

- 1) In Section I, Santiam Hospital and Clinics Foundation (Party C) should also be listed as a party to the transaction.**

We have updated the Notice accordingly.

- 2) Item 7.b: Please provide copies of all analyses and work products related to the financial and any other non-legal due diligence reviews completed on behalf of Salem Health. Any attorney-client privileged information contained in the due diligence reports may be redacted.**

As discussed in the Notice, Salem Health engaged KPMG, its financial advisor, and bond counsel to conduct due diligence and advise the Salem Health board and executive team regarding this transaction. However, Salem Health engaged each such advisor through counsel, and in each case the reports and work product are covered by attorney-client privilege. Accordingly, Salem Health does not have any additional due diligence materials to provide.

- 3) Item 10.f.vii: Please provide the time period for the number of patients.**

The time period is the 12-month period from July 2024 to June 2025. We have updated the Notice to include this information.

- 4) Item 11.f.viii: Please break out counts by inpatient admissions, ER visits, and outpatient care (similar to the response for Item 10.f.viii).**

Between January 1, 2025 and December 31, 2025, Santiam Hospital & Clinics had 1,723 admissions, 23,690 emergency room visits, and 180,024 visits for surgical, outpatient, and clinic care.

Please note that the Notice reported approximately 230,460 total services. In reviewing the data in more detail, we believe the actual number is 205,437. We have updated the Notice accordingly.

- 5) Item 13: Please include a description of any previous mergers, acquisitions, or joint ventures that closed in the last ten years involving Santiam. If there have not been any such transactions, include an affirmative statement to that effect.**

Santiam has not closed any such transactions within the last 10 years. We have updated the Notice to indicate as much.

**6) HCMO-1b lists several entities formed with Salem Health within the last 10 years that do not appear to be reflected in Item 13. Please update the response to Item 13 to provide information about these entities or provide an explanation of why they do not need to be included in Item 13.**

None of the following entities organized in the last 10 years are reportable under Item 13, as described below:

- Salem Health Foundation was formed in 1967. The Foundation changed its name in 2017, but this did not coincide with any transactions reportable under Item 13.
- Marion Polk Coordinated Care has never had any business operations.
- Improving Community Care, LLC has never had any business operations.
- Willamette Valley SSP, LLC has never had any business operations.
- Willamette Valley Health, LLC has never had any business operations.
- Fernwood Homes LLC is a property holding company with no business operations other than ownership of a real estate asset.

**7) Item 14.c: The response describes recent investments in West Valley Hospital, but lacks details about planned investments or initiatives resulting from the proposed material change transaction. Please provide a more detailed explanation of planned investments or initiatives at Santiam following the close of the transaction.**

One of the driving forces behind this transaction is a mutual recognition that Santiam and its community will benefit from increased investment in the health care delivery system. As such, Salem Health has agreed to invest a minimum of \$61 million into Santiam, which includes a \$35 million capital commitment over 10 years.

In recognition of Santiam's urgent capital needs, at least \$10 million (or approximately 29%) of the capital commitment will be allocated to projects and initiatives within 12 months of closing. The specific projects and spending priorities for this first \$10 million are discussed in more detail in response to Inquiry 8 below.

However, Salem and Santiam otherwise agreed that it would be premature to allocate the capital commitment to a definitive list of post-closing investments and initiatives. This is for two reasons. First, both Salem and Santiam believe that capital priorities should be informed by the integration process and developed through deliberative engagement with the boards of both entities, staff, and community. Integration planning is well underway, and both entities are engaging with staff and community through town halls, staff meetings and the media. This process will continue through closing and inform capital plans moving forward.

Second, the needs of Santiam and the community it serves will shift over the 10-year capital commitment period. We are already seeing the upheaval created by recent cuts to the federal health care programs. Demographic changes in the community will also shift what services are most needed and where. Accordingly, both Salem and Santiam believe that the capital commitment will be most impactful if it can be allocated to address capital needs as they change over time.

With that said, Salem and Santiam agree that the primary purpose of the capital commitment is to improve access to equitable, high-quality, and cost-effective care. As such, the parties anticipate that all capital commitment spending will further one or more of the following goals: (1) maintaining or increasing access; (2) increasing quality; (3) positively impacting health equity; or (4) decreasing the cost of care.

**8) Item 6a describes \$61 million in planned investments in Santiam, including \$35 million capital commitment with \$10 million to be allocated in the first 12 months. As available, please provide further details about these planned investments, including specific initiatives or projects. If details are not available, please describe the timeline and process to allocate investments.**

At least \$10 million of the \$35 million capital commitment (or approximately 29%) will be allocated in the first twelve months of closing. This is in addition to the \$4 million that will fund the desperately needed upgrades to Santiam's electronic medical records ("EMR") system that will be allocated immediately following closing, as described in more detail in response to Inquiry 9 below.

The parties have not yet determined how to allocate the \$10 million of this initial tranche, but they are putting in place the processes and procedures necessary to ensure that all allocations meet the access, quality, equity, and cost goals described above. Specifically, Santiam and Salem have developed a governance framework and timeline that will inform pre-closing integration planning.

