input from local hospital boards including in Springfield with respect to McKenzie-Williamette. Medical staff privileges in QKA's hospitals will be available to all qualified physicians in the area, consistent with the size and nature of the facilities. Each QKA hospital will operate full-time emergency rooms and extend treatment to anyone requiring emergency medical care regardless of ability to pay. Any excess funds of QKA will be applied to expansion and replacement of existing facilities and equipment, amortization of indebtedness, improvement in patient care, and medical training, education, and research. Treatment at the hospitals' facilities will be available to all those able to pay directly or through third-party reimbursement, including continued enrollment in Medicare and Medicaid. In addition, QKA will operate the hospitals in accordance with Section 501(r) of the Internal Revenue Code, including through financial assistance policies pursuant to which QKA Health will provide emergency and medically necessary care to patients regardless of their ability to pay. With respect to care at McKenzie-Williamette and affiliated clinics, this charity care provided pursuant to its policy will be in accordance with the levels required in Oregon. These financial assistance policies will increase the amount of free and discounted healthcare provided to the community. Moreover, Community Health Needs Assessments (CHNA) will be completed every three years and will help McKenzie-Willamette identify local health gaps, gather public input, and adopt implementation strategies to benefit the community.

20. Entities state in the notice (page 20) that they expect the proposed transaction to expand "community-focused programs." Please describe how the Entities expect to expand community-focused programs in Oregon. In response, please address:

a. **How QKA will decide which programs or initiatives will receive funding.**

b. **Any specific community-focused programs being contemplated.**

c. **Which populations or communities can be expected to benefit from the expansion of community-focused programs.**

Response:

The proposed transaction will transition the business's primary focus from an investor-owned organization to one oriented toward community stakeholders. As it relates to MWMC:

a. QKA will maintain a disciplined operational, clinical, and financial approach to evaluating programs and initiatives for support. By creating a better-capitalized organization, QKA will be positioned to invest in local services, programs, and stakeholders, including those with a longer time horizon for producing returns on investment. Under its existing ownership structure, QHC must focus on near-term value creation; as a non-profit, QKA will be able to evaluate returns over the long term without the near-term pressure of a for-profit entity, and will evaluate its duty to all stakeholders of the organization rather than solely its shareholders. As it relates to the individual communities served by QKA, consistent with the above, the organization will conduct CHNA, consistent with requirements. These CHNAs will provide guidance on specific programmatic needs in individual communities, including those served by MWMC.

b. With respect to MWMC, QKA intends to invest in a freestanding emergency department in Eugene, Oregon, at an expected capital spend of more than $20 million. As described in the response to Question 17, QKA also expects to invest in building the primary-care base, reestablishing referral source relationships, pursuing clinical partnerships with other large hospitals and physician groups, expanding outpatient capacity, and supporting cardiovascular, pulmonary, and orthopedic services.

c. The primary beneficiaries of these services will be the communities served, who will gain local access to needed healthcare. For example, residents of Eugene will be immediate beneficiaries of the Emergency Department project following the closure of the local hospital there, and communities served by MWMC will receive increased local access to primary care, cardiovascular, pulmonary, orthopedic, and other similar services.

21. The notice (page 17) states that QKA may invest over $20 million in "outpatient and/or emergency department related investments" in Oregon. On page 20, Entities reference plans to "develop additional emergency department capacity within Eugene […]."

a. **Please describe in detail plans to invest in outpatient services in Oregon, including:**

i. **the types of services being considered;**

ii. **current status of such plans, including expected timeline for when services would be available; and**

iii. **how investments would be financed.**

b. **Please describe in detail plans to develop additional emergency department capacity in Eugene, including:**

i. **current status of the project and expected timeline for when the ED would begin operating;**

ii. **how this project will be financed; and**

iii. **contingencies and risks involved.**

Response:

a. As the State is aware, the Entities are currently working with a developer to build an Emergency Department in Eugene, Oregon. Following the closure of the PeaceHealth hospital in Eugene, there has been a significant gap in emergency care access for members of that community, who have had to travel to or be transported to Springfield, Oregon for care. The Entities have contemplated opening urgent care centers in Lane County, but nothing is imminent at this point, as the Entities must first complete the NFP conversion.

i. Land has been identified for the Eugene emergency department, and the design phase has begun. The conditional use permit (CUP) was approved in May 2026, and the Entities continue to work with the developer toward the start of construction.

ii. A portion of the bonds being raised would be used to fund MWMC's portion of tenant improvements and FF&E related to the project. The real estate will be funded by the developer and leased to MWMC.

b. The Entities have only one planned emergency department project, in Eugene, as described above. The Entities are not aware of the basis for an expectation of additional emergency departments; the Eugene project is the only one of its kind contemplated at this time.

i. See response to (a)(ii) above.

ii. If the conversion to non-profit status and the related bond raise are not successful, QHC's funding of the project will be in jeopardy.

22. The notice (page 19) states that the proposed transaction is expected to enable "clinical services access investments" to support services "that may be necessary for the community." To the extent not covered in previous responses, please provide additional detail on these plans as they relate to MWMC.

Response:

Transitioning to non-profit status will position QKA (and MWMC by extension) as a better-capitalized organization. This will enable QKA to invest in community-based healthcare services rather than pay distributions to for-profit owners. As it relates to MWMC, this will initially take the form of the new Emergency Department described above, supported by the tax-exempt financial markets (as well as developer and/or other financing). QKA will also be better positioned to develop

partnerships — many non-profit health systems prefer to partner with other non-profit health systems in ways that create local value. MWMC has had numerous discussions with health systems about opportunities to bring clinical services and capabilities to the local community, but the lack of non-profit status has been a barrier to date.

[redacted]

Response:

[redacted]

Please let us know if you have any questions regarding the foregoing or require any additional information. We look forward to OHA's continued review of the proposed transaction.

Sincerely,

Adriante Badger

Adriante Badger, Esq.
Bradley Arant Boult Cummings LLP

cc: Karine Gialella, Oregon Department of Justice

Exhibit M
Transaction Support Agreement
Provided under separate cover.

Exhibit N
QKA Conflict of Interest Policy
See attached.

Exhibit O
QKA Board Meeting Minutes
Provided under separate cover.

Exhibit P

QKA Form 1023 *See attached.*