

Framework and Guiding Principles for Analyzing Proposed Material Change Transactions for Oregon's Health Care Market Oversight Program

Revised October 10, 2025

Background

In 2020 the Oregon Health Policy Board (OHPB) approved "[OHA's Framework for Analyzing Proposed Mergers and Acquisitions](#)" in response to Senate Bill 1041, which was enacted in 2019 and established new responsibilities for OHA to review proposed mergers and acquisitions involving Coordinated Care Organizations (CCOs).¹

House Bill 2362, enacted in 2021, established new responsibilities for OHA to review qualifying material change transactions such as mergers, acquisitions, and affiliations involving not only CCOs but also other health care entities such as health insurance companies, hospitals, provider organizations, and more.² For example, the new Health Care Market Oversight (HCMO) Program would review a proposed acquisition of one hospital by another hospital; merger of two provider organizations; or a private equity firm acquiring a provider organization. Only entities that meet specific revenue thresholds are subject to OHA's review.

Oregon Revised Statute 415.501 requires OHA to review proposed material change transactions and approve, approve with conditions, or reject these transactions. The HCMO review process is in addition to and different from the Oregon Department of Consumer and Business Services' (DCBS) and OHA's existing authority to review mergers and acquisitions of insurance companies and of CCOs. The HCMO review process also differs from the Oregon Department of Justice's (DOJ) existing authority to review transactions involving charitable assets such as non-profit hospitals.

Nationally, many health systems, hospitals, provider groups, and other health care entities have consolidated, and the pace of consolidation has increased in the past decade. Researchers have studied the impacts of this consolidation in the health care sector and have generally found that it leads to cost increases and no improvement of quality or patient outcomes. This generalization may or may not apply to a particular transaction, however, and OHA's job is to review what effects the transaction may have.

ORS 415.501 charges OHA with reviewing potential effects of the material change transaction. Through its preliminary review, OHA takes a first look at a proposed material change transaction to decide whether it justifies an in-depth analysis and may engage additional outside experts for a comprehensive review. During a comprehensive review, OHA may convene a review board consisting of members of the affected community, consumer advocates and health care experts.

¹ HB1041 (2019) <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/SB1041>

² HB 2362 (2021) <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2362/Enrolled>

Oregon Health Policy Board's Role

ORS 415.501 specifies that “the Oregon Health Authority shall adopt by rule criteria approved by the Oregon Health Policy Board for the consideration of requests by health care entities to engage in a material change transaction and procedures for the review of material change transactions.”

As distinct from the existing OHA and DCBS approach in regulating risk-bearing companies, OHA can apply a different framework for reviewing proposed material change transactions. ORS 415.501 requires OHA's framework to be rooted in health equity and the Triple Aim - cost, quality, and access to services.

A key priority for the Oregon Health Policy Board and its committees is achieving health equity in Oregon. The framework below is designed to ensure all HCMO reviews conducted by OHA align with the OHPB's priorities of health equity and achieving the Triple Aim. Moreover, the framework builds on the previously approved framework for how OHA should review mergers and acquisitions involving CCOs.

Approval of the guiding principles and framework below fulfills the OHPB's obligation, as required by ORS 415.501, and provides clear, strategic guidance to OHA regarding how to approach the material change transaction reviews.

2025 Update: The guiding principles and framework were updated in 2025 following OHPB discussion and call for public comment.

Guiding Principles

When reviewing proposed material change transactions, OHA shall, as warranted by the transaction:

- Focus on improving the health of people living in Oregon
- Focus on maintaining and improving access to equitable care and working towards OHA's 2030 goal to eliminate health inequities
- Focus on ensuring entities' accountability to the community and its needs
- Ground analyses in the impact to health equity
- Ground analyses in the impact to equitable access to care, specifically essential services
- Ground analyses in the impact to health care quality and costs to consumers, patients, employers, and other purchasers
- Meaningfully engage the public in a robust and transparent process, which may include, but is not limited to:
 - Notifying the public of proposed transactions and review processes
 - Holding public comment periods for all preliminary and comprehensive transaction reviews³
 - Posting the notice form and all public facing materials on HCMO's website

³ This does not include optional determinations. OHA may provide a comment period for emergency exemptions if OHA or DCBS, as applicable, determines that the public interest in providing comments is outweighed by the interest in confidentiality of the applicant or the nature of the emergency situation presented and the urgency of the need for emergency exemption will not allow time for the filing and consideration of comments.

