Health Care Market Oversight

Transaction 035
St. Charles – The Center
30-Day Review Report

October 24, 2024

OREGON HEALTH AUTHORITY

About this Report

This report summarizes analyses and findings from Oregon Health Authority's preliminary (30-day) review of the proposed material change transaction of St. Charles Health System, Inc. and Neuromusculoskeletal Center of the Cascades, P.C. It accompanies the Findings of Fact, Conclusions of Law, and Final Order ("Preliminary Review Order") issued by Oregon Health Authority on October 24, 2024. For legal requirements related to the proposed transaction, please reference the order.

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at hcmo.info@oha.oregon.gov or by phone at 503-385-5948. We accept all relay calls.

If you have any questions about this report or would like to request more information, please contact hcmo.info@oha.oregon.gov.

Executive Summary

The Health Care Market Oversight (HCMO) program reviews proposed heath care business deals to make sure they will help Oregon's shared goals of health equity, lower costs, increased access, and better care. 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.

Proposed Transaction

On September 24, 2024, OHA accepted a complete notice of material change transaction describing plans for St. Charles Health System, Inc. ("St. Charles") to buy The Neuromusculoskeletal Center of the Cascades, P.C. ("The Center").

OHA's Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA assessed the likely impact of the transaction across four domains: cost, access, quality, and equity. OHA held a public comment period and received two public comment submissions.

Key Findings

Cost

The Center currently possesses a dominant share of the market in terms of musculoskeletal services and providers. It will be important that St. Charles does not increase patients' costs by imposing new facility fees for outpatient services rendered by The Center providers.

Access

It is unlikely that the proposed transaction will adversely affect access to services currently provided by The Center. However, given the dominant market share of the entities, it will be important that providers can decide the appropriate setting when treating a patient, and that providers can maintain relationships with other hospitals and facilities if they so desire. Additionally, the planned recruitment of additional providers will likely decrease patient wait times.

Quality

OHA does not have specific concerns about quality of care for this transaction. The proposed transaction is unlikely to adversely affect health care quality. Quality may increase for the region given that St. Charles currently performs better than The Center on metrics such as screening for fall risk and tobacco cessation and providing patients with electronic access to health information.

Equity

OHA does not have specific concerns about equity for this transaction. The proposed transaction is unlikely to worsen health

equity and may increase the number of patients receiving charity care, which would reduce costs for patients who earn up to four times the federal poverty level.

Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction with conditions on October 24, 2024.** (See order). OHA made this decision based on these criteria:

The material change transaction is not likely to substantially alter the delivery of health care in Oregon

The proposed acquisition of The Center by St. Charles is not likely to substantially alter the delivery of health care in Oregon. The proposed transaction is unlikely to adversely affect health care quality or worsen equity for patients in Oregon. The imposed conditions are designed to mitigate OHA's concerns regarding health care costs and access in Oregon.

OHA will monitor the impact of the transaction by conducting follow up analyses one year, two years, and five years after the business deal is completed. During these reviews, OHA will analyze the impact of the transaction on quality of care, access to care, affordability, and health equity, specifically following up on concerns or observations noted in the Findings & Potential Impacts section of the Review Summary Report. OHA will also assess whether the parties to the transaction have kept to the commitments stated in the notice of transaction regarding cost, access, and quality of care.

The approval conditions require the entities to complete the proposed transaction consistent with the notice. Additionally, the approval conditions ensure St. Charles does not impose facility fees for services rendered by The Center providers for which no facility fees are currently applied. The approval conditions also prevent St. Charles from restricting The Center employees on future employment opportunities or limiting where The Center providers maintain hospital admitting privileges. The approval conditions also prohibit St. Charles from basing any credentialing and privileging decisions on a provider's business or employment affiliation. For the complete list of conditions, see the order.

Introduction

In 2021, the Oregon Legislature passed House Bill 2362, giving the Oregon Health Authority (OHA) the responsibility to review and decide whether some transactions involving health care entities should proceed. In March 2022, OHA launched the Health Care Market Oversight program (HCMO). This program reviews proposed health care transactions such as mergers, acquisitions, and affiliations to ensure they support statewide goals related to cost, equity, access, and quality.

The HCMO program is governed by Oregon Revised Statute (ORS) 415.500 et seq. and Oregon Administrative Rules (OAR) 409-070-0000 through -0085.

In the authorizing statute, the Oregon Legislature specified what types of proposed transactions are subject to review and the criteria OHA must use when analyzing a given proposed transaction. The Oregon Legislature also authorized OHA to decide the outcome of a proposed transaction. After analyzing a given proposed transaction, OHA may approve, approve with conditions, or reject it.

The Health Care Market Oversight program fits within OHA's broader mission of ensuring all people and communities can achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care.

Proposed Transaction

On September 24, 2024, OHA received a Notice of Material Change Transaction ("Notice") from St. Charles Health System, Inc. ("St. Charles") and The Neuromusculoskeletal Center of the Cascades, P.C. ("The Center") (St. Charles and The Center are collectively referred to herein as the "Entities").

The notice describes plans for St. Charles to purchase The Center, including fixed assets such as supplies and durable medical equipment. St. Charles asserts that post-closing it will directly employ substantially all medical providers and a majority of the staff of The Center.

OHA reviewed the notice of material change transaction and determined, based on the facts in the notice, that the transaction is subject to review. The entities party to the transaction meet the revenue thresholds specified in OAR 409-070-0015(1) and the proposed transaction is otherwise covered by the program in accordance with OAR 409-070-0010.

After receipt of the complete notice, OHA began a preliminary review of the proposed transaction. Preliminary reviews must be completed within 30 days of OHA's confirmation of receipt of a complete notice, unless extended in accordance with applicable statutes and administrative rules. This report describes the transaction, OHA's approach to the review, its findings, and OHA's conclusions based on these findings.

Before filing a notice, the entities requested an emergency exemption. On August 2, 2024, OHA determined that the proposed transaction did not qualify for an emergency exemption. More information about the emergency exemption request, public comments received by OHA about the emergency exemption, and OHA's determination can be found on the transaction website.

Parties to the Transaction

St. Charles

St. Charles is an Oregon non-profit corporation that owns and operates four hospitals in Bend, Madras, Prineville, and Redmond, and multiple medical clinics throughout Central Oregon. These medical clinics include primary care clinics, urgent care clinics, cancer care facilities, behavioral health locations, specialty care clinics, and more.

OHA designated St. Charles's location in Bend ("St. Charles Bend") as a Level II trauma center under the provisions of ORS 431A.065 and OAR 333-200-0090. St. Charles Bend is the only Level II trauma center east of the Cascade mountains and serves residents of Deschutes, Cook, Jefferson, Harney, Lake and Klamath Counties. St. Charles serves a population of 350,000 people over roughly 32,000 square miles.[1] St. Charles's locations in Madras, Prineville, and Redmond all hold a Level IV trauma center designation.

St. Charles owns and operates the only hospitals in the Central Oregon region. The next closest hospital is Adventist Health Columbia Gorge Hospital in The Dalles, Oregon, which is approximately 129 miles away.

Facilities and Services

In addition to the four hospitals and multiple medical clinics St. Charles owns and operates, it also has partial ownership of multiple medical businesses in Central Oregon including Cascade Surgicenter, imaging centers, and medical buildings. See Appendix 1 for the list of all St. Charles businesses.

