



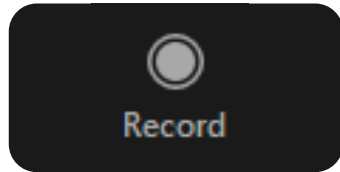
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Oregon's Health Care Market Oversight (HCMO) Program

Rules Advisory Committee meeting #2

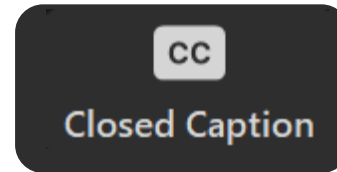
December 11, 2025

Meeting Logistics

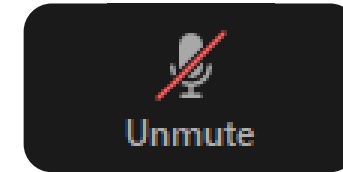


This meeting is
being recorded

The recording will
be posted online.



Closed captioning is
available



Remain muted if
you are not
speaking

Agenda

For attendance: please enter your name in the chat.

- Public comment (10:05 AM)
- Overview of HCMO and RAC process
- Continue discussing proposed rule changes
 - Review draft rules we didn't go to in RAC #1
 - Discuss additional changes made since RAC #1
 - Discuss fee schedule
 - Review Racial Equity Impact Statement, Fiscal Impact Statement
- Wrap up / next steps

For technical assistance, send a direct message in the chat to Lauren Neely.

Reminder: Roles for Today's Meeting

OHA Staff	Present information about HCMO, the RAC, and the proposed rule changes. Facilitate the meeting.
RAC Members	Provide input on the draft rules; suggest additional changes to rules.
Public	Provide additional input during public comment period.

RAC members and the public can also submit comments via email or public comment form at any time during this process.



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Public Comment

Public Comment

- Public comment for rulemaking is open until the rulemaking process ends (tentatively February or March 2026).
- This meeting includes time for public comment.
- Do not include private or sensitive information in your comments

Send comments to: HCMO.info@oha.oregon.gov

Raise your hand on Zoom

When facilitator calls on you, state your

- name
- organization/affiliation
- idea for rule changes / comments on proposed rule changes





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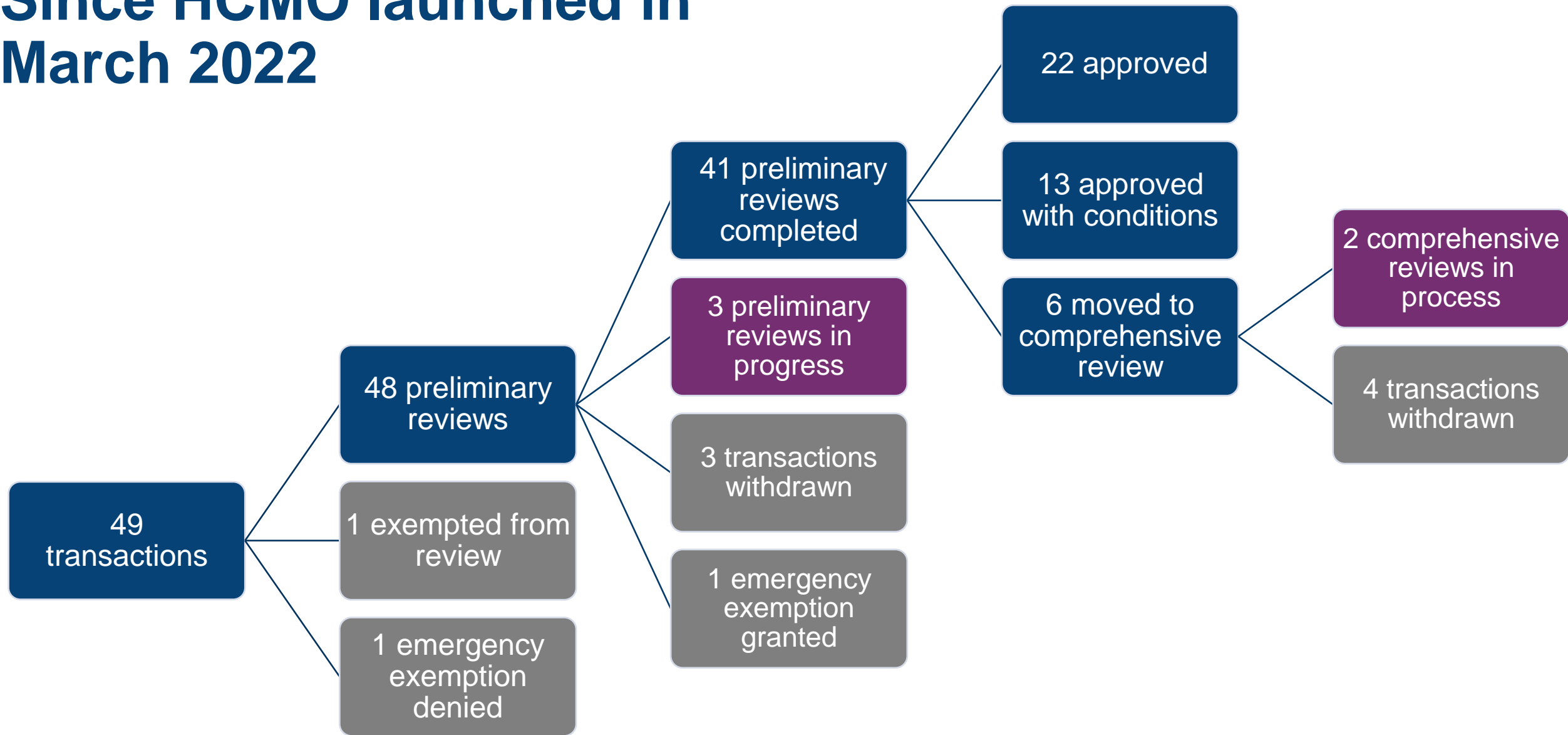
About HCMO and the RAC Process

