

Health Care Market Oversight (HCMO) Program Notice of Material Change Transaction

[Note: This notice is required to be simultaneously provided to the Oregon DOJ (Elizabeth Grant) per OAR 409-070-0040(1).]

The applicant must complete and submit this notice of proposed material change transaction to hcmo.info@dhsoha.state.or.us.

One important role of the Health Care Market Oversight Program is to notify the community and people living in Oregon when entities propose a material change transaction. This document will be published and serve as the public notice. Contact program staff with any questions or to request technical assistance at hcmo.info@dhsoha.state.or.us.

Note: if any entity involved in the proposed transaction has associated National Provider Identifiers (NPIs), complete and submit the NPI form.

I. General Information about the Transaction and Entities

1. Name, title, organization, and email address of the individual completing this form on behalf of the applicant.

Name	Todd Hofheins
Title	Chief Operating Officer
Organization	Adventist Health System/West
Email Address	HofheiTN@ah.org

2. What type of material change transaction is the applicant proposing¹?

- Merger Contract Other (specify) _____
 Acquisition Affiliation

¹ Please see OAR 409-070-0010 for definitions of transactions subject to review. V.

3. What is the proposed effective date of the material change transaction?

Following receipt of all regulatory approvals.

4. Briefly describe the applicant completing this notice. *Provide a brief description of the notifying organization's ownership, governance, and operational structure. If the applicant is a provider, identify provider type (e.g., hospital, physician group, etc.), number of licensed beds, ownership type (e.g., corporation, partnership, limited liability company, etc.), service lines and service area(s). If the applicant is not a provider, describe the applicant's business. Include the mailing address, website(s), and Federal Tax ID(s) of the applicant.*

Adventist Health System/West, doing business as Adventist Health, is a faith-based nonprofit corporation headquartered in Roseville, California. The health system serves more than 80 communities in California, Hawaii, Oregon, and Washington. Adventist Health has a workforce of approximately 37,000 associates, including physicians, allied health professionals and support services. Adventist Health owns or operates 23 hospitals, 379 clinics, 15 home care agencies, eight hospice agencies, one continuing care retirement community, and three joint venture retirement centers. In Oregon, Adventist Health owns and operates Adventist Health Portland, a 302-bed acute care hospital, 27 medical clinics, and home care and hospice services in the Portland metro area. Since 1980, Adventist Health has also partnered with Tillamook County to operate Adventist Health Tillamook, a 25-bed rural hospital with affiliated clinics and services, under a long-term lease currently in effect through 2045.

While decisions having implications for the entire Adventist Health system are made by the organization's Corporate Board, decisions primarily affecting individual hospitals and communities are made with the benefit of local input by Community Boards that are established for each hospital site.

Adventist Health's mailing address is PO BOX 619135, Roseville, CA 95661. Its website can be found at: adventisthealth.org. Its federal employer identification number is 95-3484589. Adventist Health will implement the proposed transaction through its wholly owned subsidiary Stone Point Health. Stone Point Health is a California 501(c)(3) public benefit corporation solely owned by Adventist Health. The governing board of Stone Point Health is the same as the Corporate Board of Adventist Health. Stone Point Health's mailing address is PO BOX 619135, Roseville, CA 95661. Its federal employer identification number is 82-3763347. Stone Point Health is an intermediate holding company within the Adventist Health system and does not engage in any other activities or businesses.

5. Briefly describe all other entities involved in the proposed transaction. *Provide a brief description of the other organization's or organizations' ownership, governance, and operational structure, including but not limited to provider type (hospital, physician group, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s). Include the mailing address, website(s), and Federal Tax ID(s) of entities involved in the proposed transaction.*

Mid-Columbia Medical Center (“MCMC”) is an Oregon 501(c)(3) public benefit corporation headquartered in The Dalles, Oregon. MCMC owns and operates a single community hospital licensed for 49 beds, four federally certified Rural Health Clinics, 18 outpatient clinics, and the Celilo Cancer Center. MCMC is governed by a ten-member board of trustees. The hospital serves as a rural referral center and provides a variety of medical services, including without limitation, general surgery, emergency services, labor and delivery, orthopedics, cardiology, cancer treatment, neurology, ENT, occupational medicine, rehabilitation, urology, dermatology, and home health services. MCMC’s cardiology program has been operated in collaboration with Adventist Health since 2021. MCMC’s radiologist provider, Diagnostic Radiologists PC also works with Adventist Health Portland. MCMC’s mailing address is 1700 East 19th Street, The Dalles, Oregon 97058. Its website can be found at www.mcmc.net. Its federal tax identification number is 93-0386936.