Governance and Organizational Structure

St. Charles is governed by a Board of Directors. The President and Chief Executive Officer (CEO) serves on and reports to the Board of Directors.

The Center

The Center is organized as an Oregon professional corporation, and is an independent, physician-owned, group of 27 specialist physicians that provide orthopedic, neurosurgical, physical medicine and rehabilitation care to the same communities that St. Charles serves in Central and Eastern Oregon. The Center also employs 27 advanced practice providers (nurse practitioners, physician associates) and approximately 200 employees. The Center has been in Central Oregon for more than 25 years and provides the vast majority of musculoskeletal services in the region. In 2023, The Center provided care to more than 45,000 seniors and 12,500 individuals covered by the Oregon Health Plan.

Governance and Organizational Structure

The Center has 16 physician owners which are all members of the Board of Directors. The Board of Directors elects a president and a secretary. The CEO reports to the Board of Directors.

Transaction Terms

The entities have signed a letter of intent for St. Charles to buy The Center and employ most of their staff. St. Charles states that providers and staff joining St. Charles will be offered positions with fair, market-based compensation and benefits at least as favorable as those currently provided by The Center.

The entities plan to negotiate and execute an Asset Purchase Agreement in which St. Charles would pay fair market value for certain fixed assets such as clinical supplies, materials, and durable medical equipment. A purchase price has not yet been established; the entities will negotiate a purchase price based upon an analysis being conducted by an independent third-party. St. Charles plans to assume certain material contracts including leases for several of The Center's locations. St. Charles would also acquire the rights of The Center's name, phone, and fax numbers. The Center would pay their outstanding liabilities and wind down operations.

Rationale for the Transaction

The entities state that the transaction is needed to provide financial stability to The Center, as well as provide support for the recruitment of providers and existing operational and administrative burdens. The entities state that the "transaction will stabilize and maintain access to critical health care services in the region," including orthopedic, neurosurgery and physiatry services.[2] The Center states that market forces such as decreasing

reimbursements, increasing staffing costs, decreasing supply of providers, and increasing administrative costs associated with prior authorization and denials management have made it difficult to maintain their independent practice.

The entities state that over the past two years, 18 orthopedists and physical medicine and rehabilitation providers have left the region which, according to their calculations, is a 26% decrease in providers in the Central Oregon region. In December 2023, when an orthopedic practice in the region named Desert Orthopedics suddenly closed, The Center hired multiple providers from the practice.[3]

The entities state that The Center's physicians are currently being paid below market rate despite working more than most of their peers nationally according to third-party productivity benchmarks. The Center states that they are in imminent danger of losing additional providers, which would cause significant delays in patient care, and could potentially lead to patient transfers out of the region.

The entities state that The Center currently provides two of the four neurosurgeons in the community who provide neurosurgical trauma call coverage for St. Charles. The Center also currently provides all orthopedic surgeons for St. Charles' call coverage for orthopedic trauma.[4] The Center's orthopedists and neurosurgeons are necessary to maintain St. Charles Bend's designation as a Level II trauma hospital. Without these physicians, the entities state that St. Charles Bend would not be able to provide trauma services and would lose the designation as a Level II trauma hospital.

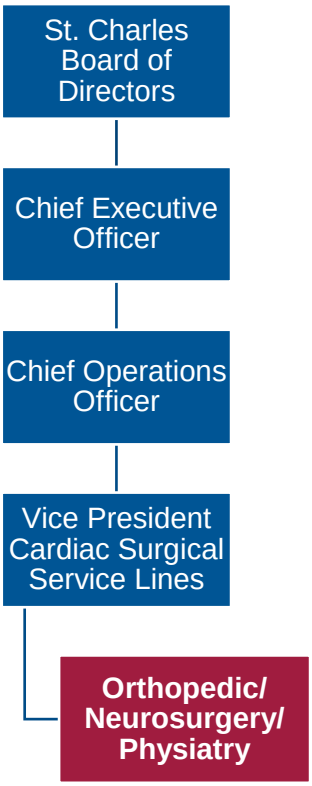
As a result of the transaction, the entities state that "St. Charles will provide other needed resources such as provider recruitment expertise and staffing, operational and administrative capacity (e.g., compliance, patient service representatives, health information management services), and robust IT and security infrastructure."[5] Additionally, patients will be able to utilize St. Charles' financial assistance policies and practices. St. Charles states that these resources will stabilize access to orthopedic, neurosurgery and physiatry care for Central and Eastern Oregon residents.

Post-Transaction Plans

After the transaction closes, St. Charles states that it will "directly employ substantially all providers and a majority of staff of The Center," and will offer fair, market-based compensation and benefits at least as favorable as those provided by The Center.[6] St. Charles states that it will maintain the same corporate governance and management model. As envisioned on St. Charles' post-transaction organizational chart, the orthopedic, neurosurgery and physiatry services will be overseen by the Vice President of Cardiac and Surgical Services at St. Charles.

St. Charles states that immediately post-closing, St. Charles will begin recruiting for more orthopedic surgeons to provide for the orthopedic healthcare needs of the Central and Eastern Oregon community.

St. Charles Post-Transaction Org Chart



Independent Physician Practice Acquisition Trends

In the past decade, physician practices have been increasingly acquired by investors, other physician practices, or hospital systems, leaving fewer practices independent. These changes have occurred in both primary care and specialty practices. When a hospital or health system acquires a physician practice, it is called vertical consolidation.

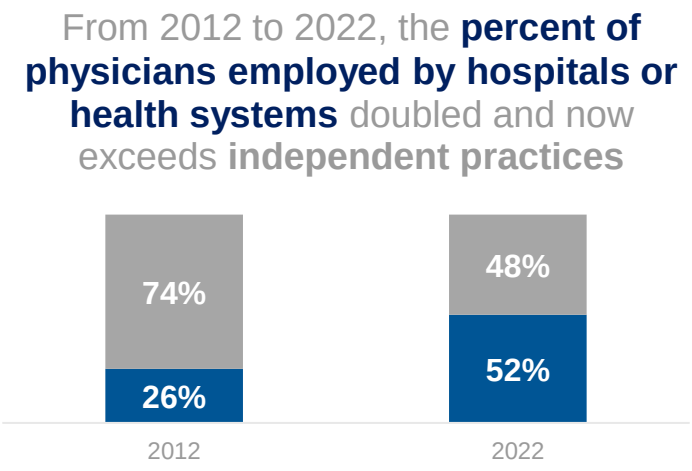
Nationally and in 2012, nearly 26% of physicians were employed by hospitals or health systems. By 2022, the percent doubled; approximately 52% of physicians were employed by hospitals or health systems.[7]

What is vertical consolidation?

Vertical consolidation refers to the combination of two companies or organizations in different lines of work or operating at different levels of the supply chain.

When a hospital buys a physician practice, this creates a vertically integrated system, where the hospital now offers inpatient and outpatient care in the same system.