Since HCMO launched in March 2022



As of November 7, 2025

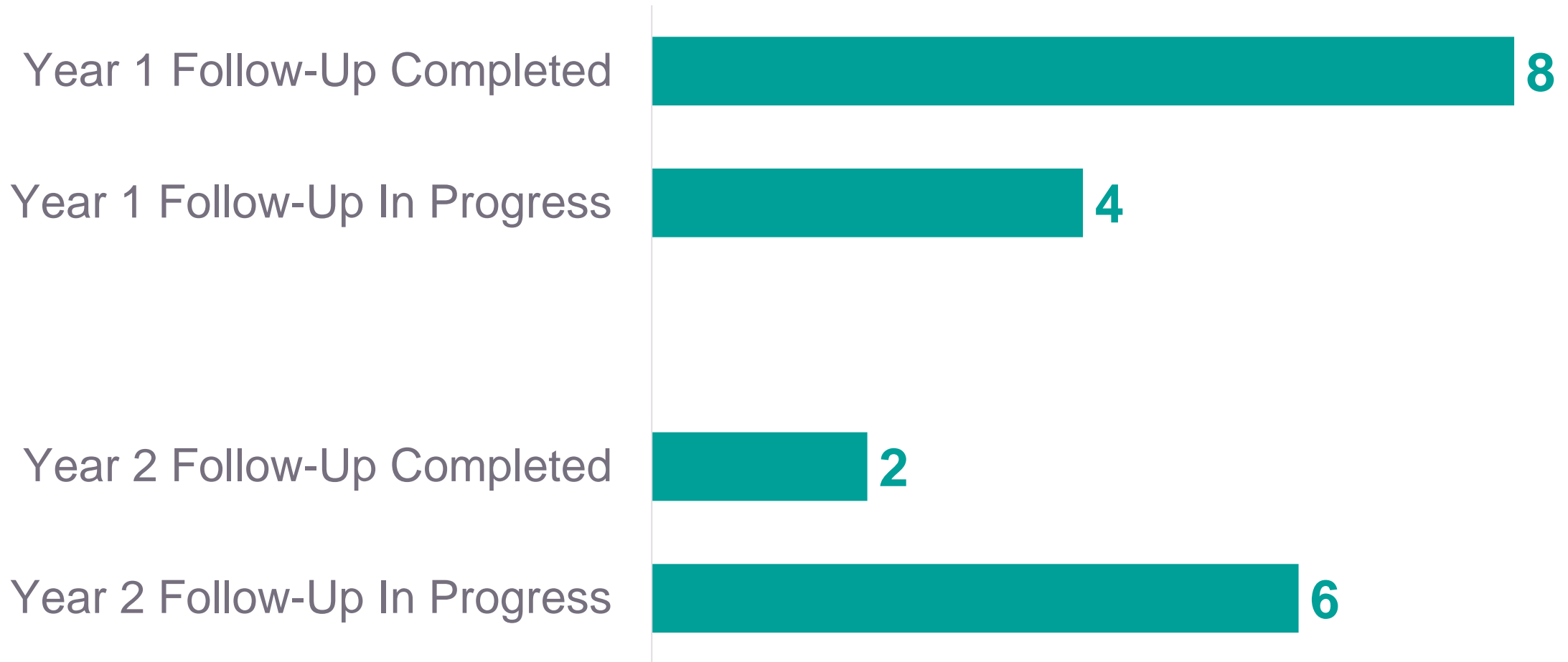
Since HCMO launched in March 2022



As of November 7, 2025

HCMO also receives and has optional Determinations (not shown)

Since HCMO launched in March 2022...



As of November 7, 2025

HCMO is guided by...

[Oregon Revised Statute 415.500 et seq.](#)

[Oregon Administrative Rules 409-070-0000 through -0085](#)

[OHPB approved guiding principles and framework](#) (Oct 2025)

[OHA sub-regulatory guidance](#)

About Rules Advisory Committees

A RAC is used to seek input to the maximum extent possible during the development of the proposed rulemaking prior to giving notice of intent to adopt, amend, or repeal an administrative rule.

A RAC allows the public and interested parties to provide input and suggestions during the development of new rules, amendment or repeal of existing rules, and the fiscal impact of the proposed rulemaking.

The RAC's role is advisory, and consensus is not necessary.

2025 HCMO RAC Meetings

Meeting #1 – November 6th

- Program and rulemaking background
- Review and discuss suggested rule changes
- Meeting recording

Meeting #2 – December 11th

- Continued discussion of rule changes
- Review and discuss revised fee schedule
- Review and approve:
 - Statement of Need & Fiscal Impact
 - Racial Equity Impact Statement
- Final edits to rule will be submitted to SoS
 - Additional opportunity for feedback in 2026



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Draft Rules

Feedback

For today's RAC meeting, HCMO has provided a summary of all feedback and suggested rule changes received through December 4, along with notes about how the input has been addressed.

Feedback received after December 4 will still be considered by OHA but is not reflected in the draft rules for today's discussion.

Note: a substantial number of comments and suggestions that HCMO has received to-date would require statutory change and cannot be addressed through administrative rulemaking.

Today's Goal

- Finish reviewing proposed rule changes that we didn't get to in RAC #1
- Review proposed rule changes in the second draft, including proposed fee schedule
- OHA will update the proposed rules draft after RAC #2 and a third draft will be submitted to the Secretary of State.



Changes we didn't discuss in RAC #1

409-070-0075 Contested Case Hearings

OHA is proposing adding language to describe how the Contested Case Hearings (CCH) process works for civil penalties (section 409-070-0067).

- Entities have 15 calendar days to request a CCH
- If entities do not request a hearing within this time period, OHA will issue an Order
- If the Order is not appealed, or appealed and sustained, the civil penalty is payable within 10 calendar days

409-070-0080 Compliance with Conditions; Information Requests

Housekeeping change: remove “Information Requests” from this section title. See section 409-070-0085 Information Requests.

