

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Tracking #: _____

Date Mailed: September 1, 2022

**STATE OF OREGON
OREGON HEALTH AUTHORITY
HEALTH POLICY AND ANALYTICS DIVISION**

In the Matter of the Proposed)	Proposed Findings of Fact, Conclusions
Material Change Transaction of)	of Law, and Final Order
UnitedHealth Group, Inc.)	
)	Transaction ID: 003

The Oregon Health Authority (OHA) is the state agency charged with operating the Health Care Market Oversight Program under Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On August 2, 2022, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA’s review analyzed the potential impact of the transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-000 through OAR 409-070-0085. OHA’s analysis will be posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx>. A public comment period was open from August 2, 2022, through August 16, 2022. OHA did not receive any public comments regarding this transaction.

Now, therefore, upon due consideration of the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, medical claims and enrollment databases maintained by OHA, databases maintained by federal agencies, press reports, websites of the entities involved in the transaction, academic research articles, and other publicly available reports, OHA enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

OHA finds that:

1. On or about July 15, 2022, UnitedHealth Group, Inc. (“UHG” or “Entity”) filed with OHA, Health Care Market Oversight (“HCMO”) Program, a Notice of Material Change Transaction regarding the Acquisition by UHG of LHC Group, Inc. (“LHC”).
2. On or about July 18, 2022, OHA notified UHG of an incomplete Notice submission.
3. On or about August 2, 2022, UHG submitted a complete Notice.
4. On August 2, 2022, OHA commenced a preliminary 30-day review of the transaction pursuant to OAR 409-070-0055 and accepted public comments on the transaction between August 2 and August 16, 2022.
5. On August 2, 2022, OHA requested additional information from UHG to inform the preliminary review. OHA received the requested information on August 9, 2022.

6. UHG is for-profit, publicly traded health care company based in Minnetonka, Minnesota and incorporated in Delaware. UHG operates two distinct business platforms: UnitedHealthcare and Optum.
7. UnitedHealthcare is the largest health insurance company in the United States. In Oregon, UnitedHealthcare offers commercial, self-insured, Medicare Advantage, and Medicare Supplemental health benefit plans.
8. Optum offers technology solutions, health care services, and pharmacy services through its three business lines: Optum Insight, Optum Health, and Optum Rx. Optum Health, UHG's health care provider business, operates physician groups, ambulatory surgical centers, and other providers in 15 states through more than 53,000 physicians. Optum Health owns several provider organizations that serve patients in Oregon, including InterHospital Physicians Association dba Portland IPA, Oregon Healthcare Resources dba Oregon Medical Group, Optum Care Portland dba GreenField Health System, and Landmark Health. The Optum HouseCalls program also operates in Oregon.
9. LHC is a for-profit, publicly traded company based in Lafayette, Louisiana and incorporated in Delaware. LHC provides post-acute health care services through a nationwide network of nursing agencies, hospice agencies, community-based services agencies, and long-term acute care hospitals. As of December 31, 2021, LHC operated through 970 service providers in 37 states.
10. LHC operates the following five home health agencies in Oregon:
 - a. Assured Home Health, 925 Commercial St SE, Suite 310, Salem OR 97302;
 - b. Assured Home Health, 9320 SW Barbur Blvd, Suite 350, Portland OR 97219;
 - c. Brookdale Home Health Portland, 29757 SW Boones Ferry Rd, Wilsonville, OR 97070;
 - d. Three Rivers HomeCare, 555 NE F Street, Suite B, Grants Pass OR 97526; and
 - e. Three Rivers HomeCare (dba Southern Oregon Home Health), 1340 Biddle Road, Suite 101, Medford OR 97504.
11. LHC operates the following five hospice agencies in Oregon:
 - a. Brookdale Hospice, 29757 SW Boones Ferry Road, Suite B, Wilsonville OR 97070;
 - b. Heart 'n Home Hospice & Palliative Care, 3370 10th Street, Suite E, Baker City OR 97814;
 - c. Heart 'n Home Hospice and Palliative Care, 2104 Cove Avenue, Suite A, La Grande OR 97850;
 - d. Heart 'n Home Hospice and Palliative Care, 51681 Huntington Road, La Pine OR 97739; and
 - e. Heart 'n Home Hospice and Palliative Care, 745 NW Mt. Washington Dr, Suite 205, Bend OR 97703.
12. On or about March 28, 2022, LHC entered into an Agreement and Plan of Merger ("Merger Agreement") with UHG and Lightning Merger Sub Inc. ("Merger Sub"), a wholly owned subsidiary of UHG. Under the Merger Agreement, Merger Sub would be merged with LHC, and LHC would become a wholly owned subsidiary of UHG. The Merger Agreement is publicly available and has been posted to the HCMO website.
13. The stated purpose of the transaction is the combination of LHC with UHG's subsidiary, Optum Health, bringing together LHC's history of high-quality home and community-based care with Optum's extensive value-based care experiences and resources.
14. The stated outcome of the transaction for residents of Oregon is to improve outcomes and patient experiences by accelerating the combined companies' ability to deliver integrated care. The Entity further states that the transaction will increase access to affordable health care, because Optum will offer LHC's services to Optum Health patients more broadly while continuing to serve LHC's current patients.
15. Optum does not currently own or control any home health or hospice agencies operating in Oregon. Current Optum providers in Oregon are not licensed to provide hospice or home health services. Therefore, the transaction will not increase consolidation among licensed providers of home health services to Oregon residents or among licensed providers of hospice services to Oregon residents.
16. The Entity states it has no plans to limit access to LHC's services to UnitedHealthcare members only or to give UnitedHealthcare, UHG's health insurance arm, preferential access to LHC Group's services.