Following the onset of the COVID-19 pandemic, there was an increase in physician employment by hospitals or health systems due to reports that physicians could not sustain the financial pressures of the pandemic, usually selling or closing their practices. Between 2022 and 2024, hospitals acquired 2,800 physician practices, representing a 7.3% increase in the percentage of hospital-owned practices.[8]

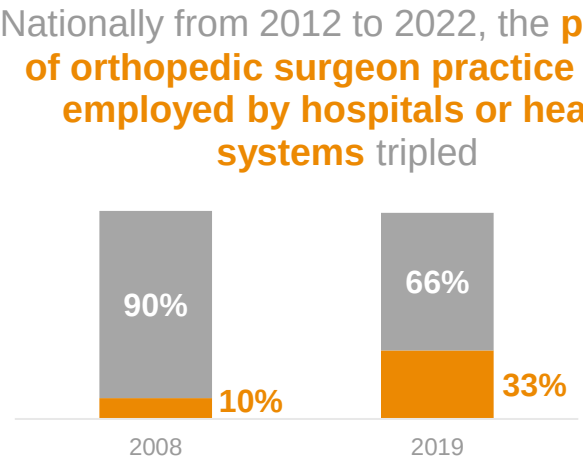


The trend is due to many factors including the insurance administrative burden, payer regulatory requirements, escalating costs associated with maintaining the practice, and physician preference of hospital employment.[9]

Trends in Orthopedic Practice Acquisitions

Orthopedic practices nationally have seen similar trends in consolidation with practices integrating with health systems or other multi-specialty clinics. In 2008, approximately 10% of orthopedic surgeon practice sites were owned by a health system or a hospital. This

percentage increased to 33% in 2019. One study found that the consolidation of orthopedic practices from 2008-2019 increased the market consolidation of orthopedic practices nationwide from moderately consolidated to highly consolidated.[10]



The increase in consolidation may be caused by a variety of factors including the change in payment from fee-for-service to alternative payment models where providers get paid based on certain quality metrics instead of how many services they provide. Additionally, larger health systems can help physicians and the hospital share the financial risk involved in alternative payment models. Other payment policy changes specific to orthopedic procedures for Medicare patients may have also led to vertical integration with hospitals.[11]

Consolidation trends may also be driven by physician preferences for hospital employment. Hospital employment is attractive for physicians because of the financial stability, fewer work hours, and less administrative burden.[12]

Oregon-specific trends

Oregon has seen an increase in the acquisitions of orthopedic practices as well. Most recently, in 2023, Salem Hospital acquired Hope Orthopedics in the Salem area and hired all 16 physicians and staff.[13]

In 2020, Praxis Medical Group ("Praxis") acquired Desert Orthopedics in Bend, Oregon.[i] Praxis is an independent multi-specialty physician group in Oregon.[14] As mentioned above, Desert Orthopedics closed in 2023 and The Center subsequently hired some of the providers.[15]

Consolidation Trends in Neurosurgery

Independent neurosurgery providers have seen similar consolidation trends. Neurosurgery faces similar market pressures as orthopedics, including rising costs and lower reimbursements, but face other unique pressures. Neurosurgeons are seeing rising

[i] This transaction closed prior to the enactment of House Bill 2362 (2021) and implementation of OHA's HCMO Program. HCMO did not review this transaction.

malpractice costs and pressure to perform more spine procedures in outpatient settings rather than inpatient settings.[16]

The neurosurgery specialty has seen a rise in providers joining health organizations of 1,000 members or more. From 2014 to 2019, the percentage of neurosurgeons joining a large health organization increased from nearly 10% to nearly 23%.[17] For neurosurgeons, consolidation results in salary security, less responsibility for managing operations in a private practice, and more referrals when joining a hospital.[18]

The Effects of Vertical Consolidation

When a hospital buys a clinic or physician group, it creates a vertically integrated system because different types of health care services – inpatient care at the hospital and outpatient care at the clinic – are now aligned under one entity. In health care as well as other industries, vertical consolidation comes with potential costs and benefits to the community it serves.

Proponents of vertical consolidation in health care point to the enhanced ability to coordinate patients' care (e.g., vertically integrated providers use the same health record system and can see lab results in real time), more streamlined referrals to other providers, and lower administrative costs for the entities. However, a growing body of research shows that prices tend to increase while quality remains the same or decreases.

Administrative Cost Savings

Vertical consolidation can reduce the acquired clinic's or physician group's administrative and other overhead costs, because it can rely on the hospital's billing infrastructure, human resources, appointment scheduling team, supply ordering, and other administrative support systems.[19] Vertically consolidating transactions may reduce the need for duplicative staff, facilities, equipment, and other resources. Additionally, a hospital or health system-owned practice can spread overhead costs across more services and patients, leading to lower per-unit expenses (also known as "economies of scale").

Higher Health Care Prices and Spending

Consolidation can lead to less competition and greater market power in a given market. Because vertical consolidation is a type of consolidation, vertical consolidation can ultimately lead to higher prices in a given market. When vertical consolidation occurs in already concentrated hospital markets, consumers' health insurance premiums increase more than areas without vertical consolidation.[20] The prices of outpatient services also tend to increase after vertical consolidation, even when the amount of health care services rendered – also called utilization– remains unchanged.[21] One study found that increases in consolidation for orthopedic surgery markets were associated with a 7% increase of physician fees.[22]

Physician practices that contract jointly as part of a hospital system may have greater bargaining leverage in negotiations with commercial health insurers, particularly when the health system is a dominant provider in the region. One study found that vertical

integration increased insurance premiums as much as 12% for people who buy insurance through the individual marketplace.[23]

Another issue associated with vertical integration between hospitals and physician practices which may also ultimately result in higher prices is “foreclosure” of competition. For example, a vertically integrated system may restrict competing hospitals’ access to its employed physicians by limiting their ability to practice or admit patients at other hospitals. Alternatively, a vertically integrated system may restrict competing physician groups’ access to hospital services by making it harder for non-affiliated physicians to obtain admitting privileges at system hospitals.[24]

Vertical consolidation of hospitals and physicians can also increase overall spending on health care (separately from any price effects). Vertical consolidation can change physicians’ referral patterns such that more tests and procedures are performed within the integrated system. [25,26] In many cases, this means the services move from a less expensive setting to a hospital setting, which increases the amount charged to payers like commercial insurance companies, state Medicaid programs and the Medicare program.[27,28] Physicians employed by health systems may also be incentivized to deliver or refer patients for additional hospital-based services which may be unnecessary. For example, research studies have found links between vertical integration and greater use of diagnostic imaging tests.[29]

Another effect of vertical consolidation relates to how Medicare pays hospitals. Typically, Medicare will pay a hospital for treating a Medicare enrollee by sending two payments: a facility fee and a professional fee. The facility fee is designed to cover the hospital’s costs of the building, equipment, stocking the exam room, etc. The professional fee is designed to cover the cost of the physician’s or treating provider’s services and expertise. In some cases, vertical consolidation allows the hospital to designate the newly acquired clinic or physician group as a branch of the hospital’s outpatient department, thereby allowing the hospital to collect facility fees for clinic visits. In other words, vertical consolidation can lead to higher overall costs even when the same physicians are rendering the same services in the same location. The new facility fees can also increase consumers’ out-of-pocket costs.[30]

No Improvements in Quality

Research also shows that vertical consolidation does not result in discernable improvements in health care quality. One analysis shows that vertical consolidation results in decreased quality across a variety of standard metrics.[31, 32] Compared to independent physician-owned practices, hospital-owned practices had higher 30-day readmission rates, greater utilization of emergency departments, and more hospitalizations for conditions treatable in primary care. Many of these studies have primarily looked at primary care practices that have been bought by hospital systems.[33]

There are, however, some research findings that show vertical consolidation can lead to higher rates of screenings for cancer.[34] There is little research on the effect on quality after a hospital system buys an orthopedic or neurosurgery practice.