409-070-0085 Information Requests

OHA is proposing clarifying that entities must respond to requests for additional information within the timeframe outlined by OHA.

Review second draft

409-070-0000 Scope & Purpose

Proposed revisions to align with OHPB revisions to framework (Oct 2025).

(3) The Authority and the Department must aim to achieve the following goals when reviewing proposed material change transactions:

(a) Improving health, **maintaining and** increasing the quality, reliability, availability and continuity of care and reducing the cost of care for people living in Oregon.

(b) Achieving health equity and equitable access to care .

(c) Ensuring transacting entities' accountability to the community and its needs

(d) A process that is transparent, robust and informed by the public, including the local community, through meaningful engagement.

(e) Using resources wisely **and ensuring the sustainability of the program**, in collaboration with the Department, **the Oregon Department of Justice, and other state agency programs** when applicable.

409-070-0005 Definitions

Moved previous (28) into (14) for clarity. New (14) reads:

- (14) In accordance with ORS 415.500(2), "essential services" means:
- (a) Services that are funded on the prioritized list of health services described in ORS 414.690, as in effect at the time of notice submission; and
 - (b) Services that are essential to achieve health equity meaning any service directly related to the treatment of a chronic condition; pregnancy-related services; prevention services including non-clinical services; or health care system navigation and care coordination services.

409-070-0005 Definitions

(18) "Health equity" means a health system that provides all people with the ability to reach their full health potential and well-being and ensures that people are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or their socially determined circumstances.

409-070-0015 Materiality Standard

(2)(b) An entity domiciled outside of Oregon that otherwise meets the criteria in subsection (a) may be considered out-of-state under these rules if:

...

(B) the entity is a health care insurer, the proposed transaction involves only health care insurers, and the combined market share held by the health care insurer immediately after the completion of the proposed transaction does not exceed five percent ~~of the total market share~~ in any market.

409-070-0030 Requirement to File a Notice...

Will discuss in separate section during RAC meeting; see later slides on new fee schedule.

409-070-0042 Optional Application for Determination...

(6) The Authority will publish the letter of determination at the earlier of either (a), (b), or (c) of this section:

(a) no less than 6 months after the date of the letter of determination in the event that the transaction proceeds, **is publicly available**, but is not subject to review by the Authority,

409-070-0045 Form and Contents of Notice...

(2) A party or the parties to a material change transaction for which a filing will be made under this rule are encouraged to contact the Authority and arrange for a pre-filing conference. If the Authority decides to conduct a comprehensive review under OAR 409-070-0060, the Authority must offer the party or parties a comprehensive review conference. The pre-filing conference or comprehensive review conference must preview the transaction and filing and the Authority's expectations for the review of the transaction including timing, the use of outside experts, the potential involvement of a community review board in accordance with OAR 409-070-0062, and other relevant issues. As applicable, the Department will participate along with the Authority in any such conference. **The party or parties to a material change transaction under review may request a pre-filing conference, a comprehensive review conference, or other conference with the Authority at any time during the preliminary or comprehensive review period.**

409-070-0045 Form and Contents of Notice...

(5) A notice of material change transaction must include either complete and final executive copies of all the definitive agreements pursuant to which the transaction will be documented and closed, **draft definitive agreements**, or a term sheet...

(a) Unless extended in writing by the Authority, the parties must furnish the Authority with complete and final executed copies of all the definitive agreements pursuant to which the transaction will be documented and closed, **or draft definitive agreements in lieu of complete and final executed copies**, together with a detailed description of any respect in which the definitive agreements depart from the term sheet, no later than fifteen (15) days after the commencement of the preliminary review period. If the parties are unable to furnish complete and final executed copies of all definitive agreements **or draft definitive agreements** within this time period, then the Authority will either suspend the proposed transaction pursuant to ORS 415.501(10) or notify the entities that the running of the period for review of the notice will be tolled under OAR 409-070-0085 until the parties have furnished copies of such final executed definitive **agreements or draft definitive agreements**

409-070-0045 Form and Contents of Notice of Material Change Transaction

(12) An approved material change transaction must become effective within a period that begins 60 calendar days from the date the Authority issues its final order approving the proposed material change transaction.

409-070-0045 Form and Contents of Notice...

(13) A party to an approved material change transaction must notify the Authority, in writing, within seven (7) business days in the event a proposed transaction has failed or has been abandoned.

409-070-0050 Retention of Outside Advisors

OHA is proposing striking ~~'related costs for document management software'~~ from the list of reimbursable costs.

409-070-0062 Community Review Board

Removed proposed subsection (6).

409-070-0067 Violations and Civil Penalties

(1)(d) Up to \$10,000 per offense when an entity fails to timely respond to a clarifying questions or information request from the authority in violation of OAR 409-070-0085.

...

(3) Every violation of an order, rule or regulation is a separate offense subject to a separate civil penalty.

(4) The provisions of this section are in addition to and not in lieu of any other enforcement provisions imposed by law.

(5) Civil penalties under this section shall be imposed and enforced in accordance with ORS 183.745.

...

(7) Moneys received by the Authority under this section shall be paid to the State Treasury and credited to the General Fund.

409-070-0070 Confidentiality; Permitted Disclosures

(4) The failure of an applicant to adequately justify grounds for confidentiality as required in section (1) and timely respond to correspondence from the Authority or the Oregon Department of Justice related to such claim of confidentiality as required in section (3) may result in a denial of the Authority accepting such confidentiality claims. In the event of such an occurrence, the Authority will provide a minimum of ~~two~~ **five** business days advance notification to the Applicant prior to public release.

409-070-0075 Contested Case Hearings

OHA originally proposed a 15-day period to request a contested case hearing when a civil penalty is imposed; updating to 20-day period to align with ORS 183.745.

(4) The person or entity to which a civil penalty imposed under OAR 409-070-0067 is addressed will have **20** calendar days from the date of service of the Notice to request a contested case hearing.

