

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

In the Matter of the Proposed)	Findings of Fact, Conclusions
Material Change Transaction of)	of Law, and Final Order
Amazon.com, Inc. and)	
1Life Healthcare, Inc.)	Transaction ID: 005

The Oregon Health Authority (OHA) is the state agency charged with operating the Health Care Market Oversight Program under Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On November 29, 2022, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA’s review analyzed the potential impact of the transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-000 through OAR 409-070-0085.

A public comment period was open from November 29, 2022, through December 14, 2022. OHA received 36 public comments regarding this transaction. The Notice of Material Change, Transaction Notice Summary, Proposed Order, Review Report, Executive Summary, and Public Comments were posted on the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notices-and-reviews.aspx>.

Now, therefore, upon due consideration of the circumstances, including the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, databases maintained by OHA, databases maintained by federal agencies, public comments, press reports, websites of the entities involved in the transaction, academic research articles, and other publicly available reports, OHA enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

OHA FINDS that:

1. On or about November 14, 2022, Amazon.com, Inc. (“Amazon” or “Entity”) filed with OHA, Health Care Market Oversight program (“HCMO”), a notice of material change transaction (“Notice”) regarding the Agreement and Plan of Merger Amazon entered into with 1Life Healthcare, Inc, (“One Medical”) and Negroni Merger Sub, Inc., a Delaware corporation and indirect wholly owned subsidiary of Amazon (“Merger Sub”).

2. On or about November 15, 2022, OHA notified the Entity that the submission was incomplete, provided guidance about submission requirements, and requested additional information.
3. On or about November 29, 2022, OHA notified the Entity it received all requested information and acknowledged the receipt of a complete Notice. OHA commenced the preliminary review period pursuant to OAR 409-070-0055 and communicated that the review would be completed on or before December 29, 2022.
4. OHA accepted public comments on the transaction from November 29, 2022, through December 14, 2022. OHA received 36 written public comments. Of the public comments, 32 opposed the transaction and four urged OHA to do an in-depth review and/or impose conditions. Public comments are addressed in the Review Report and posted to the HCMO website.
5. Amazon is a multinational technology company focused on e-commerce, cloud computing, online advertising, digital media and streaming, electronic devices, and artificial intelligence. Amazon currently operates several health care efforts, including Amazon Pharmacy (launched November 17, 2020) and PillPack (acquired in 2018), Amazon Clinic (launched November 15, 2022), and Amazon Care (will cease operations as of December 31, 2022).
6. One Medical is a for-profit, membership based primary care and management services company. One Medical operates five clinic locations in the Portland Metro area. These clinics serve patients through a combination of in-person and telehealth services. One Medical currently accepts commercial and Medicare Part B insurance in Oregon and does not currently accept Medicaid or Medicare Advantage insurance.
7. In Oregon, One Medical partners with Providence Health & Services ("Providence") to support administrative and clinical care delivery services. Providence negotiates reimbursement rates, bills payers, and collects fee-for-service payment for One Medical's clinical services in Oregon. One Medical receives a monthly payment per member from Providence for the clinical and administrative services it delivers.
8. On or about July 20, 2022, Amazon entered into an Agreement and Plan of Merger ("Merger Agreement") with One Medical and Merger Sub. Post-closing, Merger Sub will have merged with and into One Medical, with One Medical surviving the merger and becoming a wholly owned subsidiary of Amazon. The Merger Agreement is more closely described and analyzed in the Notice of Material Change and OHA's Review Report posted to the HCMO website.
9. The transaction is currently undergoing antitrust review by the Federal Trade Commission (FTC). The FTC issued a request for additional information from the entities in September 2022. Amazon and One Medical stated they will work cooperatively with the FTC.
10. The parties stated that they do not expect the transaction will result in a change in health care services. Post-closing, the Entity expects to retain One Medical employees and contractors.
11. The Entity stated that it does not plan to reduce access to professional medical services delivered by One Medical. One Medical does not operate a mail-order pharmacy in Oregon and the Entity stated that it does it intend to impose any requirement that One Medical patients use Amazon Pharmacy for pharmacy services.

