



# Overview of Oregon Regulatory Programs

## Transaction 038: Legacy Health-Legacy Health Foundation-PacificSource

In Oregon, multiple state agencies and programs may review proposed business deals involving health care companies, including Oregon Health Authority (OHA) and the Department of Consumer and Business Services (DCBS). At OHA, regulatory programs include Health Care Market Oversight (HCMO) and Coordinated Care Organization (CCO) Form A reviews. DCBS conducts Domestic Insurer Form A reviews for transactions that involve changes in control of domestic insurance carriers.

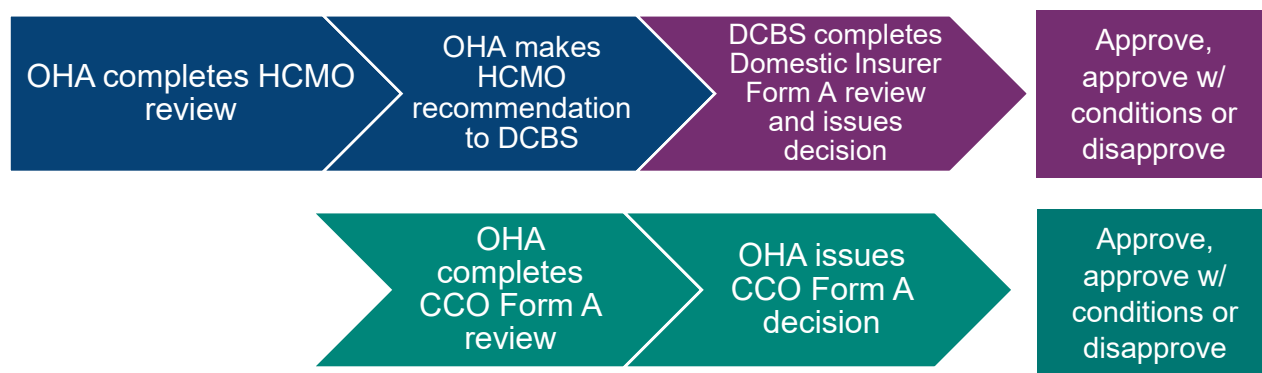
On October 18<sup>th</sup>, 2024, OHA accepted a complete [HCMO Notice of Material Change Transaction Form](#) from Legacy Health (Legacy). The notice describes plans for Legacy to transform the Legacy Health Foundation (Foundation) into an independent organization and transfer its 50% ownership in PacificSource to the Foundation. Because PacificSource operates multiple CCOs in Oregon and offers commercial and Medicare health plans, the proposed transaction is subject to three separate regulatory reviews. The table below provides a high-level overview of each type of review.

	HCMO	CCO Form A	Domestic Insurer Form A
<b>State agency</b>	OHA	OHA	DCBS
<b>Related regulations</b>	ORS 415.500 et seq. OAR 409-070-0000 through -0085	ORS 415.011 OAR 410-141-5255 through -5280	ORS 732.517 to 732.547 OAR 836-027-0100 through -0130
<b>Who is subject to review?</b>	Providers, insurers, CCOs, and other health care entities	CCOs	Domestic Insurers
<b>Which markets are included?</b>	All markets (commercial, Medicaid, Medicare, and self-pay/ uninsured)	Medicaid	Commercial and Medicare Advantage
<b>What does a review look at?</b>	Cost, access, equity, quality, market share and competition, financial condition,	Alignment with CCO requirements, financial condition, leadership, control, competition, disparities and	Alignment with legal requirements, financial condition, leadership, control, competition

	HCMO	CCO Form A	Domestic Insurer Form A
	alignment with legal requirements	inequities, cost and cost growth, high-quality care	
<b>How long does a review take?</b>	Preliminary review is completed within 30 days and comprehensive review is completed within 180 days, unless extended.	No required timeline. The process has been known to take six months or longer. Other deadlines may apply, such as the timing for public hearings.	No required timeline. The process has been known to take six months or longer. Other deadlines may apply, such as the timing for public hearings.
<b>For more information</b>	<a href="#">Health Care Market Oversight Program</a>	<a href="#">CCO Form A</a>	<a href="#">Domestic Insurer Form A</a>

When a transaction is also subject to Domestic Insurer Form A review, OHA makes a recommendation to DCBS, rather than issuing a standalone decision.

Following the CCO Form A review, OHA will issue its own decision, though all three programs may share information and coordinate review activities. The diagram below shows the relationship between the three types of reviews.



If *both* agencies approve, the transaction can proceed. If *either* agency disapproves, the transaction cannot proceed as planned.

## **OHA HCMO Review**

Through the HCMO program, OHA reviews proposed transactions to make sure they support Oregon’s goals of health equity, lower costs, increased access and better care. At the conclusion of the HCMO review, OHA will issue a recommendation to DCBS to approve, approve with conditions, or disapprove the transaction.

This proposed transaction is related to, though separate from, Oregon Health and Science University’s (OHSU), a public corporation established under Oregon Revised Statute (ORS) Chapter 353, plans to purchase Legacy (the “OHSU-Legacy proposed transaction”). In the [OHSU-Legacy proposed transaction](#), OHSU seeks to buy Legacy and fully integrate Legacy into the OHSU health system. The OHSU-Legacy proposed transaction was the catalyst for Legacy to seek a new owner for its interest in PacificSource. The OHSU-Legacy transaction is not subject to CCO Form A review or domestic insurer Form A review.

## **OHA CCO Form A Review**

OHA’s CCO Form A program reviews material change transactions that involve the sale, acquisition, or change of control of CCOs in Oregon. On October 21, 2024, Legacy filed a [CCO Form A application with OHA](#). OHA’s CCO Form A program will review this transaction to analyze the impact on CCOs in Oregon.

HCMO and CCO Form A review staff will coordinate their respective reviews of the pending transaction to share information and findings. After completing the CCO Form A review, OHA will issue a decision either approving, approving with conditions, or disapproving the proposed transaction.

## **DCBS Domestic Insurer Form A Review**

DCBS reviews material change transactions that involve the sale, acquisition, or change of control of domestic health insurers in Oregon. In addition to the CCO Form A review, DCBS will also conduct a Domestic Insurer Form A review of this proposed transaction.

Per ORS 415.501(3), DCBS will make the final determination for any transaction that is subject to both HCMO and Domestic Insurer Form A review. Once the HCMO review is completed, OHA will issue a recommendation to DCBS about whether to approve, approve with conditions, or disapprove the transaction. DCBS will render a final determination that incorporates HCMO findings and recommendation.