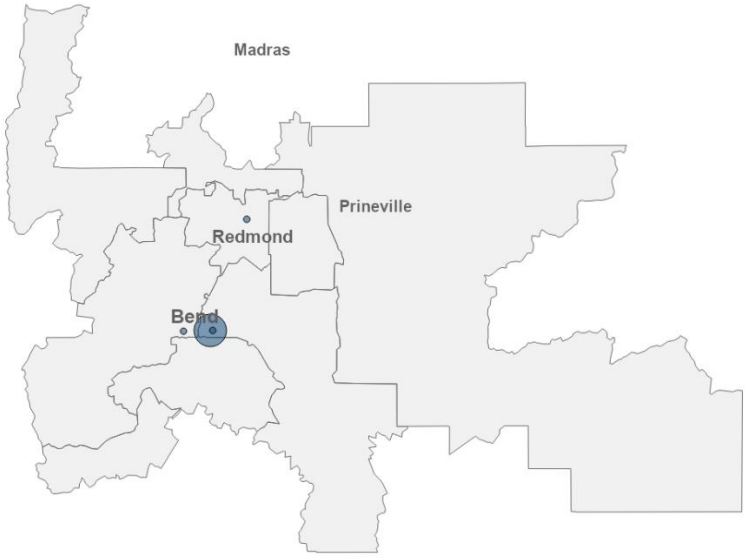
Findings & Potential Impacts

OHA compiled available data and information to understand and examine the potential impacts of the transaction across four domains: access, cost, quality, and equity. To assess the potential impacts of the proposed transaction on Oregon residents' equitable access to affordable care, OHA considered the following:

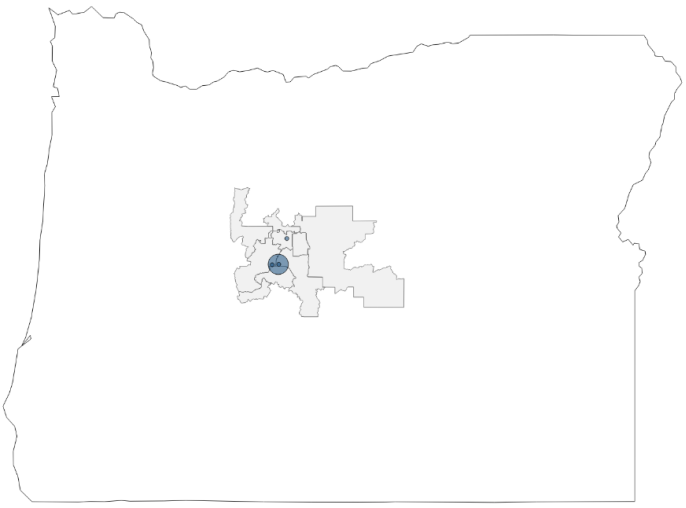
- Transaction terms
- Market characteristics
- Statements by entities
- Public comments
- Publicly available data, research, and reports on acquisitions involving orthopedic and other specialty care

Service Area

The Center's primary service area (PSA) includes the greater Bend region, including Redmond, Prineville, Sisters, and the surrounding areas. The blue dots in the map below signify The Center locations in the PSA.



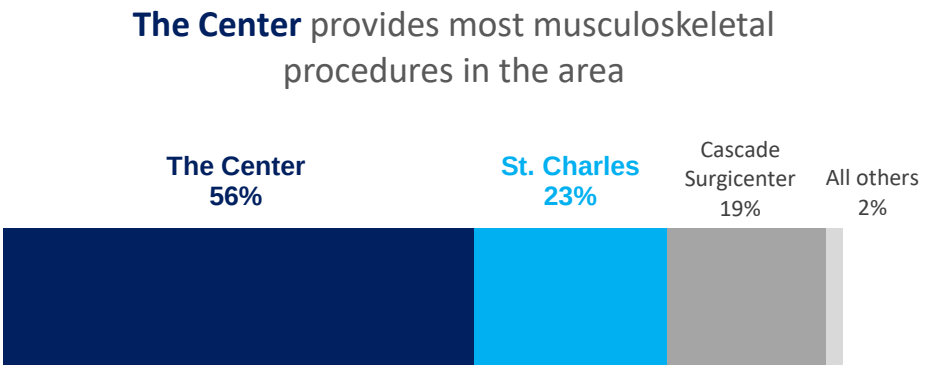
The Center's PSA is large relative to the size of Oregon. The map below shows The Center's PSA within Oregon, which is located in the middle of the state.



Market Share & Consolidation

The vast majority of The Center's physicians and advanced practice providers specialize in orthopedics. As such, the market share analysis is based on musculoskeletal procedures rendered in The Center's PSA.

The Center provides the majority (56%) of musculoskeletal procedures in the PSA. St. Charles provides the second largest number, 23%, and Cascade Surgicenter provides 19% of musculoskeletal procedures. Note that St. Charles owns 50% of Cascade Surgicenter.



The current market for musculoskeletal services in the Bend region is **highly consolidated**. The Herfindahl-Hirschman Index (HHI), which is a measure of market consolidation, is 4,084. If St. Charles acquires The Center, 79% of musculoskeletal procedures will be delivered by a single entity. The resulting HHI would be 6,685.

However, additional context is required for this transaction. The physicians and advanced practice providers employed by The Center currently provide nearly all of the

musculoskeletal procedures for St. Charles. Using data from the Centers of Medicare and Medicaid Services (CMS) reflecting calendar year 2022, there were 14 orthopedic surgeons employed by The Center and zero employed by St. Charles. Similarly, seven physical medicine and rehabilitation providers were employed by The Center and zero employed by St. Charles.

Using data from Oregon's All Payer All Claims database, approximately 69% of orthopedic surgeries performed at St. Charles were done by providers employed by The Center. Roughly 30% were performed by providers employed by Summit Health, formerly known as Bend Memorial Clinic.

Similarly, providers employed by The Center performed most (51%) of the neurosurgeries and the vast majority (85%) of the hand surgeries at St. Charles. The providers from The Center already perform the majority of orthopedic and neurosurgery services in various settings in the PSA.

Given that the proposed transaction would result in vertical consolidation in a highly consolidated market, it will be important that St. Charles does not impose a non-competition clause on The Center providers. A non-competition clause prevents providers from finding a different employer in the same region.

Furthermore, it will be important that St. Charles allows other providers who are not employed by The Center to perform surgeries and maintain privileges at the St. Charles' hospitals.

OHA has concerns about the impact of the transaction on consolidation.
The current market is highly consolidated and the proposed transaction results in greater vertical consolidation. OHA's imposed conditions are expected to alleviate OHA's concerns.

Access

The entities state that "the proposed transaction will preserve, stabilize, and increase access to critical orthopedic and trauma services for residents of Central and Eastern Oregon."[35] Given the statements and commitments made in the entities' notice and supplemental materials, it is unlikely that the proposed transaction will adversely affect access to the services currently provided by The Center.

Potential Impacts

Vertical consolidation, especially in highly consolidated markets, can result in changes to where some procedures are performed within the integrated system. Depending on the type of procedure and the payer, some settings such as an ambulatory surgery center may be more profitable than a hospital outpatient setting. One study found that a 10% increase in a surgery's profitability for a service provided in an ambulatory surgery center was associated with a 1.2 to 1.4 percent increase in the likelihood that the surgery was performed in that setting.[36]

It will be important after the proposed transaction takes place that the health care providers caring for a patient decide where the patient should receive care.

