



March 15, 2024

Re: Final Emergency Exemption Determination for 018 The Corvallis Clinic and Optum Oregon MSO

This determination resolves the Request for Emergency Exemption (the “Request”) received on March 8, 2024, from The Corvallis Clinic (“TCC”) regarding 018 TCC and Optum Oregon MSO, LLC (the “Transaction”). This determination also concludes the preliminary review period. TCC filed the Request with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight Program pursuant to Oregon Revised Statute (ORS) 415.501(8)(a) and Oregon Administrative Rule (OAR) 409-070-0022.

BACKGROUND

On December 28, 2023, OHA confirmed receipt of a complete Notice of Material Change Transaction (“Notice”) in compliance with OAR 409-070-0030 and 0045. This Notice described plans for Optum Oregon MSO, LLC (“Optum MSO”) to acquire TCC (Optum MSO and TCC are collectively referred to herein as the “Entities”). OHA held a public comment period on the Notice from December 28, 2023, through February 21, 2024 and received more than 350 public comments.

In the Notice and supplemental information provided to OHA, the Entities depicted TCC’s dire financial constraints. On February 15, 2024, OHA provided TCC and Optum MSO with draft conditions for a potential conditional approval of the Transaction based on the OAR 409-070-0055(2)(a) criteria for approval following preliminary review: “[t]he material change transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction.”

On March 8, 2024, TCC filed this Request as a result of escalating insolvency concerns, thereby pausing OHA’s review of the Notice pending the outcome of TCC’s Request.

OHA received public comments on the Request from March 8, 2024, through March 12, 2024.

On March 13, 2024, OHA properly served Notice regarding the determination that the emergency exemption was warranted. The Notice offered the Entities an opportunity for hearing, if requested within 15 days of service of the Notice. On March 14, 2024, the Entities waived their right to a hearing.

FINDINGS AND ANALYSIS

1. Applicable Review Criteria

Pursuant to OAR 409-070-0022(1),¹ in determining whether circumstances exist to warrant approval of an emergency exemption, OHA must consider whether:

- (a) there is an emergency situation, including but not limited to a public health emergency, which immediately threatens health care services; and
- (b) the transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity other than a domestic health insurer.

2. OHA Findings

The Transaction qualifies for an emergency exemption under OAR 409-070-0022(1).

- a. There is an emergency situation, including but not limited to a public health emergency, which immediately threatens health care services.

According to the Notice and Request, the Entities presented that TCC's financial forecast projected material losses through December 2024, despite the physician-owner's 15% reduction in compensation put into place in 2022. The Entities provided additional confidential information to OHA outlining its current financial situation, including bank statements, income and balance sheets, and payroll. OHA also requested, and received, projected financials for March and April 2024.

TCC's financials depict a grim financial projection and threatened immediate closure of TCC. The information provided to date represents an emergency immediately threatening health care services in TCC's service area.

- b. The transaction is urgently needed to protect the interest of consumers and to preserve the solvency of an entity other than a domestic health insurer.

The Entities presented to OHA that the proposed Transaction will stabilize and increase TCC's ability to provide improved patient access and would preserve primary care and specialty access in TCC's service area. TCC's Request outlines that the proposed transaction will provide TCC with access to working capital allowing TCC to continue to pay rent, payroll, and other expenses, and will stabilize the business.

Absent closure of the Transaction as expeditiously as possible, TCC is expected to be insolvent in the immediate term. The information provided to date reflects that the proposed Transaction is necessary to protect the interest of consumers and preserve TCC's solvency.

¹ The definitions in OAR 409-070-0005 and ORS 415.500 are incorporated by reference.

FINAL DETERMINATION

1. The Request is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval of an emergency exemption application pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.
2. OHA finds that TCC's Request qualifies for an emergency exemption under OAR 409-070-0022.

This Notice of Final Determination 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>.

APPEAL RIGHTS

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon, within 60 days from the date of this Order. If you do not file a petition for judicial review within the 60-day time period, you will lose your right to appeal.

Dated this 15th day of March, 2024



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Oregon Health Authority