409-070-0080 Compliance with Conditions

Deleted previous section (2), as this is already in statute (ORS 415.103) and doesn't need to be repeated here.

New language added, similar to -0082 and -0085:

(2) The Authority may require that the parties provide such information, reports, analyses and documentation as the Authority may require in order to verify compliance with conditions.

(3) The entity or entities must provide all requested information in accordance with OAR 409-070-0070 and may not refuse to provide requested information. Failure to comply with or timely respond to a clarifying question or information request from the Authority may result in the imposition of civil penalties pursuant to OAR 409-070-0067.

409-070-0082 Follow-Up Analyses... and 409-080-0085 Information Requests

Added connection back to new civil penalties.

Failure to comply with or timely respond to a clarifying question or information request from the Authority may result in the imposition of civil penalties pursuant to OAR 409-070-0067.

409-080-0085 Information Requests

Clarifying edit:

The Authority must notify the parties of the information or clarification that is required to be submitted to the Authority, and the parties must ~~promptly~~ **timely** reply to such requests **within the time frame outlined by the Authority.**



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5 minute break



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409-070-0030 Requirement to File a Notice of Material Change Transaction Fee Schedule

Background



Directive for HCMO to collect fees

ORS 415.512 directed the Oregon Health Authority to “prescribe by rule a fee to be paid under ORS 415.501(3), proportionate to the size of the parties to the transaction, sufficient to reimburse the costs of administering ORS 415.501.”

The Legislature funded HCMO for the 2021-2023 biennium with General Funds with the expectation that the program would be funded with fees in the 2023-2025 biennium and beyond.

As part of administrative rulemaking in 2021, HCMO developed an initial fee schedule.



Developing initial fee schedule

OHA developed the initial HCMO fee schedule in 2021 (before the program began reviewing transactions in March 2022) based on multiple estimates:

- Estimated program costs (\$631,000 per year for 4 FTE and CRB resources)
- Estimated number of transactions requiring review
- Estimated number of types of transactions

HCMO fee development memo, December 2021:

<https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/HCMO-Fees-Development-Memo-12.3.21.pdf>

HCMO fees initially phased in

March 1, 2022 – Dec 31, 2022

No fees.

OHA initially proposed* a reduced fee schedule for this period, since the program was supported by General Fund and transactions during this period were expected to have an expedited review.

This approach was scrapped after input from the Rules Advisory Committee.

Jan 1, 2023 – present

Activity	Fee
Optional determination	\$0
Pre-filing conference	\$0
Emergency exemption	\$2,000
Preliminary review	\$2,000
Comprehensive review (based on smaller entity's revenue) <ul style="list-style-type: none">• <\$50m• <\$200m• <\$500m• >\$500m	<div>\$25,000</div> <div>\$80,000</div> <div>\$90,000</div> <div>\$100,000</div>
Follow-up reviews	\$0

[*https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/HCMO-Table1-Draft-Fee-Schedule-11.10.21.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/HCMO-Table1-Draft-Fee-Schedule-11.10.21.pdf)

2021 RAC feedback on initial fee schedule

- “significant filing fees may discourage collaboration and stifle innovation”
- “the fees outlined for a comprehensive review ..are still exorbitant and unworkable, especially for smaller providers...”
- “The sliding scale should apply not just to the size of the entity, but also to the size of the transaction”
- Fee schedule doesn’t include outside advisor costs, which are unknown / uncapped
- Fees will discourage innovation and transactions that may be beneficial for Oregon

See “RAC-related correspondence” <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-Rules.aspx>

The initial HCMO fee modeling was known to be insufficient to cover program costs.

Scenarios – Using the Proposed Fees Applicable to Jan-Jun 2023 to Calculate the Budget

Scenario	# of transactions submitted for review	Minus those not subject to review	Emergency or Preliminary Review (n x \$2,000)	Comprehensive Review (assume max fee of n x \$100,000)	Total	% of program budget
A	12 (1 / month)	2	10	0	\$20,000	3%
B	24 (2 / month)	1	22	1	\$144,000	23%
C	48 (4 / month)	2	43	3	\$386,000	61%

OHA has always intended to revisit the HCMO fee schedule.

“OHA intends to publish a potentially revised fee schedule for the 2023-25 biennium, based on experience in the initial 16 months of the program and the number of notices of material change transactions received, as well as the number of transactions in preliminary and comprehensive review.

The fee schedule may be revised up or down as needed to be sufficient to reimburse the costs of administering the program.”

OHA did not reopen the fee schedule for the 2025-2027 biennium during 2024 administrative rulemaking.

OHA requested additional General Fund from the Legislature to continue to support the program

Biennium	POP #	Description	Requested Amount	Outcome
2023-2025	430	Support for HCMO - This package requests funds for four full-time permanent positions and program expenses	\$1,240,524 General Fund	Not funded
2025-2027	407	Support for HCMO - This package addresses a shortfall in fee revenues, requests funds for existing four staff and adds two new positions.	\$2,648,565 General Fund	Not funded

https://www.oregon.gov/oha/ERD/SiteAssets/Pages/Government-Relations/2023-25%20OHA%20POPs%20print-ready_rev%208-23-22.pdf
<https://olis.oregonlegislature.gov/liz/2025R1/Downloads/CommitteeMeetingDocument/290024>

HCMO budget and revenue

HCMO Requested Budget Detail, 2025-2027

	General Fund	Description
Personal Services	\$1,849,445	6 full time positions, additional partial FTE from manager, health care economist and other staff as needed to support reviews.
Services & Supplies	\$799,120	Public engagement and community review board supports; DOJ costs
Total	\$2,648,565	

<https://www.oregon.gov/oha/Budget/OHA%202025-27%20Agency%20Request%20Budget.pdf>

see page 854

Media covered the 2025-2027 funding request in 2024

It's not a secret that HCMO's current fees are not "sufficient to reimburse the costs of administering ORS 415.501