Secondly, access to musculoskeletal services is already constrained in the region by the lack of providers and lack of competition. A vertically consolidated hospital with no competitors could limit or restrict where their employed providers choose to render services. Therefore, it will be important after the proposed transaction takes place that the health care providers currently employed by The Center can, if they so choose, maintain hospital admitting privileges, courtesy privileges, or surgical privileges or perform surgical procedures in other hospitals.

Lastly, if St. Charles succeeds in recruiting more health care providers specializing in orthopedic, neurosurgery, and physiatry, patient wait times for procedures will likely decrease.

Entity Statements About Access

The entity does not anticipate that the transaction will negatively affect access. In the notice, they cited the current lack of adequate access to services.

> *…[T]here has been a significant number of providers to depart the community in the past 2 years, which has had a substantial impact on patient access to these services. To put the deterioration of access to services into stark perspective, patients in dire need of joint replacement surgeries currently wait a minimum of six months for an initial consultation appointment with a surgeon and another six months after that appointment before surgery is scheduled. From the time a person determines joint replacement is needed, they can easily wait a full year for treatment.*

OHA has concerns about reductions in access to care resulting from this transaction.

It is unlikely that the proposed transaction will adversely affect access to services currently provided by The Center. However, given the dominant market share of the entities, it will be important that providers can decide the appropriate setting when treating a patient, and that providers can maintain relationships with other hospitals and facilities if they so desire. It will be important that St. Charles is able to successfully recruit and retain providers, as mentioned in the notice, to maintain and improve patient access. OHA's imposed conditions are expected to alleviate OHA's concerns.

Cost

The entities state that the proposed transaction will ideally result in "efficiencies of infrastructure costs associated with running two separate systems for key back of house activities such as call centers, billing practices, hardware and software infrastructure, security, etc."[37]

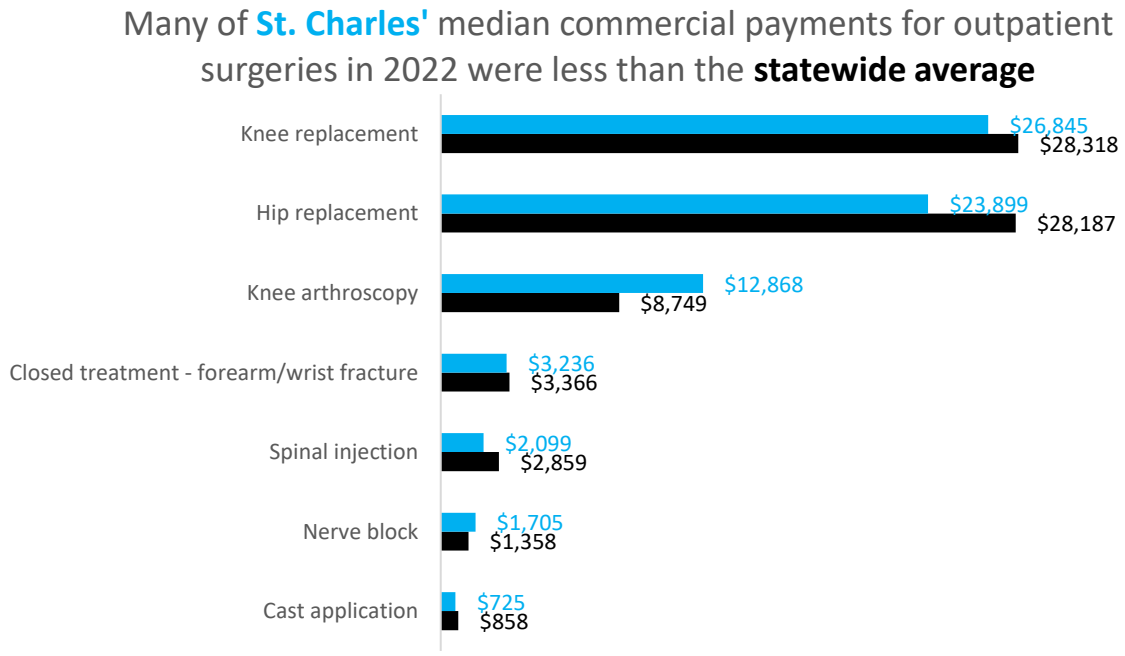
Moreover, St. Charles correctly notes that it is subject to the Oregon Sustainable Health Care Cost Growth Target program, which analyzes the annual growth of health care costs and holds entities accountable for growth deemed unreasonable.

Current Performance

Procedure Costs

For many outpatient procedures, St. Charles receives higher commercial payments compared to The Center. For example, the median paid amount for an arthroscopic shoulder debridement surgery at St. Charles is more than twice as much as the same procedure at The Center. For an arthroscopic knee surgery that involves removing the meniscus, St. Charles' median commercial payment is more than five times larger than The Center's payment. However, for some procedures, The Center's median commercial payment exceeds the amount St. Charles receives.

The median commercial payments St. Charles receives for musculoskeletal procedures is similar to the statewide average. In 2022, many of St. Charles' median commercial payments were less than the statewide average of all hospitals.[38]



Facility Fees

Currently, consumers are not charged any facility fees for services rendered by The Center providers in an outpatient setting. The proposed transaction is not expected to change the

types of services provided. Providers who currently work for The Center will continue to perform procedures in The Center's facility and in St. Charles' facilities.

It will be important that the proposed transaction does not increase consumer costs after St. Charles acquires The Center, especially when the same services will be rendered by the same providers.

Oregon's Sustainable Health Care Cost Growth Target

For health care to be affordable, Oregon needs to make sure health care spending does not increase at a faster rate than the economy, or wages. Oregon's health care cost growth target does just that -- it sets a statewide goal for how much health care spending should grow each year, aligned with projected increases in wages and the state economy.

St. Charles is subject to Oregon's Sustainable Health Care Cost Growth Target for its commercial and Medicaid patients. In the past two measurement periods, similar to statewide trends, St Charles exceeded the cost growth target once and had indeterminate cost growth once for its commercial patients. St Charles met the cost growth target for its Medicaid patients in both measurement periods.

Between 2020-2021, per person spending for St. Charles patients with commercial insurance was 13.6%, and per person spending for patients with Medicaid insurance was -0.1%.[39]

Between 2021-2022, per person spending for St. Charles patients with commercial insurance was 4.2%, and per person spending for patients with Medicaid insurance was 2.2%.[40]

OHA has concerns about price/cost increases resulting from the transaction.
The Center currently possesses a dominant share of the market in terms of musculoskeletal providers. It will be important that St. Charles does not increase patients' costs by imposing new facility fees for outpatient services rendered by The Center providers. OHA's imposed conditions are expected to alleviate OHA's concerns.

Quality

To assess quality, OHA utilized existing CMS Merit-Based Incentive Payment System (MIPS) quality data. For performance year 2022, which is the most recent data available, St. Charles performs better than The Center in all categories for which data are present for both entities.

MIPS Measures and Attestations – Entities' Performance in 2022[41]:

Metric Name	The Center	St. Charles
Screening for tobacco use and cessation intervention	2 stars	4 stars
Screening for future fall risk	1 star	4 stars
e-Prescribing	3 stars	4 stars
Providing patients electronic access to their health information	3 stars	4 stars

The proposed transaction is unlikely to reduce health care quality. St. Charles' higher quality scores may result in higher scores for The Center.

