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Contact: Robb Cowie, robb.cowie@dhsosha.state.or.us, 503-421-7684

Art Suchorzewski, arts@familycareinc.org, 413-244-9711

State of Oregon and FamilyCare, Inc. announce settlement of federal court suit for \$22.5 million

Proceeds of the settlement will be donated to the College of Osteopathic Medicine of the Pacific in Lebanon, OR

(Salem – March 25, 2022) Attorneys representing FamilyCare, Inc., the Oregon Health Authority, and former Oregon Health Authority Director Lynne Saxton announced the settlement of a federal lawsuit that had been scheduled to begin trial next month. Under the terms of the agreement, the parties agreed to release all claims and dismiss the case.

By mutual agreement of the parties, the Oregon Health Authority will pay \$22.5 million to FamilyCare over the next 4 years. FamilyCare will donate the proceeds to support the Western University of Health Sciences, College of Osteopathic Medicine of the Pacific - Northwest in Lebanon, Oregon. In addition, the College will separately receive funds from the Heatherington Foundation for Innovation and Education in Health Care, which has provided longstanding support to the school.

FamilyCare CEO Jeff Heatherington said, “We believe that this is a reasonable resolution to a complex dispute and greatly improves Oregonians’ access to health care and helps train future generations of Oregon primary care physicians.”

Oregon Health Authority Director Patrick Allen said, “I am glad we could resolve these proceedings with an agreement that invests in the future of Oregon’s health care work force and strengthens our health care system.”

FamilyCare, Inc., a non-profit formed in 1984, operated a coordinated care organization that served approximately 120,000 Oregon Health Plan members in the Tri-county area and served Oregon’s Medicaid beneficiaries for 33 years. FamilyCare sued the Oregon Health Authority and former Director Saxton in federal court. The case had been proceeding to a trial scheduled to begin April 25, 2022 under Judge Michael Mosman.

No party admits any liability based on the settlement.