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Oregon Department of Justice calls for unprecedented public hearing process in response to Oregon Health Authority emergency exemption application

(Salem, Ore. - July 22, 2026) - After filing a request for an emergency exemption with the Oregon Health Authority's (OHA) Health Care Market Oversight (HCMO) program for approval of a partnership between Salem Health Hospitals & Clinics and Santiam Hospital & Clinics to preserve access to care in rural Marion County, the health systems received notification from the Oregon Department of Justice (ODOJ) that ODOJ intends to hold its own public hearing on the request on August 5. This is an unprecedented action by ODOJ, to intervene directly in a process that has historically been delegated to OHA. And the timing of ODOJ's intervention, which delays approval of the proposed partnership, puts Santiam's ability to continue to operate at grave risk.

The two health systems signed an agreement to partner with one another on January 19, 2026, subsequently filing an application with the OHA. OHA deemed the application complete on April 16, 2026, starting a preliminary review process. On May 5, 2026, OHA moved the partnership into comprehensive review.

Since the agreement to partner in early 2026, Santiam's financial condition has deteriorated rapidly, turning the need for partnership into an acute emergency. The two health systems filed for an emergency exemption on July 3, requesting a determination on the emergency and approval of the partnership by August 1.

“Santiam has been proactive in seeking partnership to ensure sustainability, but this process has gone on for far too long,” said Maggie Hudson, President and CEO of Santiam Hospital & Clinics. “The future of Santiam Hospital & Clinics is on the line. We need state officials to approve this partnership now so we can begin integrating with Salem Health before this crisis deepens further. Every day of delay puts local healthcare access and our viability at greater risk.”

In a letter sent on July 20, the Department of Justice announced plans to conduct a public hearing to solicit additional input related to the transaction. This starts a new process outside of the HCMO process, one that no other healthcare provider has been directed to undergo previously.

“No other HCMO applicant has gone through a public hearing process. This is an unprecedented and unwarranted intervention by ODOJ into the HCMO review process,” said Cheryl Nester Wolfe, MSN, RN, President and CEO of Salem Health Hospitals & Clinics. “We don’t know the reason for this – but we do know any delay in the timeline, or conditions added, will seriously jeopardize Salem Health’s ability to rescue Santiam from insolvency.”

Salem Health takes its responsibilities to the community seriously and must soon begin contingency planning for an influx of patients to the Salem system if approval is not received by all agencies and Santiam is forced to cease operation.

The Governor’s office, Oregon Health Authority and the Department of Justice collectively hold responsibility for healthcare services in the Santiam Canyon. We urge them to act decisively and collectively to approve this transaction by August 1. The public DOJ hearing is currently scheduled several days after that date on August 5, which undercuts the legislated emergency process and impacts Salem Health’s ability to rescue Santiam.

Salem Health Hospitals & Clinics

Salem Health Hospitals & Clinics, a nonprofit health system governed by a volunteer board of trustees, offers exceptional care to people in and around Oregon’s Mid-Willamette Valley. It comprises hospitals in Salem and Dallas. Salem Hospital in Salem is Oregon’s largest hospital and a Level II Trauma Center. West Valley Hospital in Dallas is a 25-bed critical access hospital with a 24-hour emergency department. Salem Health also has a medical group of primary and specialty care providers, plus other affiliated services. Salem Health has more than 6,400 employees and a medical staff of more than 875 physicians and advanced practice providers.

Santiam Hospital & Clinics

Santiam Hospital & Clinics is a community-based nonprofit, acute-care 40-bed hospital, with an ER open 24/7 and owns and operates its ambulance program. The

hospital is in the eastern region of Mid-Willamette Valley in Stayton, Oregon operating 13 medical clinics serving the Santiam Canyon in Marion and Linn counties. The hospital and clinics are governed by a volunteer board of directors. Santiam Hospital & Clinics serves more than 50,000 residents and employs more than 700 staff, including over 70 medical staff who are committed to excellence in community-based care.