Entity Statements About Quality

In the notice, the entities state:

> *…[T]he proposed transaction is in the best interests of the public because it stabilizes critical healthcare services and creates an opportunity for further improvements to both the access to and quality of such services.*

OHA does not have specific concerns about quality of care for this transaction.
The proposed transaction is unlikely to adversely affect health care quality. Quality may increase for the region given that St. Charles currently performs better than The Center on available quality measures.

Equity

The Center reported that it served more than 12,500 visits to patients covered by the Oregon Health Plan (Medicaid) and more than 45,000 visits to seniors, 8,000 of which were provided to seniors over the age of 80.[42] St. Charles similarly serves individuals with the Oregon Health Plan, Medicare, and commercial insurance.

Potential Impacts

St. Charles, as a non-profit hospital, is required to provide charity care for eligible patients. The entities state that in 2023, St. Charles provided more than $13 million in charity care to patients. Data from the Oregon Health Authority's Hospital Reporting Program show that in 2022, St. Charles provided approximately $13 million in charity to patients.[43]

In February 2024, a patient filed a lawsuit against St. Charles accusing the hospital of failing to screen a patient for financial assistance and subsequently launching debt collection against the patient.[44]

OHA staff were unable to locate a charity care policy on The Center's public website. As a result of the proposed transaction, patients of The Center would also be eligible for St. Charles' charity care policies.

Entity Statements About Equity

The entity does not anticipate that the transaction will negatively affect health equity. In the notice, they stated:

> *Specifically, St. Charles plans to expand and improve its collection of social determinants data across St. Charles beginning in 2025. St. Charles also anticipates offering community educational and outreach programs, such as pre-surgery total joint arthroplasty educational events and learning opportunities to allow patients to understand how to best prepare for surgery and improve outcomes. Further, St. Charles expects to offer community education on post-surgical care and expectations to enhance patient care and recovery. Physicians of The Center also currently provide services at outreach clinics in several communities across Central and Eastern Oregon, which will continue post-transaction to improve outcomes and access in rural communities.*

OHA does not have specific concerns about equity for this transaction.

The proposed transaction is unlikely to worsen health equity and may increase the number of patients receiving charity care, which would reduce costs for patients who earn up to four times the federal poverty level.

Public Comments

OHA received two public comments related to the transaction during the 30-day preliminary review period. Both comments were in support of the transaction, the two comments are listed below.

Comment 1:

Might be to my benefit and help communication gap between orthopedic and bend my clavicle is malformed from fractures in is not joined causing pain and difficulties in daily activities.

Comment 2:

As a Redmond and Deschutes County resident, these are my personal views and should not be taken or construed in any way as the views of my employer; or any other person, party, or entity.

I am in favor of the St. Charles Health Systems purchase of ""The Center"", but have significant reservations. Central Oregon is in a difficult healthcare position right now. St. Charles holds a monopoly on hospital services, there are no other hospitals in the region besides St. Charles. St. Charles also has a large clinic network but there are several other non-St. Charles clinic systems providing primary and specialty care in the greater Central Oregon region. Still, the more specialized the care you need, the harder it is to find a specialist in Central Oregon. Options remain very limited and lead to personal travel to Portland, Salem, or Eugene for certain types of specialist care. Waits to get in to see existing general practice and specialist providers can be for prolonged periods of time, due to the lack of providers in our region.

Add in the venture capitalist and for-profit entities who have moved into our area, purchasing clinics and providers offices. It leads to a situation where primary care is hard to obtain and specialty care results in long waits, when it is available in our region.

I can't say if the St. Charles purchase of ""The Center"" will stabilize the specialist care environment in Central Oregon, but like the old black and white movie of a man plugging holes in a dam with his fingers, the proposed purchase will at least slow the exodus of orthopedic and trauma specialty providers in the region.

It also stabilizes the trauma care of the region, as St. Charles Medical Center Bend is the ONLY Level II Trauma Center east of the cascade mountains. My career as a Paramedic taught me that time to surgery is a significant contributor towards morbidity and mortality in trauma patients. Time to advanced medical care and surgery is crucial to trauma survival and chances for trauma recovery.

While I would prefer that St. Charles did not hold a monopoly in the region and another hospital and clinic system were here to provide competition to improve the quality and service levels of care in the region, I will take a St. Charles monopoly including a purchase of ""The Center"" over the alternative of having fewer specialists, lower levels of Trauma related care, and an increase of for-profit and venture capitalist owned provider offices

acting as vultures, picking the remaining quality from the system like picking meat from a carcass.

More competition is always better, except when it is not. Without significant changes to the healthcare system in Central Oregon, the best course of action is for St. Charles to attempt a degree of stabilization of specialty practice through purchase of ""The Center

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Conclusions

Based on preliminary review findings, **OHA approved the transaction with conditions on October 24, 2024.** See Findings of Fact, Conclusions of Law, and Final Order in the Matter of Proposed Material Change Transaction of St. Charles and The Center, dated October 24, 2024.

The transaction was approved with conditions, per ORS 415.501(6)(b) and OAR 409-070-0055(2)(d), because OHA determined the transaction is not likely to substantially alter the delivery of health care in Oregon.

The approval criteria are specified in administrative rules for the Health Care Market Oversight Program and are consistent with Oregon law. Below is a summary of the main reasons, based on the findings described in this report, why OHA considers the criterion satisfied.

Approval Criteria

The material change transaction is not likely to substantially alter the delivery of health care in Oregon

The proposed acquisition of The Center by St. Charles is not likely to substantially alter the delivery of health care in Oregon. The proposed transaction is unlikely to adversely affect health care quality or worsen equity. The conditions are designed to mitigate concerns regarding health care costs and access.

Approval Conditions

OHA's approval of this transaction is conditional and requires the entities to comply with certain conditions. These conditions focus on mitigating concerns regarding potential increases in costs and consequences of vertical consolidation. For legal requirements related to the conditions, please refer to the Order. OHA's approval conditions are summarized as follows:

1. The transacting parties shall complete the Transaction consistent with the Notice of Material Change Transaction ("notice"), and as conditionally approved by OHA.

2. The transacting parties shall adhere to the representations made in the notice and any subsequent filings with OHA.

3. For a period of ten (10) years following the close of the transaction, St. Charles shall not charge facility fees for any services rendered by former The Center health care providers for which no facility fees are currently applied.

4. For a period of five (5) years following the close of the transaction, St. Charles shall not subject former employees of The Center to any restrictions on future employment opportunities as a condition for employment or subsequent bona fide advancement of the former The Center employee by St. Charles.

5. In accordance with Oregon Administrative Rule 409-070-0045(5), the entities must furnish the Authority with complete and final executed copies of all the definitive agreements pursuant to which the transaction will be documented and closed, together with a detailed description of any respect in which the definitive agreements depart from the submitted letter of intent no later than fifteen (15) days before closing the transaction.