- Convening community review boards for certain comprehensive reviews, as necessary⁴
- Use resources wisely and ensure the sustainability of the program
- Collaborate with DCBS, DOJ, and other state agency programs as applicable

Framework

HCMO Transaction Reviews

OHA's review of a proposed material change transaction shall, consistent with the depth of review that the transaction justifies, consider the following concepts:

- Health equity, including the entities' demonstrated commitment to addressing health disparities and inequities⁵
- Equitable and ongoing access to essential and other services
- Health care quality for affected communities and people living in Oregon
- Costs to consumers, patients, employers, and other purchasers of health care
- The demonstrated commitment to and the ability of the entities to achieve Oregon's Sustainable Health Care Cost Growth Target (for entities subject to Oregon's Cost Growth Target)⁶
- The market share of the entities involved in the transaction and the impact of the transaction on consolidation and competition
 - The current and ongoing financial stability of the entities involved in the transaction.

For Transactions Involving CCOs

For material change transactions involving CCOs⁷, OHA's CCO Form A review will address the following elements, which were included in the previously OHPB-approved "Framework for Analyzing Proposed Mergers and Acquisitions":

- The CCO's relationship with its local community, including Community Advisory Council(s), local public health authority(ies), local mental health authority(ies) and others
- The ability of the CCO to innovate, coordinate care, provide value, and deliver high-quality services
- The CCO's governance and its ability to satisfy State requirements, including OHA's policy priorities as outlined in contract or as adopted by the Oregon Health Policy Board
- The ability of the CCO to support social determinants of health
- The financial stability of the CCO, including the CCO's financial strategies that may influence the merged organization

⁴ The statute uses the term "stakeholder review board" and specifies that "a review board convened by the authority...must consist of members of the affected community, consumer advocates and health care experts. No more than one-third of the members of the review board may be representatives of institutional health care providers."

⁵ See the definition of health equity, as approved by the Oregon Health Policy Board

<https://www.oregon.gov/oha/OEI/Pages/Health-Equity-Committee.aspx>

⁶ <https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>

⁷ Transactions involving a CCO may be subject to multiple reviews: HCMO, CCO Form A and DCBS Form A. All three programs will coordinate reviews, as warranted.

Emergency Exemption Requests

When applicants request an emergency exemption from HCMO review due to a situation that immediately threatens health care services and is urgently needed to protect consumers and preserve the solvency of an entity, OHA's review of the request shall consider the following:

- The nature of the situation.
- Whether there is an immediate threat to health care services; and whether the transaction is urgently needed to protect the interest of consumers.
- Whether, given the nature and urgency of the situation, there is time and cause to notify potentially affected communities and create opportunities for public comment.

HCMO should further outline (in administrative rule or sub-regulatory guidance as appropriate) what may constitute an emergency both involving and not involving financial insolvency.

Follow-up Reviews

For transactions that OHA approves or approves with conditions, HCMO is required to conduct 1-year, 2-year and 5-year follow up reviews. OHA's follow up reviews shall:

- Assess, at minimum:
 - any concerns or potential impacts identified in the initial review
 - compliance with any conditions applied in the approval process
 - cost trends and cost growth trends of the transacting parties
 - impact of the transaction on health care cost growth
- Include the opportunity for robust public input

Appendix

The term “material change transaction” in ORS 415.501 means

- a merger of a health care entity with another entity;
- an acquisition of one or more health care entities by another entity;
- a new contract, clinical affiliation, or contracting affiliation that will eliminate or significantly reduce essential services;
- a corporate affiliation involving at least one health care entity; or
- a new partnership, joint venture, accountable care organization, parent organization or management services organization.

ORS 415.501 also includes many exceptions to the definition of material change transaction that are not subject to OHA’s review. HCMO has published guidance documents on its website with more information on transactions not subject to review. www.oregon.gov/hcmo