6. Briefly describe the nature and objectives of the proposed material change transaction, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services) and whether any changes in health care services are anticipated in connection with the proposed transaction.

The parties propose for MCMC to become a member hospital of the Adventist Health network in Oregon and part of the overall Adventist Health system. As a member hospital, MCMC will benefit from Adventist Health’s clinical expertise, financial resources, and human capital, as we detail further below. The proposed transaction will ensure that patients in The Dalles and surrounding communities will have long-term access to high-quality health care, delivered locally by talented medical professionals in modernized facilities.

To accomplish the proposed transaction, Adventist Health’s subsidiary, Stone Point Health, will become the sole corporate member of MCMC. MCMC will continue to exist as an Oregon nonprofit corporation and will remain the employer of record for its personnel. MCMC’s existing board members will serve on the new Community Board for the remainders of their respective terms and the Community Board will have both advisory and delegated governance roles. Adventist Health will assume all of the assets and liabilities of MCMC and its affiliated entity, Dry Hollow Professional Center, Inc. While the proposed transaction will not include or affect the legal status of Mid-Columbia Health Foundation, Adventist Health will engage with and be supportive of the foundation.

Adventist Health will invest at least \$100 million of capital in MCMC over ten years, with the specific timing of such investments being contingent on MCMC’s economic performance and Adventist Health’s capital approval process. Uses of the capital investment are anticipated to include revitalization and long-term improvements to MCMC’s facilities; strategic, non-ordinary course recruitment of primary care and specialist physicians; expansion of MCMC’s rural health clinics and rural health clinic services; investment in clinical services development; the acquisition of new, state-of-the-art medical and other equipment; and meeting any shortfalls in MCMC’s operating expenses. No reduction or elimination of

existing health care services is anticipated in connection with the proposed transaction. Instead, the parties intend to expand existing services and will investigate adding new services over time.

II. Impact from the Proposed Transaction

7. Explain how the proposed transaction is unlikely to substantially reduce access to affordable health care in Oregon.

The parties are committed to expanding access to high-quality, affordable care in all of the areas they serve. The parties have no plans to discontinue any health care services currently offered by MCMC and will study opportunities to expand existing services. The proposed transaction will not reduce access to affordable health care.

The transaction between MCMC and Adventist Health will provide the communities served by MCMC with greater local access to specialist and sub-specialist medical services, innovative services such as telemedicine specialties, and more convenient, seamless access to the full range of other services available throughout the Adventist Health system. The transaction will provide the community with access to a new or modernized main hospital campus, delivering improved care and greater patient satisfaction. The transaction also will provide capital for MCMC to use for other strategic investments. MCMC will also have access to Adventist Health systems, expertise, resources, and services that are as a practical matter unavailable to a standalone community hospital. Oregon communities beyond the present MCMC service area will also benefit from the parties' proposed investments in rural health initiatives, including expanded rural health clinic services by MCMC.

8. Explain how the proposed transaction will improve health outcomes for residents of this state or will benefit the public good by achieving at least one of the following:

- (i) reducing the growth in patient costs. (If the transaction will not reduce the growth in patient costs, explain why the proposed transaction is in the best interest of the public);
- (ii) increasing access to services in medically underserved areas; or
- (iii) rectifying historical and contemporary factors contributing to health inequities or access to services.

The proposed transaction between Adventist Health and MCMC will improve health outcomes and benefit the public good in many and important ways. By way of example:

- A key component in reducing growth in patient care costs is to reduce the factors that lead to expensive procedures and lengthy inpatient stays. Adventist Health has made significant investments in well-being initiatives that benefit population health overall, including the acquisition of Blue Zones in 2020. The parties intend to use the same approaches to patient wellness and fiscal discipline under the proposed affiliation.
- Adventist Health is leveraging technology to increase quality and efficiency throughout the system. This results in greater patient satisfaction and improved outcomes, in addition to reduced readmissions and shorter lengths of stay (which, in

turn, decrease the cost of care). MCMC will gain access to the same technology and care methodologies as a result of the proposed transaction.