6. For a period of five (5) years following the close of the transaction, St. Charles shall apply its existing Medical Staff Bylaws ("Bylaws") provisions that prohibit credentialing or privileging decisions based on an applicant's business or employment affiliation, and not, deny, limit, or restrict a health care provider's privileges at St. Charles (including admitting privileges, courtesy privileges, or surgical privileges) based on the health care provider's current or former affiliation with The Center. In the event St. Charles seeks to modify or amend its Bylaws in a manner that is inconsistent with this Condition, St. Charles shall provide a copy of its modified Bylaws to OHA no later than ten (10) business days in advance of adoption.

7. For a period of five (5) years following the close of the transaction, St. Charles shall not impose limitations on where health care providers performing services for The Center maintain hospital admitting privileges, courtesy privileges, or surgical privileges, or perform surgical procedures; provided, however, that nothing contained herein shall prohibit St. Charles from: (i) requiring that such services be rendered through the provider's employment with St. Charles; and (ii) prioritizing services for patients in St. Charles' primary service area (i.e., Central Oregon) to ensure adequate access to services.

8. For a period of five (5) years following the close of the transaction, St. Charles shall not limit or otherwise restrict the location of where the former The Center employee opts to perform a given medical procedure, be it in an outpatient clinic office setting, an ambulatory surgery center, a hospital operating room, or another setting; provided, however, that nothing contained herein shall prevent St. Charles from directing patient care based on factors such as patient and provider location, staffing, community need, capacity, patient preferences, or payer requirements.

9. In the event of an unforeseen change in market conditions, St. Charles will be permitted to petition OHA for any needed modifications to or exceptions from any of the Conditions contained herein. St. Charles shall apply in writing to OHA for any needed modifications to or exceptions from the Conditions. Within ten (10) business days following receipt of St. Charles's petition, OHA shall either (1) notify St. Charles of its determination of the St. Charles's requested modification or exception; or (2) notify St. Charles of any additional information needed by OHA to further evaluate St. Charles's request. If OHA requires additional information to evaluate St. Charles's request, OHA shall notify St. Charles of the information required and the running of the ten (10) business days shall be tolled upon such notification and shall resume upon OHA's receipt of the requested information. To the extent St. Charles is aggrieved by OHA's determination, St. Charles will have

the right to request a contested case hearing pursuant to ORS 415.019 and OAR 409-070-0075.

10. For a period of five (5) years following the close of the transaction, St. Charles shall keep the records specified in this condition. OHA will require this information for the statutorily required follow-up reviews and monitoring compliance with conditions.
    a. Six (6) months following the close of the transaction, St. Charles shall report to OHA:
        i. the number of The Center physicians who were hired by St. Charles and remain employees;
        ii. the number of The Center physicians who were not hired by St. Charles after the close of the transaction;
        iii. The number of The Center advanced practice providers who were hired by St. Charles and remain employees;
        iv. The number of The Center advanced practice providers who were not hired by St. Charles after the close of the transaction;
        v. the number of The Center non-provider staff who were hired by St. Charles and remain employees; and
        vi. the number of The Center non-provider staff who were not hired by St. Charles after the close of the transaction.

11. St. Charles shall provide an annual Compliance Report to OHA. The first such report shall be due no later than 12 months following the closing date of the Transaction, and subsequent reports shall be due every 12 months thereafter. Each annual submission shall include a publicly shareable version of the Compliance Report, which shall be published on the Health Care Market Oversight program website.
    a. For a period of five (5) years, the report shall include:
        i. St. Charles's certification of compliance with Condition Nos. 3-4 and Nos. 6-8.
        ii. A qualitative narrative describing the recruitment efforts to add additional orthopedists, neurosurgeons, and physiatrists to the team to further stabilize and ensure access to these critical services.
        iii. For Condition No. 8, provide a qualitative narrative detailing the factors such as patient and provider location, staffing, community need, capacity, patient preferences, or payer requirements that resulted in any changes to the location of where orthopedic, neurosurgical, or physiatry services were provided.

    b. For a period of ten (10) years, the report shall include:
        i. St. Charles's certification of compliance with Condition No. 3.

Post-Transaction Monitoring

As required by statute, OHA will conduct follow-up analyses one, two, and five years after the transaction is complete. OHA's monitoring will assess whether the entity keeps the

commitments included in the notice. More broadly, OHA will monitor changes to cost, quality, access and equity, and may also assess other measures relevant to each domain.

As part of the required monitoring activities, OHA may request additional information from the entities. OHA will publicly publish findings and conclusions from follow-up analyses.

Acronyms & Glossary

Acronyms & Abbreviations

APAC	Oregon's All Payer All Claims database
CMS	Centers for Medicare and Medicaid Services
HCMO	Health Care Market Oversight
HHI	Herfindahl–Hirschman Index
OHA	Oregon Health Authority
OHP	Oregon Health Plan
MIPS	Merit-Based Incentive Payment System
PSA	Primary Service Area

Glossary

Competition: A situation in a market in which firms or sellers independently strive to attract buyers for their products or services by varying prices, product characteristics, promotion strategies, and distribution channels.

Concentration: A measure of the degree of competition in the market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms.

Consolidation: The combination of two or business units or companies into a single, larger organization. Consolidation may occur through a merger, acquisition, joint venture, affiliation agreement, etc.

Health equity: OHA defines health equity as follows:

Oregon will have established a health system that creates health equity when all people can reach their full health potential and well-being and are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or other socially determined circumstances. Achieving health equity requires the ongoing collaboration of all regions and sectors of the state, including tribal governments to address:

- The equitable distribution or redistribution of resources and power; and
- Recognizing, reconciling, and rectifying historical and contemporary injustices.

Herfindahl-Hirschman Index (HHI): A measure of market consolidation calculated by squaring the various entities' market share and then summing the results. See the section of this report titled Reporting Methodology: Market Share and Consolidation.

Vertical consolidation: Also referred to as "vertical integration;" the combination of two companies or organizations in different lines of work or operating at different levels of

the supply chain. In health care, the acquisition of a physician practice by a hospital or the merger of a health plan with a hospital system would be considered vertical consolidation.

OHA's Review

OHA performed a preliminary review of the proposed transaction to assess its potential impact on Oregon's health care delivery system. The review explored impacts in four areas (domains): cost, access, quality, and equity. OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.[45] The framework is grounded in the goals, standards and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085.

Background Research and Literature Review

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction and the entities involved. OHA consulted publicly available sources, including press releases and media reports; business filings with the Secretary of State in Oregon; entity websites; state agency, professional association, and third-party entity reports; reports commissioned by local, state, and federal government; and other relevant governmental communications.

OHA also considered articles and research reports about vertical consolidation, independent physician owned practices, and hospital outpatient care.

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On September 24, 2024 OHA posted a comment form to the Transaction Notices and Reviews page of the HCMO website and emailed subscribers to HCMO program updates to inform them about the opportunity to provide comment. OHA accepted comments via the form, phone, and by email to hcmo.info@oha.oregon.gov.

Analysis

OHA's analysis assessed the current state of the entities involved in the transaction, related industry trends, and the likely impact of the proposed transaction in Oregon. The table below describes the types of analysis OHA typically performs in each domain.

Data Sources

All Payers All Claims Data

The Oregon All Payer All Claims Database (APAC) houses administrative health care data for Oregon's insured populations. It includes medical and pharmacy claims, non-claims payment summaries, member enrollment data, billed premium information and provider information for Oregonians who are insured through certain commercial insurance, Medicaid and Medicare. Information about APAC is available on OHA's website.

