

EXECUTIVE SUMMARY

Adventist-MCMC Transaction Review

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support statewide goals related to cost, equity, access, and quality. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company should proceed. On January 24, 2023, OHA confirmed receipt of a completed [Notice of Material Change Transaction](#) (“Notice”) from Adventist Health System/West (“Adventist Health” or “Adventist”), a nonprofit religious health system.

Proposed Transaction

Through this transaction, Adventist Health will acquire Mid-Columbia Medical Center (“MCMC”), a nonprofit corporation that operates a community hospital, a cancer center, and 22 health care clinics in and around The Dalles, Oregon. MCMC will become a member hospital of the Adventist Health network in Oregon, which includes Adventist Portland and Adventist Tillamook hospitals, and part of the Adventist Health system. Adventist Health will provide \$100 million in funding (“capital commitment”) to MCMC over ten years and expects to continue to offer MCMC’s existing health care services locally in MCMC’s service area.

OHA’s Review

OHA completed a 30-day preliminary review of the proposed transaction to assess the likely impact of the transaction across four domains: cost, access, quality, and equity. OHA reviewed documents and other materials submitted by Adventist Health in connection with the Notice, issued a series of follow-up questions and information requests, and analyzed data from various publicly available sources. OHA held a 14-day public comment period and received 50 written [public comments](#).

Key Findings

OHA’s preliminary review analyses and findings are presented in the [Review Report](#).



Cost

MCMC is facing significant financial challenges; it posted a \$10 million operating loss in 2022, and its days cash on hand is below acceptable thresholds for hospitals in Oregon. It recently suspended medical oncology services at Celilo Cancer Center due to staffing shortages. Should these trends continue, OHA believes there is considerable risk that MCMC will be forced to further cut services in the next 12 months. The proposed transaction will substantially improve MCMC’s financial condition. OHA has placed conditions to monitor Adventist’s spending of the capital commitment.



Access

MCMC is a critically important provider of inpatient hospital care, primary care, and specialty care to Oregon communities in the Columbia Gorge. Adventist and MCMC assert that the transaction will not reduce access to services and is needed to maintain current access levels. They expect that the transaction will enable MCMC to expand services for residents of its service area, although Adventist Health’s future decisions regarding service offerings will be subject to financial and staffing constraints. OHA has imposed conditions aimed at ensuring that access to essential services is maintained in the ten years following the closing of the transaction.



Quality

MCMC's performance on quality measures has been uneven in recent years. The COVID-19 pandemic, staffing challenges, and financial issues at MCMC are likely to have contributed to worse quality outcomes. Adventist has made commitments that may improve quality, including capital investments, efforts to recruit and retain staff, and quality improvement initiatives and technology. OHA will monitor MCMC quality measures in follow-up analyses.



Equity

MCMC is the only secular hospital serving a large geographic area; the closest hospital is part of a Catholic health system. Public comments raised concerns that Adventist, a faith-based organization, may restrict access to care for some services, including gender-affirming care, reproductive health services, and Death with Dignity Act services. MCMC facilities have low volumes for some of these services and refer patients to other providers. OHA has applied conditions to its approval of the transaction to ensure that Adventist and MCMC keep their commitments and continue to make existing MCMC services available for at least ten years following the closing of the transaction.

Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction with conditions on April 13, 2023.** (See [Findings of Fact, Conclusions of Law, and Final Order](#).) OHA made its decision based on this criterion:

- **The transaction is in the interest of consumers and is urgently necessary to maintain the solvency of MCMC.** The transaction will not lead to horizontal consolidation and thereby restrict competition. Adventist has committed to maintaining substantially all MCMC's facilities, services, and programs, including existing reproductive and end-of-life services. Adventist and MCMC maintain that the affiliation will enhance MCMC's ability to attract and maintain physicians and expand services for local communities. MCMC is facing significant financial challenges, and there are solvency concerns for the hospital if the transaction is not completed. Adventist will assume MCMC's current financial obligations and has committed to investing \$100 million of capital in MCMC over the next ten years.

The transaction is approved subject to the conditions summarized below:

Access conditions

1. For ten years following the closing date of the transaction, Adventist and MCMC shall use commercially reasonable efforts to continue to operate and maintain MCMC as a licensed general hospital.
2. For ten years following the closing date of the transaction, Adventist and MCMC shall use commercially reasonable efforts to continue to operate and maintain existing MCMC facilities, services, and programs at or above current service levels.
3. For ten years following the closing date of the transaction, Adventist and MCMC shall use commercially reasonable efforts to maintain existing MCMC services at current levels and maintain referral policies for reproductive health care services, gender affirming care, and Death with Dignity Act services.
4. For ten years following the closing date of the transaction, Adventist and MCMC shall maintain participation in public health care coverage programs, including Medicaid.

5. Within one year following the closing date of the transaction, Adventist and MCMC shall have used commercially reasonable efforts to restore medical oncology services at Celilo Cancer Center.
6. MCMC and Adventist shall not significantly reduce, restrict, or terminate facilities, services, or programs described in 1-5 unless they have requested and obtained OHA's approval for such changes.
7. If unplanned provider departure(s) at MCMC result in significant temporary reductions, restrictions, or terminations of the facilities, services, or programs described in 1-5, MCMC and Adventist shall notify OHA in writing within five business days, including documentation to support the need for such temporary changes.

Capital investment conditions

8. Adventist shall invest \$100 million (the "Capital Commitment") in MCMC under the terms of the Affiliation Agreement.
9. Within five business days of the completion of a Capital Investment Plan, detailing how the Capital Commitment will be spent, Adventist and MCMC shall share the plan with OHA.
10. Within five business days of the completion of the Urgent Capital Needs Plan, Adventist and MCMC shall submit a copy of this plan to OHA.

Annual reporting condition

11. For ten years following the closing date of the transaction, Adventist and MCMC shall submit an annual report to OHA describing compliance with approval conditions and spending of the \$100 million Capital Commitment. Adventist and MCMC shall share a public version of the annual report on MCMC's website.

OHA will assess the impact of the transaction on quality of care, access to care, affordability, and health equity by conducting follow up analyses at minimum one year, two years, and five years after the transaction is completed. These analyses will include follow-up on concerns or observations noted in the [Review Report](#).