

**Health Care Market Oversight Program
RAC December 2025**

Statement of Need and Fiscal Impact Worksheet

Agency and Division Name: Oregon Health Authority (OHA), Health Policy and Analytics Division

Administrative Rules Chapter Number: OAR 409-070-xxxx

Rule Caption (not more than 15 words): Amend rules for the Health Care Market Oversight Program, including fee schedule

In the Matter of: the adoption and amendment of OAR 409-070-0000 through 409-070-0085

Stat. Authority: ORS 415.500 et seq.

Need for the Rules: OHA's Health Care Market Oversight Program reviews proposed transactions involving health care entities in Oregon to make sure the transactions help Oregon's shared goals of health equity, lower consumer costs, increased access, and better care. The following rules changes are needed for a sustainable, clearer and more streamlined program.

Documents Relied Upon, and where they are available: The program website is <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>. The program also maintains a website for rules changes and Rules Advisory Committee materials: <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-Rules.aspx>. This website hosts all publicly shared documents including drafts of rules, the list of rules advisory committee members, and additional documents.

Fiscal and Economic Impact: The program is designed to have a positive economic impact on people living in Oregon. The originating statute specifies that a health care entity may engage in a material change transaction if, after a review conducted by the Oregon Health Authority, the Authority determines that the transaction will, among other things, reduce the growth of patient costs.

Moreover, after every approved material change transaction, the Authority is tasked with analyzing the transaction one, two, and five years later, focusing on, among other things, the cost trends and cost growth trends of the parties to the transaction.

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. The Legislature did not provide General Fund for the 2025-2027 biennium and as costs of administering the program have increased, HCMO is revising its fee schedule. The new fee schedule may have fiscal and economic impacts on health care entities subject to the program.

Statement of Cost of Compliance

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

State agencies other than OHA will not be affected by the rule changes. There may be an impact to local governments for those hospitals or health care entities that are a part of a Health District, if those entities engage in a proposed material change transaction. The program is designed to have a positive impact on the public.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:

The statute limits the number of entities subject to the program requirements. Only transactions that involve one entity with an average annual revenue of \$10 million or more and another entity with an average annual revenue of \$25 million or more are subject to the requirements of the program.

It is possible that a small business with 50 or fewer staff could be subject to the requirements in this program, depending on the average annual revenue of their business. Only transactions involving a health care entity that meet the revenue thresholds are subject to review under this program.

The proposed rule changes do not alter the number or types of entities subject to review under this program.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

There are minor changes to expected reporting as a result of these proposed rule changes (e.g. entities must notify OHA if a transaction is called off or abandoned). The expected recordkeeping and administrative activities are unchanged as a result of these proposed rule changes.

There may be costs associated with complying with the rules, but only for those small businesses that are engaging in a proposed material change transaction that is reviewable under the program.

c. Equipment, supplies, labor and increased administration required for compliance:

For those small businesses that are engaging in a proposed material change transaction that is reviewable under the program, the cost for a preliminary review is

\$30,000 and the cost for a comprehensive review, which may not be necessary, depends on the sizes of the entities involved in the transaction, as required by state law. The cost for a follow-up review is \$15,000 for the one-year review, \$15,000 for the two-year review and \$30,000 for the five-year review.

How were small businesses involved in the development of this rule?

An invitation was sent to all subscribers of the program's GovDelivery list-serve and emails were sent to former RAC members and pertinent organizations soliciting participants for the Rules Advisory Committee. RAC membership was open to all interested parties with one restriction – only one representative per organization.

It is the program's goal to have a Rules Advisory Committee that consists of consumers of health care services, individuals who are affected by the program, consumer advocates, and individuals who represent health care entities. Some RAC members represent smaller health care entities.

Administrative Rules Advisory Committee consulted? Yes