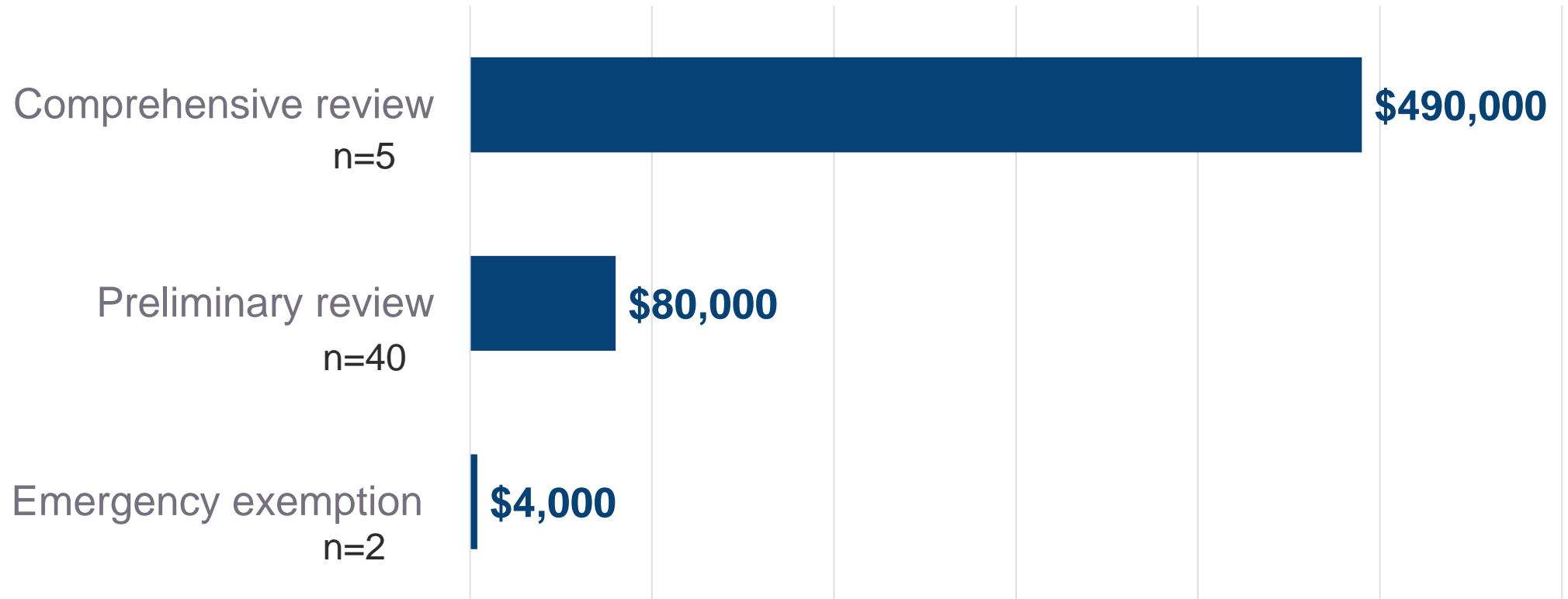
<https://www.thelundreport.org/content/state-not-recovering-costs-new-oregon-merger-reviews>

Other HCMO program costs (no fees charged)

- Pre-filing conferences with entities
- Staff time and resources responding to questions from lawyers, entities, investors, media, and the public
- Staff time and resources responding to public records requests
- Statutorily required State of Consolidation Report, beginning in 2026
- DOJ costs not associated with a specific transaction
- Rule development

HCMO fee revenue to-date, by type of fee

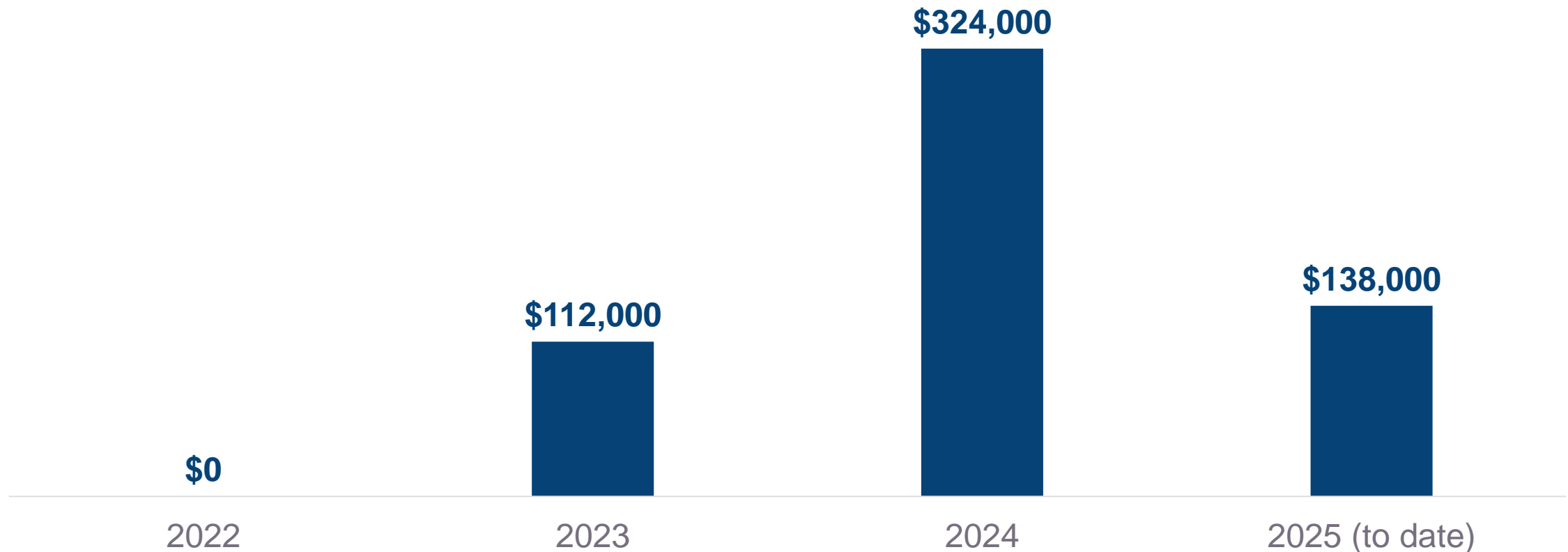
Between Jan 1, 2023 – December 2, 2025



HCMO fee revenue, by year

Based on date paid; Jan 1, 2023 – December 2, 2025

These amounts do not include any outside advisor reimbursement.



