

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

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Date Mailed: May 4, 2023

**STATE OF OREGON  
OREGON HEALTH AUTHORITY  
HEALTH POLICY AND ANALYTICS DIVISION**

In the Matter of the Proposed	)	Proposed Findings of Fact, Conclusions
Material Change Transaction of	)	of Law, and Order
Samaritan Health Services, Inc. and Norco, Inc.	)	
	)	Transaction ID: 009

This Order resolves the Notice of Material Change Transaction (the “Notice”) filed by Samaritan Health Services, Inc. (“Samaritan”) on or about March 9, 2023, with respect to the proposed sale of Samaritan Medical Supplies, LLC (“SMS”), of which Samaritan is a sole member, to Norco, Inc. (“Norco”). (Samaritan, SMS, and Norco are sometimes referred to collectively as the “Entities.”) The Entities filed the Notice with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight Program pursuant to Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On April 6, 2023, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA’s review analyzed the potential impact of the Transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085. OHA’s analysis will be posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notices-and-reviews.aspx>. A public comment period was open from April 6, 2023, through April 21, 2023.

Now, therefore, upon due consideration of the circumstances, including the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, public comments, databases maintained by OHA, and websites of the Entities, OHA enters the following Proposed Findings of Fact, Conclusions of Law, and Order.

## FINDINGS OF FACT

### OHA FINDS that:

1. On or about March 9, 2023, Samaritan filed the Notice with OHA.
2. On or about March 14, 2023, OHA notified Samaritan that the Notice was incomplete, provided guidance about submission requirements, and requested additional information.
3. On or about March 21, 2023, Samaritan filed a revised Notice with OHA.
4. On or about March 31, 2023, OHA notified Samaritan that the Notice was incomplete, provided guidance about submission requirements, and requested additional information.
5. On or about April 5, 2023, Samaritan filed a revised Notice with OHA.
6. On or about April 6, 2023, OHA notified Samaritan that it received all requested information and confirmed receipt of a complete Notice. OHA commenced the preliminary review pursuant to OAR 409-070-0055 and communicated that the review would be completed within 30 calendar days, or on or before Monday, May 8, 2023<sup>1</sup>, unless extended in accordance with applicable statutes and administrative rules.
7. OHA accepted public comments on the Transaction from April 6, 2023, through April 21, 2023. OHA received two public comments that are posted at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notices-and-reviews.aspx>.
8. Samaritan is a non-profit Oregon corporation that operates a fully integrated health care delivery system consisting of five hospitals, 80 primary care and specialty clinics, health plans, and foundations. Samaritan's service area consists of Benton, Lincoln, Linn, and parts of Marion and Polk counties.
9. Samaritan is the sole member of SMS, which provides durable medical equipment (DME) throughout Samaritan's service area and operates four store fronts and a warehouse. Two store fronts are located in Corvallis, one store front and a warehouse is located in Lebanon, and one store front is located in Newport. In 2022, SMS served 11,985 unique customers and provided approximately 144,724 products and services to customers.
10. Norco is an Idaho corporation, headquartered in Boise, Idaho, that operates as a gas, welding and home medical equipment supplier. Norco has locations in Oregon, Washington, Idaho, Montana, Utah, Wyoming and Nevada. In Oregon, Norco operates 14 medical supply locations, serves approximately 59,000 patients annually, and provides approximately 3,900 DME products.

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<sup>1</sup> Pursuant to OAR 409-070-0055(4), when the 30<sup>th</sup> day falls on a weekend, the deadline will fall on the first business day thereafter.

11. Norco's 14 medical supply locations are all located outside of the primary service area of SMS's storefront locations. Norco has very little market presence in SMS's service areas as it only provided 1% of the DME supplies in these areas between 2017 and 2020.
12. The transaction proposed in the Notice is set forth in an Asset Purchase Agreement between the Entities dated as of March 3, 2023 (the "Agreement"). Under the terms of the Agreement, Norco will purchase assets used in SMS's business, both intangible and tangible, in an all-cash sale for \$7.8 million dollars, subject to required inventories and discrepancies post-closing. SMS will no longer operate in the DME business in any way and will have no ownership or operational responsibility in the business after the transaction.
13. The Agreement and Notice state that Norco intends to operate out of the same locations that SMS currently operates and intends to maintain or expand the DME business, services, and equipment to meet the needs of SMS's communities. Pursuant to the Agreement, Norco will enter into a lease agreement to lease SMS's store fronts and warehouse from Samaritan, doing business as SMS. The entities also state there are no intended changes to DME services, staffing, new investments or other initiatives.

#### **CONCLUSIONS OF LAW**

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care Entities pursuant to ORS 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.
2. OHA finds that:
  - a. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.
    - i. Norco states it will continue operating the four locations of SMS and provide the same services and equipment. Norco also states that it intends to accept the same types of insurance coverage, including Medicare and the Oregon Health Plan. Under the terms of the Agreement, Norco is expected to maintain or expand the same level of access to DME items as is currently available through SMS, thereby ensuring that this transaction is unlikely to substantially reduce access to health care in Oregon. Norco has very little market presence in SMS's primary service areas and this transaction is unlikely to result in a significant increase of market leverage and unlikely to affect the affordability of health care for patients.

#### **ORDER**

Based on the foregoing Findings of Fact and Conclusions of Law it is hereby ORDERED that:

1. The transaction is hereby APPROVED upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. The Entities shall notify OHA within one (1) business day following completion of the Transaction by email to [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov).

This Order 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>.

Per OAR 409-070-0080, OHA may require the Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the Transaction.

#### **NOTICE OF RIGHT TO REQUEST A HEARING**

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), ORS 415.019, and OAR 409-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Final Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

[hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov)

or

Health Care Market Oversight Program  
421 SW Oak St  
Suite 850  
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any

hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing, and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 4th day of May, 2023



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Sarah Bartelmann, MPH  
Health Care Market Oversight Program  
Manager  
Oregon Health Authority

**NOTICE TO ACTIVE DUTY SERVICEMEMBERS.** Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.