12. The Entity stated that over time, they plan to expand One Medical's network of clinics in Oregon, which it postulates could lead to improved access to affordable health care in Oregon.
13. This transaction will not result in horizontal consolidation in the market for primary care services, and OHA does not anticipate that the transaction will result in increased prices for health care services in Oregon.

CONCLUSIONS OF LAW

OHA concludes that:

1. The Notice is properly supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care entities pursuant to ORS 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

2. OHA finds that:

- a. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.

The Applicant does not expect the transaction will result in a change in health care services and expects to retain One Medical employees and contractors. One Medical clinics are located in areas where many other primary care providers operate. Further, the Applicant stated that it plans to expand One Medical's network of clinics in Oregon over time. Accordingly, there is no evidence the transaction will substantially reduce access to affordable health care in Oregon. OHA has applied reporting conditions to ensure that it remains so in the future and to monitor for future quality, access, and equity concerns.

- b. Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

One Medical operates a limited number of clinics in one geographic region and serves a small number of the population living in that region. OHA has applied reporting conditions to monitor for changes in the scale of One Medical's operations.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, the statements made in the Notice of Material Change Transaction and in the Applicants' correspondence with OHA, it is hereby ORDERED that:

1. The transaction is **APPROVED WITH CONDITIONS** upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. This Order shall be conditioned upon and subject to the following conditions, as further detailed in the attached Exhibit A.

- a. The Entity shall submit semi-annual reports to OHA detailing the following Services Data, pertaining to locations in Oregon, for a period of five years following the merger. The first report shall be submitted six-months post-closure and shall be based on the template provided by OHA and attached hereto as Exhibit A. The Services Data shall include:
 - i. Count of members (by enterprise and individual membership, demographics, and insurance type)
 - ii. Count of members with at least one visit of any type during the six-month reporting period (by location)
 - iii. Count of visits (by location and by in person, synchronous virtual, and asynchronous virtual visits)
- b. The Entity shall submit semi-annual reports to OHA detailing quality measures data for the NQF primary core set, pertaining to locations in Oregon, for a period of five years following the merger. The first report shall be submitted six-months post-closure and shall be passed on the NQF primary care core set, as detailed in the attached Exhibit A.
- c. The Entity shall submit semi-annual reports to OHA detailing the current status of locations in Oregon following the merger including, but not limited to, any changes in types of services offered, the number of providers and/or locations offering services, and the governance, ownership, or organizational structure. The first report shall be submitted six-months post-closure and shall be based on the template provided by OHA and attached hereto as Exhibit A.

3. The Entity shall notify OHA upon completion of the transaction by email to hcmo.info@oha.oregon.gov.

This Order will be posted to the Health Care Market Oversight Program website at <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>.

The Oregon Health Authority reserves the right to enforce each and every condition set forth herein to the fullest extent provided by law. In addition to civil penalties and any legal remedies the Oregon Health Authority may have, OHA shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions.

OHA is required to analyze and publish the entities' compliance with conditions placed on the transaction and to assess the impact of the transaction under ORS 415.501(19) and (20). OHA is required to publish its' analyses and conclusions and include same in the annual health care cost and spending trend report under ORS 442.386(6).

Per OAR 409-070-0080, OHA may require the Entity to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the transaction.

NOTICE OF RIGHT TO REQUEST A HEARING

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), ORS 415.019, and OAR 409-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

hcmo.info@oha.oregon.gov

or

Health Care Market Oversight Program
421 SW Oak St
Suite 850
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time and place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 7th day of February, 2023



Sarah Bartelmann, MPH
Health Care Market Oversight Program Manager
Oregon Health Authority

NOTICE TO ACTIVE DUTY SERVICEMEMBERS. Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 00-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.