

SUMMARY REPORT

009 Samaritan-Norco: One-Year Follow-Up

The Oregon Health Authority's [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals, like mergers and acquisitions, to make sure they won't harm people and communities in Oregon. After completing a review, OHA issues a decision about whether a business deal, or transaction, involving a health care company should proceed as planned.

On May 4, 2023, OHA completed a review of the proposed purchase of the assets, both tangible and intangible, used in the business of Samaritan Medical Supplies, LLC ("SMS"), a durable medical equipment provider wholly owned by Samaritan Health Services, Inc. ("Samaritan") to Norco, Inc. ("Norco"), an industrial and medical supply company operating in seven states, including Oregon. OHA approved the transaction, which subsequently closed on May 22, 2023.

For all approved transactions, OHA is required to assess any changes in Oregon one, two, and five years after the transaction closed and to publish its findings.

(For reference purposes, OHA assigned this transaction the alias "Samaritan-Norco" and transaction ID "009.")

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About the Transaction

On April 6, 2023, OHA confirmed receipt of a [Notice of Material Change Transaction](#) ("notice") from Samaritan Health Services, Inc. ("Entity" or "Samaritan"), an integrated health system that operates hospitals, clinics, health plans, and medical equipment locations in Oregon. The notice described plans to sell the assets used in Samaritan's durable medical equipment (DME) business, SMS, to Norco, an industrial and medical supply company operating in seven states, including Oregon.

The rationale stated by Samaritan in the Notice to sell SMS to Norco was to allow Samaritan to focus on other "core" aspects of their business.¹

With this transaction, Samaritan will be able to focus more on its core mission of community health and wellness by rededicating resources it had allocated to DME elsewhere in the organization.

After the transaction, Samaritan's DME locations were to be integrated into Norco's network of DME locations. Per the Agreement and statements made in the Notice, Norco intended to provide the same equipment and services within SMS's service areas from the same SMS locations following the transaction's close. Norco intended to accept the same insurance plans as SMS currently did, including Medicare and Medicaid.

The notice stated:

Norco intends to hire as many current Samaritan DME employees as possible. There are no intended changes to DME services, staffing, new investments or other initiatives.

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Samaritan further stated:

The goal is for DME customers to not even notice the change other than the name on the door.

When asked specifically about how this transaction would impact members of health insurance plans and coordinated care organizations (CCOs), including Samaritan Health Plans (SHP) and InterCommunity Health Network (IHN) CCO, Samaritan stated that after the transaction SHP and IHN CCO would contract with Norco, just like Samaritan currently did.

The Agreement also included a provision that allows Samaritan to re-enter any product line or service if Norco is not providing adequate levels of service.

OHA's Initial Review

In its initial review, OHA found that Norco had no locations and very little market presence in Oregon other than in the current SMS service areas. The review concluded the transaction would not significantly increase consolidation.

OHA's Follow-Up Review

OHA's follow-up reviews aim to assess the impact of the transaction on health care cost growth, cost of care, access to care, quality of care, and health equity for people in Oregon. OHA also checks whether the entities have fulfilled the commitments made in the notice or subsequent HCMO filings.

This one-year follow-up review analyzed the activities of Norco since the close of the transaction on May 22, 2023. OHA requested and received information from Norco regarding their facilities, insurance carrier contracts, staffing, quality of service, and supplies available. (See Appendix A for a full list of information requested).

OHA also sought public comment from community members about their experience with Norco. OHA did not receive any public comments since the close of the transaction.

Activities and Changes Since the Transaction Closed

Facility changes

Approximately six months after the close of the transaction, on December 1, 2023, Norco closed the 845 SW 30th St, Corvallis location ("Corvallis-SW"), one of the four it acquired. No other changes in the square footage of the remaining locations were made since the transaction closed. The effect of the closing of the Corvallis-SW location is described in following sections of this report.

Staffing level changes

As of mid-June 2024, the three remaining locations have the same number of full-time equivalent (FTE), which is a measure of the number of staff, as compared to the FTE in the original four locations approximately three months before transaction close. The number of FTE in each job role, however, has fluctuated.