This framework, which is attached as RFI Exhibit 8, reflects the parties' collaborative governance approach. As the framework illustrates, the integration committee will be working closely with each of the substantive integration workstreams, including finance, IT, HR, revenue cycle, medical staff, and quality and safety. This will allow the integration committee to develop the knowledge and strategic perspective necessary to understand near-term needs of the organization, which will in turn inform near-term capital allocation. Similarly, the Executive Steering Committee is leading community outreach through town halls, staff meetings, and media campaigns. These outreach efforts will also inform post-closing capital allocation priorities.

Ultimately, the combined system will allocate all of the initial \$10 million tranche within 12 months of closing. That 12-month period will be used to build on the learnings of the integration period and analyze how best to allocate scarce

capital. With that said, the parties have discussed Santiam's current capital priorities, which are described below. Although it is not clear whether these projects will receive capital support from the initial tranche (in part because fundraising for these projects remains ongoing), Santiam and Salem agree that these are the types of access-enhancing projects that would further the goals of the capital commitment.

1. **Ambulance Facility:** Santiam is in the process of developing a new, centrally located ambulance facility that will improve response times, provide space for staff training, and prepare for future growth through additional bay space and sleeping quarters. Santiam's ambulance service responds to 3,200 calls for service annually, providing initial 9-1-1 ambulance coverage for a vast area of 160 square miles in Linn and Marion County. It covers emergency responses for the communities of Aumsville, Marion, Scio, Shaw, Stayton, and Sublimity, and conducts emergent and non-emergence transfers to Santiam Hospital. In addition to the primary coverage area, 15 miles of the dangerous highway 22 corridor, and transfer requests, Santiam Ambulance provides coverage to over 1,000 square miles for mutual aid response.
2. **Mill City Pharmacy:** Santiam is in the process of developing a new retail pharmacy in Mill City. Mill City residents travel nearly 20 miles for prescriptions, and residents of communities further up the Santiam Canyon travel even farther for prescriptions. This creates barriers to care. According to the Lund Report in 2024, Oregon is the 2nd worst in the nation for retail pharmacy access. The population that will be served by this pharmacy include low-income families, older adults, people with disabilities, and wildfire-impacted communities. 17% of Mill City residents live in poverty, higher than the state average. Wildfires in 2020 destroyed 80% of Detroit's homes, exacerbating housing and food insecurity. Currently, the absence of a local pharmacy forces patients to travel to Stayton or Salem for prescriptions, including essential and lifesaving therapies. For residents with limited income, disabilities, or transportation challenges, this distance presents a serious barrier to care. Too often, these challenges result in missed medications, worsening chronic conditions, and avoidable hospitalizations. This project will alleviate these access concerns.
3. **Women's Center:** Santiam is expanding its women's health center to ensure access to the women in the Santiam canyon community. The updated facility will allow Santiam to offer comprehensive services and ability to accommodate more patients, reducing wait times and improving overall patient experience. By investing in this project, Santiam is prioritizing the health and well-being of women, ensuring they receive the best possible care close to home.

To reiterate, each of these projects is in development and it is not yet clear whether any of these projects will receive (or needs) capital from the capital

commitment. However, each is an example of the type of access-enhancing project that the parties intend to fund through the capital commitment.

**9) Item 6a describes plans to invest approximately \$4 million in Epic implementation for Santiam. Describe the expected timeline for this investment**

Following deal closure, Salem Health will embark on an approximately 24-month Epic EMR implementation journey for Santiam, supported by a \$4 million allocation from the capital commitment. The effort will begin with a roughly 6-month phase dedicated to aligning cybersecurity protocols, networking infrastructure, and hardware to ensure Santiam is fully prepared for the transition. This will be followed by an approximately 9-month Epic implementation period, during which the EMR system will be built, configured, and brought live. Finally, a 9-month runout period will follow go-live to manage the transition of accounts receivable from Santiam's legacy systems, supporting financial continuity and a clean conversion. In total, this phased approach spans approximately 24 months, over which the \$4 million investment will be deployed.

**10) Item 14.d. Thank you for providing information about employment agreements, retention, and salaries for Santiam employees. Please describe any plans to change the type or level of staffing for any current Salem Health or Santiam services or locations following the close of the proposed transaction.**

Neither Salem Health nor Santiam have any intention to change the type or level of staffing for any Salem Health or Santiam services or location, except in the context of bringing on additional staff to facilitate service expansion or to respond to increases in patient census.

**11) In particular, the notice describes plans to increase patient census, expand services, and align staffing with demand. How will those planned efforts impact the type or level of staffing?**

Clinical staff at Salem and Santiam will constantly monitor current and projected census to ensure adequate staffing to meet legal, clinical, and operational standards. The size of Salem Health's employed medical group, together with the geography it serves, means that Salem Health can recruit clinicians more successfully than smaller standalone rural hospitals. This will allow the combined Salem Health and Santiam entity to more quickly hire clinical staff to meet current and expected patient demand. Salem can also shift staffing between facilities and locations to address service gaps and increases in patient census.