CMS Merit-based Incentive Payment System (MIPS)

The CMS MIPS is the original reporting system clinicians use for collecting and reporting data. The data are categorized into three areas: health care processes, health outcomes, and patient experiences of care. Additional information about the data can be found on the CMS website.

Domain	Analysis
Cost	Analyses under the cost domain explore how the transaction may affect the prices consumers and payers (e.g., insurers, employers, and governments) pay for services in Oregon and overall spending on services for Oregonians. Prices and spending for services may be affected by the degree of competition between providers offering similar services within a service area. For this review, OHA compared the costs associated with various procedures provided by both entities. OHA also compared multiple musculoskeletal procedures performed at St. Charles versus the statewide median average.
Access	Analyses under the access domain explore how the transaction may affect the range of services available in the market, types of providers and provider-patient ratios, characteristics of the patient population, and any barriers to access, including transportation burdens and limitations by insurance type. Consolidation and change of ownership in the health care market can impact the range and type of services offered in the service area. Changes in population demographics can alter demand for some services and shifts in the labor market can impact availability of specific provider types, potentially affecting the financial viability and profitability of offering certain health care services in a region. For this review, OHA used analyzed health care providers' specialty and sub-specialty and their employer. OHA also analyzed the setting (e.g., ambulatory surgery centers, inpatient) of where certain providers rendered care to patients.
Quality	Analyses in the quality domain explore how the transaction may affect patient outcomes and the experience of care. Consolidations and ownership changes in health care can impact clinical practice, including staffing ratios, time spent or number of visits with patients, timeliness of care, and the patient's experience of care, all of which can have adverse effects on patient

Domain	Analysis
	outcomes. Analyses in the quality domain consider current indicators of quality and assess potential impacts of the transaction on quality of care. For this review, OHA used publicly available data published by CMS to identify quality performance of the entities involved in the proposed transaction.
Equity	Analyses in the equity domain explore how the transaction may affect the entity's ability to assess for and equitably meet the needs of the population it serves. Consolidations and ownership changes in health care can disproportionately impact availability of health services for populations who already experience health inequities, including people of color, low-income families, and residents of rural areas. Equity-focused analysis considers the entities' ability to serve a patient population that is representative of the community in which they operate. OHA also looks for evidence that the entity is actively identifying and addressing inequities in access to or quality of care across their patient population. For this review, OHA looked at data regarding data charity expenditures and the demographic composition of patients served by the entities.

Reporting Methodology

Market Share and Consolidation

Consolidation, or concentration, is a measure of the degree of competition in a market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms. When a transaction involves health care entities offering similar products or services (a "horizontal" transaction), the level of concentration in the market and the change in concentration resulting from the transaction is useful as an initial screen for potential anticompetitive effects.

OHA measured market concentration using the Herfindahl-Hirschman Index (HHI), a measure commonly used by federal and state antitrust enforcement agencies.

HHI is calculated as follows:

$$HHI = (S_1^2 + S_2^2 + S_3^2 + \cdots S_n^2)$$

Where S1 is market share (in percentage points) of firm 1 and n is the total number of competitors in the market. By summing the squared values of market shares, the HHI gives greater weight to firms with larger market shares. For this analysis, OHA measured market shares as a percentage of inpatient discharges in 2019-2021 for residents of Oregon zip codes within MCMC's primary service area, aggregating hospitals to the system level were applicable.

Transactions occurring in concentrated markets and those involving a significant change in concentration are more likely to have adverse effects on competition and lead to price increases. For horizontal transactions under preliminary review, HCMO will use the HHI thresholds specified in the U.S. Department of Justice and Federal Trade Commission Horizontal Merger Guidelines summarized in the table below.

HHI Thresholds:

Post-transaction HHI	Concentration Level
Greater than 1,800	Highly concentrated
Between 1,000 and 1,800	Moderately concentrated
Less than 1,000	Low concentration

Post-transaction	HHI Change	Level of Concern
HHI greater than 1,800	More than 100	High (if both). Presumed to substantially lessen competition or tend to create a monopoly.
Market share greater than 30%	More than 100	High (if both). Presumed to substantially lessen competition or tend to create a monopoly.

U.S. Department of Justice and the Federal Trade Commission, Horizontal Merger Guidelines, December 18, 2023, available at https://www.justice.gov/d9/2023-12/2023%20Merger%20Guidelines.pdf.

PSA Definition Methodology

To define the Primary Service Area (PSA) for this transaction, OHA followed four steps:

1. Summarize the claims rendered by or billed to the provider(s) involved in the transaction during the study period by patient zip code and episode count. OHA uses National Provider Identifiers (NPIs) to identify relevant claims for each provider in the transaction. OHA typically defines a transaction PSA using the claims rendered by or billed to the provider(s) being acquired.
2. Rank the patient zip codes in descending order of episode count (volume).
3. Identify contiguous zip codes that account for at least 75% of the provider's total episodes. This identifies the contiguous, volume-driven PSA.
    a. To do this, OHA starts with the provider's office zip code and adds other zip codes to the map based on volume rank only if they are contiguous to the provider's office zip code. When an NPI is associated with more than one address, OHA uses the zip code of the primary practice address listed for the NPI in the NPPES NPI Registry as the starting zip code.
    b. Zip codes that are not immediately contiguous with the provider's office location may be permanently excluded from the PSA or only temporarily excluded until interim zip codes are added that fill in the geographical gap. Adding a new zip code that then pulls in previously excluded zip codes can result in a PSA volume over 75%.
4. Add zip codes that are fully encompassed by the zip codes identified in step 3. This may result in a PSA volume over 75%.

Appendix 1- St. Charles Business Entities

Name	St. Charles Ownership of business	Address
St. Charles Health System		
St. Charles Anticoagulation Clinic	Owner	2500 NE Neff Rd., Bend, OR
St. Charles Cancer Center	Owner	2500 NE Neff Rd., Bend, OR
St. Charles Hospice	Owner	2500 NE Neff Rd., Bend, OR
St. Charles Immediate Care	Owner	2500 NE Neff Rd., Bend, OR
St. Charles Madras	Owner	2500 NE Neff Rd., Bend, OR
St. Charles Medical Center	Owner	2500 NE Neff Rd., Bend, OR
St. Charles Surgical Specialists	Owner	2500 NE Neff Rd., Bend, OR
Physical Therapy Associates	Owner	2500 NE Neff Rd., Bend, OR
Sage View at St. Charles	Owner	2500 NE Neff Rd., Bend, OR
Other businesses		
Cascade Medical Buildings	Partial Owner	2200 NE Neff Rd., Suite 200, Bend, OR
Cascade Medical Imaging	Partial Owner	1460 NE Medical Center Dr., Bend, OR
Cascade SurgiCenter	Partial Owner	2200 NE Neff Rd., Suite 200, Bend, OR
Central Oregon Clinically Integrated Network	Partial Owner	2500 NE Neff Rd., Bend, OR
Central Oregon Magnetic Resonance Imaging (COMMRI)	Partial Owner	1460 NE Medical Center Dr., Bend, OR
Central Oregon Surgery Center	Partial Owner	1835 NW Pence Ln, Suite 100, Bend, OR
Health Future LLC	Partial Owner	2650 Siskiyou Blvd, Medford, OR
Heart Center of the Cascades	Partial Owner	2500 NE Neff Rd., Bend, OR
Southern Oregon Linen Service	Partial Owner	635 Ave. C, White City, OR

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