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PUBLIC NOTICE OF PROPOSED HEALTH CARE FACILITY TRANSACTION

Pursuant to New Mexico Health Care Consolidation Oversight Act, NMSA 1978 § 24A-9-1 et seq., the New Mexico Health Care Authority (HCA) Division of Health Improvement (DHI) provides notice of the following proposed transaction:

- **Proposed Transaction Number:** 2026-02

- **Facility Name:** Mimbres Valley Medical Center

Parties Involved:

- Quorum Health Corporation (QHC)
- QKA Health Corporation (QKA)

- **Type of Transaction:** Change of Ownership: Change of Ownership with ownership transitioning from QHC to QKA Health Corporation, a Delaware not-for-profit corporation.

- **Date HCA Received Completed Transaction:** July 27, 2026

- **Date by which HCA will render its Decision:** November 24, 2026 The HCA invites public comment during the review period. A public forum will be held to gather feedback (date to be announced). Members of the public may submit comments by:

- Phone: Call (505) 476-9093 (select Option 3 for public comment)

- Email: hca-dhi-public-comment@hca.nm.gov

- Mail:

Health Care Authority Division of Health Improvement
P.O. Box H
Santa Fe, New Mexico 87504

During the 120-day review period, the HCA will evaluate the proposed transaction based on the eight factors described in the Act:

1. Impact on quality, access, and cost of health care services.
2. Effect on public health and patient safety.
3. Financial stability and viability of the resulting entity.
4. Implications for Medicaid and insured populations.
5. Existing and proposed staffing levels.

6. Community benefits and obligations.
7. Market concentration and competition.
8. Any other factors deemed relevant by the Authority.

At the conclusion of the review, the HCA will issue a written decision on the proposed transaction, which will be one of the following outcomes: Approved, Approved with conditions, or Disapproved. The HCA will notify the parties in writing and post the decision on its website. Proposed Transaction Summary The proposal will move ownership from QHC to QKA which is a not-for-profit corporation. The proposal states that by moving to a not-for-profit organization it will have access to better options for financing and resources required to operate.

List of parties and business addresses:

QKA Health Corporation
1573 Mallory Lane, Suite 1000
Brentwood, TN 37027

Quorum Health Corporation
1573 Mallory Lane, Suite 1000
Brentwood, TN 37027

Statement describing the proposed transaction, the goals, of the proposed transaction and whether and how the proposed transaction effects health care services in New Mexico.

Quorum and QKA propose a transaction to transition Quorum's hospital system from a for-profit ownership model to a not-for-profit, community-focused health system. The primary objective is to ensure the long-term sustainability of essential healthcare services, particularly in the communities served by Quorum's hospitals, including the communities served by Mimbres Valley Medical Center.

This proposed transaction comes at a time when the delivery of health care is increasingly challenged. Health care industry experts have reported that hospitals have experienced increased cost pressures as compared to prior years, while hospital revenues continue to be impacted by an eroding payor mix. Further, legislative changes such as H.R.1 are expected to further impact hospital systems as key sources of revenue are reduced. These macro headwinds are exacerbating the trend of expense inflation outpacing revenue growth, placing significant pressure on the operating margins of hospitals.

While QHC has improved operational performance in the aggregate in recent years, its current capital structure, characterized by high-cost debt obligations and continued private equity ownership, limits its ability to reinvest in facilities and infrastructure, expand services, support access, and respond to evolving community needs. Without a change to this structure, these constraints are expected to persist and will constrain the organization's ability to sustain and enhance services over time. This is evidenced by the 2020 bankruptcy, in which QHC's obligations to investors exceeded its ability to operate. Despite emerging from bankruptcy, the overall structure of the organization did not materially change and continues to present

structural limitations on long-term sustainability. Absent a material change, QHC and its subsidiaries are likely to face significant challenges maintaining current operations, which could impact the availability and delivery of health care services in Luna County, where Mimbres Valley Medical Center serves as the primary source of acute care for the surrounding communities.

The proposed transaction addresses these challenges by enabling QHC to operate under a not-for-profit structure with a more sustainable capital foundation. Under QKA's ownership, the organization is expected to benefit from lower-cost financing, improved liquidity, and access to resources not available to for-profit systems, including eligibility for certain programs, philanthropic support, and strategic partnerships. These changes are intended to support reinvestment in operations, workforce, infrastructure, and clinical services, including at Submitter.

The goals of the transaction include:

- Preserving access to care: Maintain and strengthen access to essential hospital and outpatient services in QHC's communities served across the country, many of which rely on these facilities as sole community providers, including maintaining access to acute care services in Luna County, where Mimbres Valley Medical Center serves Deming and the

surrounding area.

Improving financial sustainability: Establish a capital structure that enables QKA to maintain and reinvest operating cash flow into patient care rather than shareholder returns.

- Enhancing quality and care delivery: Support continued investment in clinical programs, care coordination, and quality improvement initiatives across the system.
- Expanding access and services over time: Position QKA to pursue strategic growth, partnerships, and service line expansion to better meet community needs.
- Ensuring continuity of operations: Maintain existing leadership, workforce, and day-to-day operations, minimizing disruption to patients, employees, and communities.

Overall, the transaction is designed to transition QHC into a stable, not-for-profit organization capable of delivering high-quality, accessible, and sustainable care over time, while preserving and strengthening access to hospital-based services for patients served by its subsidiaries, including Mimbres Valley Medical Center.

Geographic service area affected by the proposed transaction

Mimbres Valley Medical Center, located in Deming, Luna County, New Mexico, serves Luna County and surrounding rural communities.

Description of the groups or individuals likely to be affected by the transaction

The transaction will result in a change of the upstream owner of Mimbres Valley Medical Center (also operating as Mimbres Memorial Hospital) and other affiliated facilities. However, the proposed transaction will likely have no effect on any groups or individuals in New Mexico, because the transaction does not include any changes of personnel or services provided.

Summary of the health care services currently provided by any of the parties and any health care services that will be added, reduced, or eliminated, including an explanation of why any services will be reduced or eliminated in the service area in which they are currently provided.

Mimbres Valley Medical Center (also operating as Mimbres Memorial Hospital) is a community healthcare provider in Deming, New Mexico, serving the southwestern corner of the state with a medical service area of roughly 35,000 people. It's a 25-bed inpatient facility offering outpatient, medical, surgical, diagnostic and emergency care, plus a Skilled Nursing Unit and Long Term Care. It operates as a designated Critical Access Hospital and also provides short-term rehabilitation. It provides emergency and acute care, general and specialized surgical procedures, rehabilitation and extended care, in-house pharmacy overseeing medication use and management, podiatry for foot and ankle conditions, and pulmonary/respiratory services specializing in lung care.

The hospital campus (Mimbres Professional Building) houses physician practices covering cardiology, orthopedic surgery, general surgery, podiatry, OB/GYN, family practice, wound care, and pain management. Broader affiliated specialties listed include anesthesiology, cardiovascular disease, colorectal surgery, diagnostic radiology, emergency medicine, family medicine, hospital medicine, internal medicine, interventional cardiology, nephrology, neuroradiology, nuclear medicine, obstetrics & gynecology, optometry, orthopedic surgery, pediatrics, psychiatry, and vascular & interventional radiology.

Through its affiliated Mimbres Valley Medical Group (a Rural Health Clinic), it provides internal medicine, family practice, pediatrics, and obstetrics and gynecological preventive outpatient care. Primary and emergency care are available via in-person or Telehealth appointments, with self-scheduling for specialists.

The parties anticipate no changes to health care services. No services will be added, reduced or eliminated.