As discussed in the Notice, Salem and Santiam hope to expand maternity services in the Santiam Canyon. To do so, Salem anticipates increasing the availability of related staff and services at Santiam, including OBGYN, nurse

midwives, pediatric, and anesthesia. This expansion will be iterative and responsive to patient demand. Initially, As demand increases, clinical leaders will increase staffing to ensure adequate coverage based on current and projected census.

As Salem Health and Santiam continue to work on integration planning, the parties will explore additional opportunities to expand services. Each such expansion opportunity will include an analysis of the staffing and supports necessary to achieve clinical and operational targets.

**12)Item 14.f: Please describe whether the proposed transaction is expected to result in any changes in the number or type of locations, including expansions, reductions, or closures.**

This transaction will not result in any reduction in the number or type of Salem Health or Santiam locations. Over time, the parties hope to expand services in the Santiam community. However, the initial focus will be increasing utilization at existing locations that have excess capacity, rather than opening new locations.

**13)Item 14.h: Please describe how the proposed transaction will affect Santiam’s payer contracts, including contracts with payers who do not contract with Salem Health. In your response, please include the following:**

- a. Describe whether any Santiam contracts are expected to be terminated.
- b. Describe whether any Santiam contracts are expected to be re-negotiated, and, if so, for what reasons.
- c. Describe whether Salem Health and Santiam will jointly negotiate any contracts post-transaction.

Salem Health has no plans to terminate any payer contracts at closing. At closing, Santiam will remain in-network with all payers for whom Santiam was in network immediately prior to closing (subject to any termination rights held by the payer). To comply with federal and state antitrust laws, Salem Health does not have access to any of Santiam’s payer contracts and will not have access to these contracts prior to closing. As such, Salem Health has no plans to terminate or renegotiate any contracts at closing. Santiam and Salem will renegotiate such contracts as they expire or in the ordinary course of business consistent with standard industry practices.

Salem Health and Santiam will integrate their payer contracting functions. However, as discussed in the Notice, payers usually demand and receive facility-specific reimbursement rates, even within an integrated health system. Thus, to the extent that payers switch from a Santiam-specific contract to a contract covering all Salem Health facilities, most will likely execute a Santiam-specific addendum with Santiam-specific rates.

**14)Item 16.d: The end of this response appears to be incomplete or may otherwise need to be revised. Please confirm no information is missing.**

We have updated Item 16.d to remove the extraneous language.

**15)Item 17: Please provide applicable data, metrics, or documentation to support the statement “Santiam’s market share is just 3%.” In the response, please describe how the market was defined for this calculation, including the following:**

- a. **What services lines and services were included in the analysis?**
- b. **What geographic regions were included in the analysis?**
- c. **What competitors were included in the analysis?**
- d. **What time period was used for the analysis?**

The 3.1% market share figure for Santiam Hospital is derived from hospital discharge data obtained from Information Network for Oregon Hospitals (“InfoH”), covering the period July 1, 2024 through June 30, 2025, and the primary service area is defined as Marion and Polk counties. Files containing this hospital data are sent by Oregon hospitals to the Oregon Health Authority on a quarterly basis, as required by Oregon Revised Statute 442.120.

**16)Item 17: Please provide applicable data, metrics, or documentation to support the statement “Salem Health and Santiam generally do not compete for the same patients due to differences in the facilities and the services they offer.”**

Salem’s primary service area is Polk and Marion Counties, whereas Santiam’s primary service area is Marion County and the north portion of Linn County. While there is some overlap in these service areas, InfoH discharge data (July 1, 2024 through June 30, 2025) reinforces the low competitive overlap between the parties. Geographically, 53% of Santiam's volume comes from cities where Salem Health captures only 3% of patients, and the primary overlap area — the city of Salem — accounts for 17,140 of Salem Health's inpatient encounters compared to just 265 for Santiam. Additionally, Santiam’s emergency department is the source of nearly 70% of inpatient admissions. The market for emergency services is geographically constrained, meaning that Salem is likely not a viable option for these admissions. And finally, Salem Hospital is not a substitute for Santiam Hospital. Salem is a Trauma Level II hospital and has many specialty and subspecialty services not offered at Santiam, such as a neonatal intensive care unit, neurosurgery, cardiothoracic surgery, infectious disease, neurology, retinal and vitreous surgery. Salem and Santiam do not compete for these services, and in fact the Santiam community will benefit from closer care coordination between Santiam and Salem for these services.

Salem – Santiam  
March 18, 2026

**17) Supplemental Materials:**

- a. HCMO-1a: Applicant did not include the NPIs listed in Attachment B to this letter. Please clarify if their omission was an oversight and should be included. If so, please provide an updated HCMO-1a.**

We have updated Exhibit 13.b to include the omitted NPIs.

- b. Exhibit 10.c: Multiple entities are listed in the HCMO-1b form that are not represented on the Salem pre-closing organizational chart. A note states that the organizational chart does not include joint ventures or entities with no current business. Please confirm whether the following entities have no current business operations:**
- i. Salem Health Professional Services**
  - ii. Fernwood Homes LLC**
  - iii. Central Willamette Valley Properties, LLC**
  - iv. Hampshire Properties, LLC**
  - v. MWVP, Inc.**

None of the above-listed entities have any current business operations.