Comprehensive review fees, to date

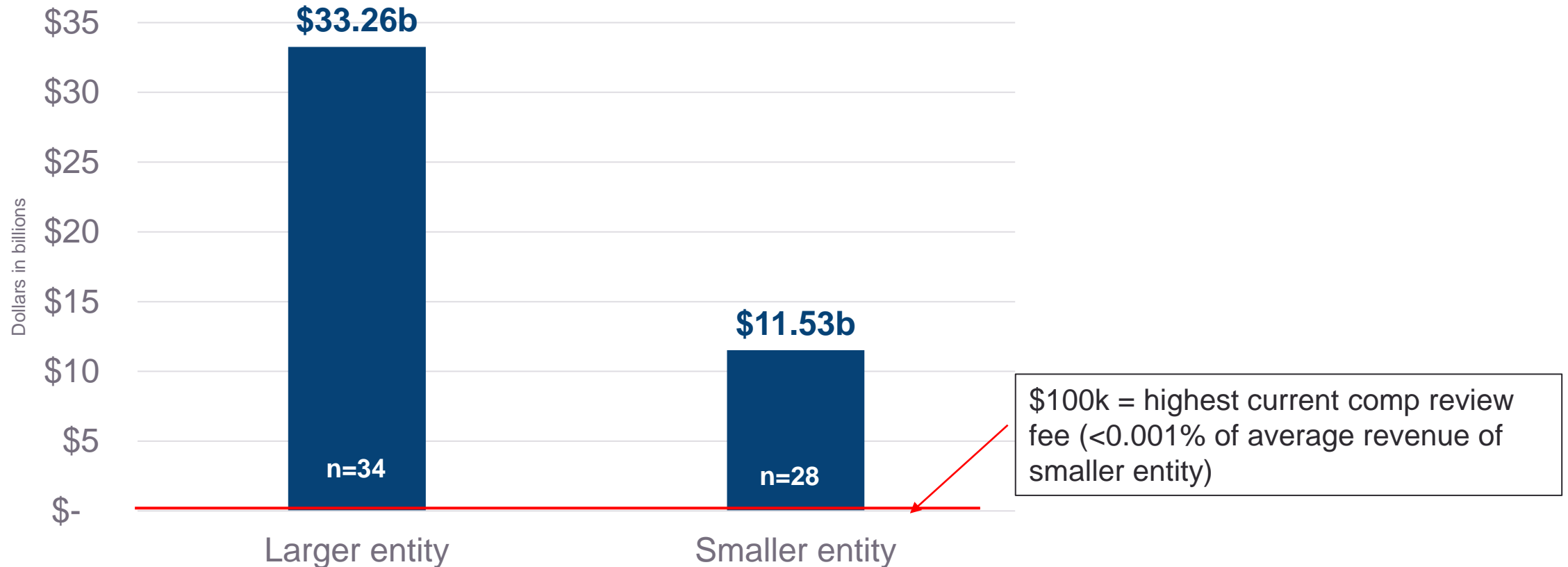
Comprehensive review fees
based on smaller entity's revenue

Revenue	Fee
<\$50m	\$25,000
<\$200m	\$80,000
<\$500m	\$90,000
>\$500m	\$100,000

While comprehensive review fees are on a sliding scale (per statutory directive), in all 5 transactions that went to comprehensive review and were assessed the comprehensive review fee, the smaller entity's revenue exceeded \$500m.

Annual revenue for HCMO-reviewed entities, 2022-2025 (to date)

Mean Entity Revenue, 2022-2025 (to date)



Revised fee schedule



Inputs and assumptions for updated fees

Staff conducted a time study for more than a year to better understand the level of effort needed for HCMO (by transaction, by type of activity).

Program budget now reflects more accurate understanding of underlying costs (services and supplies, staffing, in-kind support provided by agency, DOJ costs).

Refined projected number of annual transactions informed by multiple years of historical experience (see next slide).

Ran monte carlo simulations to understand potential scenarios based on different fee schedules, different projected numbers of transactions, and how likely OHA would be to cover HCMO operating costs.

Projected number of annual transactions informed by historical data

Activity	Estimate	Minimum	Maximum
Determinations	7	4	11
Emergency Exemptions	2	1	3
Prelim Reviews	20	13	30
Comprehensive Reviews	2	1	4

Proposed new HCMO fee schedule, by activity effective ~May 1, 2026

OAR 409-070-0030 Requirement to File a Notice of Material Change Transaction

Activity	Current Fees	Proposed Fees	Notes
Optional Application for Determination of Covered Transaction Status	\$0	\$0	OHA wants to encourage entities to continue to engage with HCMO and seek optional determinations.
Emergency Exemption	\$2,000	\$2,000	
Preliminary Review	\$2,000	\$30,000	Proposed fee includes legal costs; OHA will not pass on outside advisor legal costs to entities during preliminary review.

