

28 June 2022

Barbara Roberts Human Services Building  
500 Summer Street NE, E-65  
Salem, OR 97301  
Fax: 503-945-5872

**Re: Public input related to a proposed acquisition of Kindred at Home by Falcon Hospice**

Dear Director Jarem,

The Private Equity Stakeholder Project (PESP) writes in opposition to the proposed transaction between Kindred at Home and Clayton, Dubilier & Rice through its subsidiary Falcon Hospice.

PESP is a financial watchdog organization that researches and reports on private equity investments and their impacts on various communities. We have written extensively about the potential negative consequences of private equity investment in healthcare companies, including hospice.

As stated in our March, 2022 report, [Private Equity at Home: Wall Street's Incursion into the Home Healthcare and Hospice Industries](#), private equity investment in hospice has real potential to exacerbate issues already present in the largely for-profit hospice industry due to profit maximization. These issues include: decreased visits to hospice patients by professional staff, using under-licensed employees for visits and prioritizing patients who are anticipated to remain in hospice for longer periods of time than those who are predicted to die sooner, among others.<sup>1</sup>

Combining the existing problems with the common private equity strategies of saddling companies with large amounts of debt and generating large returns over relative short periods of time can spell disaster for hospice and home care companies, as was observed in [Bloomberg's report](#) on private equity's ownership of Aveanna Healthcare. As caregivers were made to focus on profit maximization and overextend themselves at that company, patient care ultimately suffered.<sup>2</sup>

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<sup>1</sup> <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2784807>

<sup>2</sup> <https://www.bloomberg.com/news/features/2019-10-22/death-and-deals-sick-children-suffer-private-equity-profits>; <https://pestakeholder.org/wp-content/uploads/2022/03/Home-Healthcare-and-Hospice-report.pdf>;  
("Multiple former employees interviewed by Bloomberg believed there was a nexus between increased financial incentives under private equity ownership and lapses in quality of patient care at Aveanna. One former employee stated that the company would often decline to send nurses if it was short-staffed and had to pay overtime. 'If I had a 20-year-old in Temple, Texas,

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Regarding the present transaction, it is important to note that last summer Senate Finance Committee Chairman Ron Wyden (D-Ore.) and Senators Elizabeth Warren (D-Mass.) and Sherrod Brown (D-Ohio) [opened an investigation](#) into quality of care issues at private-equity-owned hospice companies that centered on Kindred at Home. [In a letter to Kindred at Home](#), the Senators wrote: “We are concerned that when applied to hospice care, the private equity model of generating profit on a rapid turnaround can occur at the expense of dying patients and their families.” The Senators requested quality indicators at Kindred at Home over time and information about private equity ownership and activities between 2017 and 2021, when it was owned by insurer Humana and private equity firms TPG, and Welsh, Carson, Anderson and Stowe, although the results of the investigation have not been publicized.<sup>3</sup>

Given the potential problems posed by private equity market consolidation in the hospice industry<sup>4</sup> and Kindred at Home’s unique situation of being passed back and forth between private equity firms in less than two years, we oppose the current transaction and urge the Oregon Health Authority to do the same. If you have any questions about this comment or PESP, please contact PESP’s Policy Coordinator, Chris Noble, at [chris.noble@pestakeholder.org](mailto:chris.noble@pestakeholder.org).

Best,



Chris Noble, Esq.,  
Policy Coordinator

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on a ventilator who needed care during the weekend, to avoid paying overtime we would tell the patient we don’t have it even if we had three or four nurses available[.]’ The employee went on to say that ‘[t]here was much more pressure after the merger...it was clearly obvious the goal was to hit the numbers. The goal was to make money.’”).

<sup>3</sup>

<https://www.finance.senate.gov/imo/media/doc/080621%20Wyden%20Brown%20Warren%20Kindred%20Hospice%20Private%20Equity%20Letter.pdf>

<sup>4</sup> <https://hospicenews.com/2021/03/26/private-equity-investment-in-hospice-hits-all-time-high-valuations-rising/>