Role	FTE before transaction close	Current FTE	Change
Medical Store Customer Service	11	8	-3
Non-Commercial Driver License (CDL) Route Delivery Driver	0	2	+2
Medical Store Manager	1	1	No change
Respiratory Therapist/Clinician	5	6	+1

Staffing at two of the remaining locations have not dramatically changed since the transaction closed. The third location at 815 NW 9th St, Corvallis (“Corvallis-NW”) gained two Respiratory Therapist/Clinician FTE that were previously staffed at the now-closed Corvallis-SW location, doubling the number they had at that location before the transaction occurred.

Norco previously employed an Orthotic Fitter at their Corvallis-SW location. This position has not been replaced or relocated to another location after Corvallis-SW closed.

Overall, staffing levels have not significantly diminished despite Norco closing one location.

Product availability

Appendix B lists DME equipment and supplies currently available at the three remaining acquired locations. Most, but not all, supplies are available at all three locations. Specifically, prefabricated orthotics are only available at Corvallis-NW, power operated vehicles (scooters) are not available at Lebanon, and standard power related accessories for wheelchairs are not available at Corvallis-NW.

After the transaction closed, Norco expanded the product offerings at the acquired locations. Several supplies currently being carried by Norco were not carried previously by SMS. These are listed below.

Newly available equipment	Locations now carrying
Blood Glucose Monitors/Supplies (Mail Order)	Corvallis-NW, Lebanon, Newport
Continuous Passive Motion (CPM) Devices	Lebanon, Newport
High Freq Chest Wall Oscillation Devices/Supplies	Corvallis-NW, Lebanon, Newport
Orthoses: Custom Fabricated	Corvallis-NW, Lebanon, Newport
Orthoses: Off-The-Shelf	Lebanon
Orthoses: Prefabricated (Non-Custom Fabricated)	Corvallis-NW
Power Operated Vehicles (Scooters)	Corvallis-NW, Newport
Wheelchairs (Complex Rehab Manual Rel Accessories)	Corvallis-NW, Lebanon, Newport
Wheelchairs (Complex Rehab Power Rel Accessories)	Corvallis-NW, Lebanon, Newport
Wheelchairs (Complex Rehabilitative Manual)	Corvallis-NW, Lebanon, Newport
Wheelchairs (Complex Rehabilitative Power)	Corvallis-NW, Lebanon, Newport
Wheelchairs (Standard Power Related Accessories)	Lebanon, Newport
Wheelchairs (Standard Power)	Corvallis-NW, Lebanon, Newport

Notably, Norco added orthoses (custom fabricated, off-the-shelf, and prefabricated) to its supply line-up. But as noted earlier, none of the acquired locations have an orthotic fitter on staff.

A smaller number of supplies are no longer carried at these Norco locations. These are listed below.

Equipment no longer available	Locations no longer carrying
Transcutaneous Electrical Nerve Stimulators (TENS) and/or Supplies	Corvallis-NW, Lebanon, Newport
Diabetic Shoes and Inserts	Lebanon
Diabetic Shoes/Inserts - Custom	Lebanon
Heat & Cold Applications	Corvallis-NW, Lebanon, Newport
Infrared Heating Pads Systems and/or Supplies	Corvallis-NW, Lebanon, Newport
Neuromuscular Elect Stimulators (NMES)/Supplies	Corvallis-NW, Lebanon, Newport
Ultraviolet Light Devices and/or Supplies	Corvallis-NW, Lebanon, Newport

Numerous providers are present in the service areas supplying transcutaneous electrical nerve stimulators (TENS), diabetic shoes and heat and cold applications. There are no other providers supplying infrared heating pads systems, and only one other provider supplying neuromuscular electrical stimulators and ultraviolet light devices.

Although a few supplies are no longer available at the above locations, on balance, the supply offerings have expanded overall after the acquisition by Norco. Product expansion may be a result of increased demand for personal mobility devices and from a growing geriatric population.³

Customer service quality

OHA requested key performance indicator (KPI) metrics related to supply fulfillment and maintenance requests. Norco responded that such KPIs are not collected as part of the normal course of business. OHA is unable to analyze post-transaction effects with respect to the customer experience in these areas without such metrics.