Proposed new HCMO fee schedule, by activity effective ~April 2026

OAR 409-070-0030 Requirement to File a Notice of Material Change Transaction

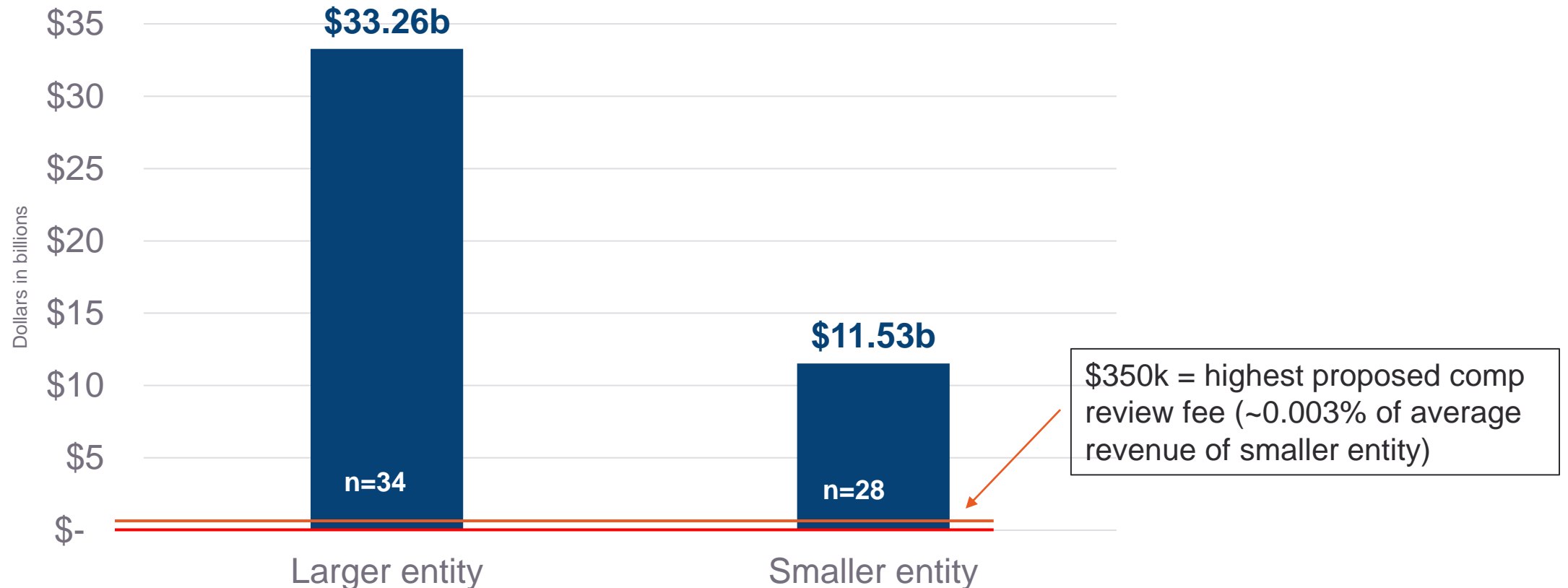
Activity	Current Fees	Proposed Fees	Notes
Comprehensive Review (based on smaller entity's revenue) <ul style="list-style-type: none">• <\$50m• <\$200m• <\$500m• >\$500m	\$25,000 \$80,000 \$90,000 \$100,000	\$200,000 \$250,000 \$300,000 \$350,000	
Follow-up Review <ul style="list-style-type: none">• One-year• Two-year• Five-year	\$0 \$0 \$0	\$15,000 \$15,000 \$30,000	

5-year fee overview

	Preliminary Review	Comprehensive Review
Estimated % of Subject Transactions	100%	5-10%
OHA Transaction Fee	\$30,000	\$200,000-\$350,000
Outside Advisor Fees	\$0	TBD (OHA will provide initial budget)
1-yr Follow-Up Fee	\$15,000	\$15,000
2-yr Follow-Up Fee	\$15,000	\$15,000
5-yr Follow-Up Fee	\$30,000	\$30,000
Total Fees over 5 Years	\$90,000	\$260,000-\$410,000 plus outside advisor fees

Annual revenue for HCMO-reviewed entities, 2022-2025 (to date)

Mean Entity Revenue, 2022-2025 (to date)