- Operational scale and expertise are critical when it comes to reducing the cost of care through efficiency improvements, bulk purchasing arrangements, and favorable lending terms. Adventist Health has partnered with Premier, a Group Purchasing Organization (GPO), to reduce supply expenses, a significant component in healthcare costs. As a result of the transaction, MCMC will gain access to the GPO's favorable supply pricing and Adventist Health's favorable borrowing terms, enhancing MCMC's purchasing power and reducing operating costs.
- The parties intend that this transaction will result in the parties using the same electronic health record (EHR) system. The result will be enhanced care coordination and communication between MCMC and Adventist Health. The use of a common EHR system will also make it easier for providers and staff to transition from assignments at Adventist Health to assignments at MCMC, and vice versa.
- Adventist Health has a long history of expanding access to care in medically underserved areas and is one of the nation's largest providers of rural healthcare services. As described in Section 7, Adventist Health intends to increase the availability of services provided in The Dalles and surrounding communities. While specific plans are yet to be developed, Adventist Health would expect additional rural health clinics to be an important component of increasing access to care in underserved areas.
- Adventist Health is committed to honoring MCMC's legacy of serving all patients, regardless of their ability to pay. In 2021, Adventist Health provided \$48.2 million in free and discounted care, \$26.3 million in community health improvement, \$206.9 million in aid to the poor, and \$370.1 million in aid to the elderly. It also initiated programs to expand access to care and disease prevention in the communities Adventist Health serves. This transaction will extend Adventist Health's robust charity care resources to patients served by MCMC, complementing, and enhancing MCMC's own charity care program.
- Adventist Health will enhance and support MCMC's established Patient Navigation program that was initiated in August 2021. This program addresses chronic disease management as well as social determinants of health.
- The proposed transaction will contribute to health equity in a variety of ways. MCMC will continue its commitment to the Planetree model of patient-centered care. It will also continue to make the full range of reproductive services available to patients, since Adventist Health imposes no religious-based restrictions on medical procedures and services. Adventist Health will implement its health equity programs at MCMC. These programs include without limitation [see reference to these programs on slide 9 of the 9/13/22 PowerPoint provided to OHA.]

9. Will the proposed transaction result in a decrease in competition? If yes, describe any anticompetitive effects that may result from the proposed transaction, and if those effects are outweighed by the benefits of the proposed transaction in increasing or maintaining services to underserved populations.

No. The transaction will not restrict competition. There is no overlap in the service areas of the two organizations. Adventist Health Portland and MCMC are located approximately 85 miles apart. The parties intend that a better-capitalized MCMC, operating as part of the Adventist Health system, will further enhance quality of care, add local services and specialists, and expand the total amount of care delivered locally to the MCMC community. The proposed transaction will benefit patients, government and commercial payers, and The Gorge area as a whole.

The proposed transaction will have no effect on OHSU or other health systems in Oregon. The existing affiliation between Adventist Health and OHSU is strictly limited to their clinical enterprises in the Portland Metro Area.

10. Indicate the date and nature of any applications, forms, notices, or other materials you have submitted regarding the proposed material change to any other state or federal agency. *Indicate the date and nature of any other applications, forms, notices, or other materials provided to other state or federal agencies relative to the proposed material change, including but not limited to the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.*

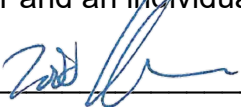
As of the date of this filing, no other forms or formal notices have been submitted to any other agencies. Adventist Health and MCMC have informally notified the Oregon Department of Justice (Oregon DOJ) of the proposed transaction and will provide a copy of this Notice to the Oregon DOJ. The parties will also request a waiver of review by the Oregon DOJ under ORS 65.807. The transaction does not require a filing with the Federal Trade Commission or U.S. Department of Justice.

11. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

Yes. As a result of the transaction, Stone Point Health will become the sole corporate member of MCMC, and Adventist Health will become the indirect parent of MCMC.

III. Signature

Certification and attestation are not required. The electronic signature below should be the name entered in Question #1 and an individual who can sign on behalf of the applicant.

Electronic Signature:  Date: 12/21/22

Map of Adventist Health Portland and Mid-Columbia Medical Center Primary Service Areas