IHN CCO relationship

As of July 2024, Norco continues to maintain a participating provider agreement with Samaritan Health Plans, of which IHN CCO is an affiliate. The relationship between Norco, SHP, and IHN CCO remains unchanged, which means the nearly 80,000 enrollees with Oregon Health Plan coverage from IHN CCO can continue receiving supplies from Norco.² This is approximately 29% of the population of Benton, Lincoln, and Linn counties.

Insurance carrier changes

Immediately after the transaction closed, Norco added 12 insurance carriers to its service profile, thereby newly serving patients with these health insurance plans. Norco kept contracts in place with nine insurance carriers. However, Norco did not continue contracts with five other insurance carriers: Humana, Moda Medicare Advantage, Providence Medicare Advantage, Regence Medicare Advantage and United HealthCare. The complete list can be found in Appendix C.

Of the 21 insurance carriers contracted with Norco, membership estimates from Benton, Lincoln, and Linn counties were available for 15 carriers. These membership estimates, totaling over 260,000 members, are a conservative estimate of the number of people who can access DME supplies from Norco through their insurance plans.⁴

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Carrier	Members
Medicaid (OHA)	96,494
Medicare	67,960
Providence	23,303
Regence	18,831
Moda	17,549
Samaritan (including IHN CCO)	13,383
PacificSource	10,212
Kaiser	7,446
Healthnet	6,375
Aetna	1,979
Asuris	97
Atrio	Fewer than 50
CareOregon	Fewer than 50
Trillium	Fewer than 50
Common Electronic Data Interchange (CEDI)	No data
First Choice Health Network (FCHN)	
Multiplan	
Office of Workers' Compensation Programs (OWCP)	
Shasta	
Tricare	

Supply charges

Norco reported no changes to DME supply charges to insurance carriers after transaction close.

Two- and Five-Year Follow-Up Reviews

A second-year follow-up review beginning in May 2025 will describe any subsequent changes and a fifth-year follow-up review beginning in May 2028 will look at the impact of the transaction on cost of care, access to care, quality of care and health equity in Oregon. All follow-up reviews will include any public comment OHA receives about the transaction. Public comments can be submitted at any time by email to hcmo.info@oha.oregon.gov and by voicemail to 503-945-6161.

Acronyms

Acronyms & Abbreviations

APAC	Oregon's All Payer All Claims database
CCO	Coordinated Care Organization
CDL	Commercial Driver License
CEDI	Common Electronic Data Interchange
CPM	Continuous Passive Motion
CPAP	Continuous Positive Airway Pressure
DME	Durable Medical Equipment
FCHN	First Choice Health Network
FFS	Fee For Service
FTE	Full Time Equivalents
HCMO	Health Care Market Oversight
IHN	InterCommunity Health Network CCO
KPI	Key Performance Indicator
LLC	Limited Liability Corporation
NMES	Neuromuscular Electrical Stimulators
OHA	Oregon Health Authority
OWCP	Office of Workers' Compensation Programs
SHP	Samaritan Health Plans
SHS	Samaritan Health Services, Inc
SMS	Samaritan Medical Supplies, LLC
TENS	Transcutaneous Electrical Nerve Stimulators

Appendix A: Data Requested by OHA

OHA requested and received quantitative data from the entity related to facilities, insurance carriers, staffing, quality of service, and supplies available. Where applicable, data was requested for three time points: shortly before transaction close, soon after transaction close, and most recent time data is available. Data requested include:

1. Locations and addresses of any new or closed facilities and additions or reductions in square footage of existing facilities
2. Current contract with InterCommunity Health Network (IHN) CCO
3. Changes to supply charges to insurance carriers
4. Job titles, number of employees, and FTE by location
5. Supplies available to customers by location
6. KPI metrics related to order fulfillment
7. KPI metrics related to service and maintenance
8. Insurance carriers contracted with

Appendix B: Durable medical equipment supplies carried by Norco at the acquired locations (as of June 2024).