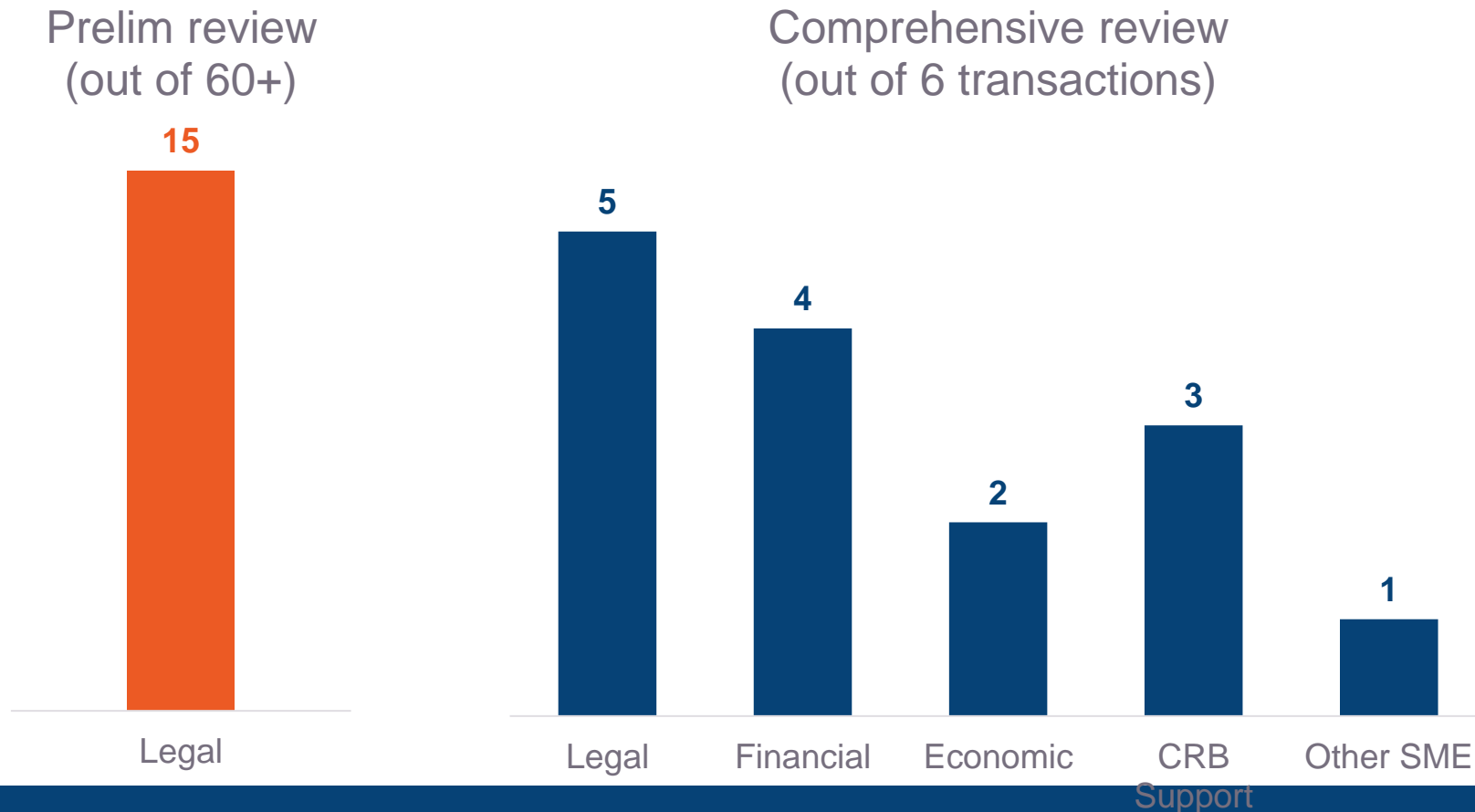
Other fees

The FTC's Hart-Scott-Rodino filing fee is based on the size of the transaction and in 2025, ranges from \$30,000 to \$2.39 million.

Retention of outside advisors

Not all these outside advisor costs were passed on to entities.

Count of transactions where OHA used an outside advisor.



- OHA currently sends notice to entities when outside advisors are being engaged as part of a transaction review.
- OHA will commit to sharing outside advisor budgets in advance with entities.
- OHA will update sub-regulatory guidance to reflect this commitment.

409-070-0030 Requirement to File a Notice of Material Change Transaction



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Statement of Need and Fiscal Impact Worksheet



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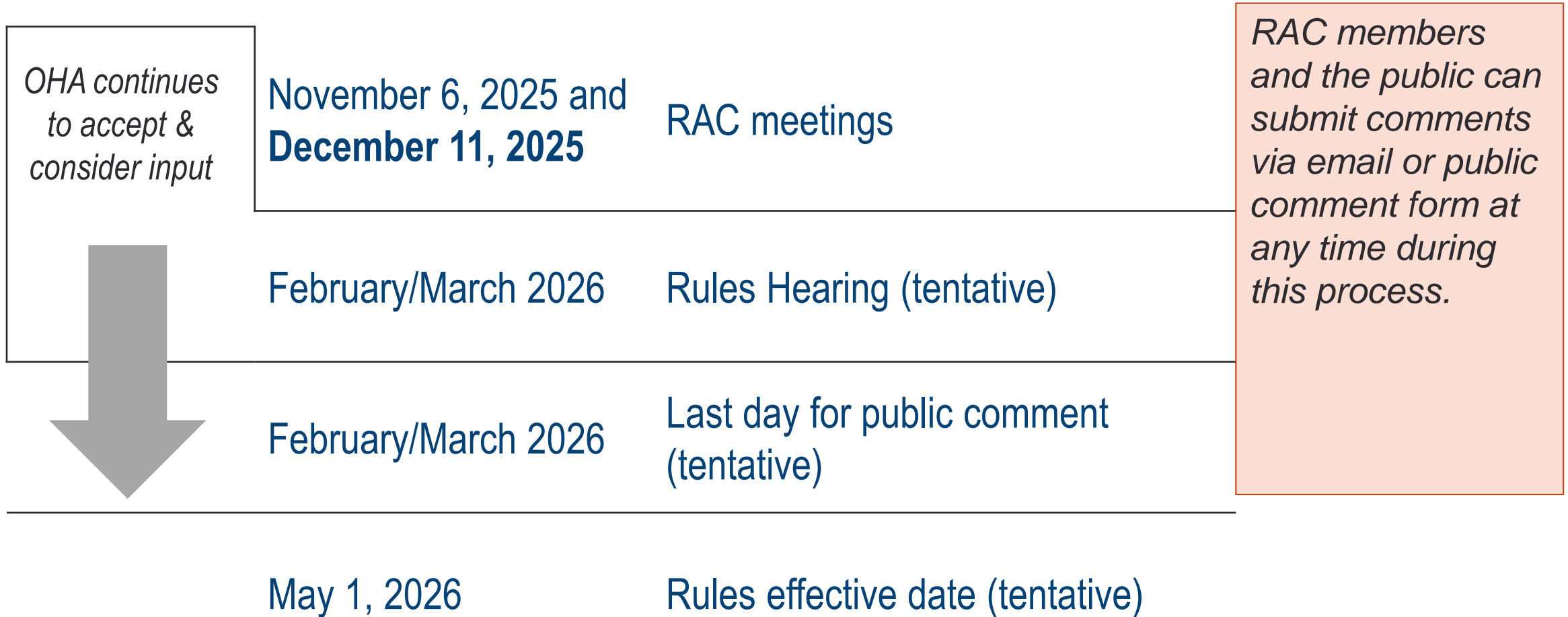
Racial Equity Impact Statement



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Next Steps

Tentative Rule-Making Timeline



For More Information

HCMO Website

www.Oregon.gov/HCMO

HCMO Rules

<https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-Rules.aspx>

Contact Us

hcmo.info@oha.Oregon.gov

Thank you for your engagement in this process!



THANK
YOU

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Health Care Market Oversight Program
Health Policy & Analytics Division
www.Oregon.gov/HCMO

