

Transaction 007: Radia-MRG

Addendum to 30-Day Review Summary Report

August 30, 2024

Background

On January 31, 2023, the Oregon Health Authority's (OHA's) Health Care Market Oversight (HCMO) program accepted a complete [Notice of Material Change Transaction](#) ("notice") from Radia Inc., P.S., ("Radia") describing Radia's plans to acquire Medford Radiological Group, PC, ("MRG"). Radia is a physician-owned radiology practice group based in Washington. MRG is a physician-owned radiology practice primarily serving patients in the Medford, Ashland, and Grants Pass areas of southern Oregon. OHA completed a preliminary review of the transaction and issued a [Preliminary Review Order](#) approving the transaction with conditions on March 9, 2023. OHA's [Review Report](#) summarized the findings and conclusions from preliminary review.

On October 26, 2023, counsel for Radia [notified](#) OHA that Radia and MRG executed a Revised Letter of Intent ("Revised LOI") dated October 9, 2023, that changed the underlying transaction terms included in the notice and Preliminary Review Order. OHA analyzed the terms included in the Revised LOI under HCMO's criteria and summarized the findings and conclusions from that analysis in an [Addendum](#) ("2023 Addendum"). The 2023 Addendum accompanied OHA's [Modified Findings of Fact, Conclusions of Law, and Final Order](#) issued on December 22, 2023 ("2023 Modified Order").

On August 16, 2024, counsel for Radia [notified](#) OHA that Radia and MRG revised the LOI terms and provided final definitive agreements documenting the terms of the transaction. OHA analyzed the definitive agreements under HCMO's criteria and summarized the findings and conclusions from that analysis in this Addendum. This Addendum accompanies OHA's Modified Findings of Fact, Conclusions of Law, and Final Order issued on August 30, 2024.

Changes to the Proposed Transaction Terms

The table below summarizes the material **differences** in the terms of the Revised LOI (as reflected in the 2023 Modified Order and 2023 Addendum) compared to the final definitive agreements provided to OHA on August 16, 2024.

	Revised LOI	Final Definitive Agreements
Contracting for radiology services	RORMG would contract with MRG sites for professional radiology services.	RORMG will contract with MRG sites if the existing professional services agreement ("PSA") can be directly transferred to RORMG. For other sites, MRG will continue as the contracting entity until RORMG has negotiated PSAs with those sites.
Billing for services	RORMG will bill for the professional radiology services provided to MRG sites.	RORMG will bill for the professional radiology services for PSAs that have been transferred over to RORMG. MRG will bill for the professional radiology services for PSAs that remain with MRG until negotiations between RORMG and the site are complete.

	Revised LOI	Final Definitive Agreements
Post-closing operations of MRG	Radia would provide limited staff and technology support to help MRG wind down parts of its business.	Radia will provide limited staff and technology support to help MRG in billing and collection activities under retained PSAs and also support to help MRG wind down parts of its business.
Compensation Pool	Radia shareholders who perform shifts in Medford region and perform a minimum percentage of shifts on-site at MRG sites will be eligible to participate in a separate compensation pool.	Radia will pre-fund the initial post-closing quarterly distribution to compensation pool participants.

Potential Impact of the Changes

OHA does not expect the changes reflected in the August 16, 2024, submission to impact access to radiology services for patients in southern Oregon, or the quality or cost of those services. OHA’s findings on the potential impacts of the transaction on health care access, costs, quality, and health equity (as presented in the [Review Report](#)) still apply. The only expected change associated with the revised terms is that patients are likely to notice that they may receive a bill from MRG for a short period of time following closure before all billing is switched to RORMG.

Conclusions and Decision

Based on preliminary review findings and analysis of the August 16, 2024, submission, **OHA issued a [Modified Findings of Fact, Conclusions of Law, and Final Order](#) (“Modified Order”) approving the transaction on August 30, 2024, subject to the conditions listed below.**

The transaction was approved, per ORS 415.501(6(b), because OHA determined that the transaction meets the following criteria under OAR 409-070-0055(2):

1. **The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon.** The proposed transaction will not lead to any significant consolidation within the market for radiology services in Oregon, because Radia currently provides very few services to Oregon patients. The entities represented that they do not intend to negotiate joint contracts covering radiology services in both Oregon and Washington. Radia and MRG anticipate that the proposed transaction will increase access to radiology services in southern Oregon. The entities represented that they expect all current MRG physicians to retain their existing contracts with third-party payers, including Coordinated Care Organizations, and continue to practice in MRG’s service area. Radia intends to continue providing services to MRG’s current hospitals and other sites of service.
2. **The material change transaction is not likely to substantially alter the delivery of health care in Oregon.** OHA estimates, based on information provided in the notice, that Radia’s services account for less than 1% of radiology services delivered annually to Oregon patients. Most of these services are provided under an agreement with MRG. Residents of MRG’s service area in southern Oregon currently access radiology services from more than 25 providers. The entities represented that they expect all current MRG

physicians to retain their existing contracts with third-party payers, including Coordinated Care Organizations, and continue to practice in MRG's service area. Radia intends to continue providing services to MRG's current hospitals and other sites of service.

Approval Conditions

Per ORS 415.501(6) and OAR 409-070-0065, OHA may place conditions on approving a material change transaction. OHA has not modified the language of the approval conditions since issuance of the 2023 Modified Order.

Monitoring

OHA will monitor the impact of the transaction and compliance with approval conditions by conducting follow up analyses one year, two years, and five years after the transaction closes. During these reviews, OHA will analyze the impact of the transaction on quality of care, access to care, affordability, and health equity. Specifically, OHA will follow up on concerns or observations noted in the Review Summary Report, including the 2023 Addendum and this Addendum. OHA will also explore whether the benefits for patients in Oregon anticipated by the entities to flow from the transaction have materialized.