Equipment available	Corvallis-NW	Lebanon	Newport
Blood Glucose Monitors/Supplies (Mail Order)	+	+	+
Canes and/or Crutches	✓	✓	✓
Commodes, Urinals, Bedpans	✓	✓	✓
Continuous Passive Motion (CPM) Devices	✓	+	+
Continuous Positive Airway Pressure (CPAP) Devices	✓	✓	✓
Gastric Suction Pumps	✓	✓	✓
High Freq Chest Wall Oscillation Devices/Supplies	+	+	+
Hospital Beds (Electric)	✓	✓	✓
Hospital Beds (Manual)	✓	✓	✓
Mechanical In-Exsufflation Devices	✓	✓	✓
Nebulizer Equipment and/or Supplies	✓	✓	✓
Orthoses: Custom Fabricated	+	+	+
Orthoses: Off-The-Shelf	✓	+	✓
Orthoses: Prefabricated (Non-Custom Fabricated)	+		
Ostomy Supplies	✓	✓	✓
Patient Lifts	✓	✓	✓
Power Operated Vehicles (Scooters)	+		+
Respiratory Assist Devices	✓	✓	✓
Respiratory Suction Pumps	✓	✓	✓
Seat Lift Mechanisms	✓	✓	✓
Support Surfaces: Pressure Reducing Beds/Mats/Pads	✓	✓	✓
Surgical Dressings	✓	✓	✓
Tracheotomy Supplies	✓	✓	✓
Traction Equipment	✓	✓	✓
Urological Supplies	✓	✓	✓
Ventilators Accessories and/or Supplies	✓	✓	✓
Walkers	✓	✓	✓
Wheelchair Seating/Cushions	✓	✓	✓
Wheelchairs (Complex Rehab Manual Rel Accessories)	+	+	+
Wheelchairs (Complex Rehab Power Rel Accessories)	+	+	+
Wheelchairs (Complex Rehabilitative Manual)	+	+	+
Wheelchairs (Complex Rehabilitative Power)	+	+	+
Wheelchairs (Standard Manual Related Accessories)	✓	✓	✓
Wheelchairs (Standard Manual)	✓	✓	✓
Wheelchairs (Standard Power Related Accessories)		+	+
Wheelchairs (Standard Power)	+	+	+

+ Added by Norco; not previously carried by SMS

✓ Currently carried by Norco; previously carried by SMS

Appendix C: Insurance carrier contracts with Norco (as of July 2024)

Insurance carrier contracts continued, added, and discontinued after transaction close.

Post-transaction action	Insurance carrier
Continued	Aetna
	First Choice Health Network (FCHN)
	InterCommunity Health Network (IHN) CCO
	Moda
	Multiplan
	PacificSource
	Providence
	Regence
	Samaritan
Added	Asuris
	Atrio
	CareOregon
	Common Electronic Data Interchange (CEDI)
	Healthnet
	Kaiser
	Medicaid (OHA)
	Medicare
	Office of Workers' Compensation Programs (OWCP)
	Shasta
	Tricare
	Trillium
Discontinued after acquisition	Humana
	Moda Medicare Advantage
	Providence Medicare Advantage
	Regence Medicare Advantage
	United HealthCare

References

¹ Samaritan-Norco, Health Care Market Oversight Program Notice of Material Change Transaction, dated March 21, 2023, available at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/2023-04-06-009-Samaritan-Norco-HCMO-Notice.pdf>.

² Oregon's Monthly Medicaid Enrollment Dashboard (2024). Interactive display accessed 07/22/2024. Salem, OR: Oregon Health Authority.
<https://www.oregon.gov/oha/hpa/analytics/pages/medicaid-enrollment.aspx>

³ U.S. Durable Medical Equipment Market Size, Share & Trends Analysis Report By Product (Monitoring And Therapeutic Devices, Personal Mobility Devices), End Use And Segment Forecasts, 2024 - 2030 (2024). Accessed 08/02/2024. San Francisco, CA: Grand View Research.
<https://www.grandviewresearch.com/industry-analysis/us-durable-medical-equipment-dme-market>

⁴ Oregon Health Authority. (2024). All Payer All Claims Reporting Program. Release 19. Salem, Oregon: Oregon Health Authority.