17. Most Oregon residents receiving hospice or home health services are over the age of 65 and obtain health insurance coverage through Medicare or Medicaid. Older adults have complex health needs and face unique challenges in maintaining health and accessing health care services. These barriers are compounded for communities of color and low-income patients.
18. Based on home health claims in Oregon's All Payer All Claims database ("APAC") from 2017 to 2019, OHA identified Portland-Salem (including Gresham, Tigard, Wilsonville, and Troutdale) as the geographic service area for Assured Home Health and Brookdale Home Health. Similarly, OHA identified Grants Pass-Medford (including Grants Pass, Medford, and Ashland) as the geographic service area for Three Rivers Home Care.
19. LHC's home health agencies are not dominant providers of licensed home health services in their respective geographic service areas. During the 2017-2019 analysis period, Assured Home Health and Brookdale Home Health accounted for 4.7% and 2.0%, respectively, of home health episodes in the Portland-Salem service area. Three Rivers Home Care provided 15.5% of home health care episodes in the Grants Pass-Medford service area. There were 20 other licensed home health providers in the Portland-Salem service area and four other licensed home health providers in the Grants Pass-Medford service area.
20. Based on hospice claims in APAC from 2017 to 2019, OHA identified Baker City-La Grande (including Baker City, La Grande, Ontario, Vale, and Nyssa) and Bend-La Pine (including La Pine, Bend, and Redmond) as the geographic service areas for LHC hospice agencies operating as Heart 'n Home Hospice & Palliative Care.
21. LHC's hospice agencies are not dominant providers of licensed hospice services in the Bend-La Pine service area. During the 2017-2019 analysis period, Heart 'n Home Hospice & Palliative Care agencies in Bend and La Pine together accounted for 13.0% of hospice episodes in the service area. There were two other licensed hospice agencies in the Bend-La Pine service area.
22. LHC's Heart 'n Home Hospice & Palliative Care agencies in Baker City and La Grande are the only providers of licensed hospice services in the Baker City-La Grande service area. Residents of the Baker City-La Grande service area also obtain hospice services from agencies located outside the service area, although the closest agencies are based approximately 70 or more miles away.
23. Medicare pays for nearly all services provided by LHC hospice agencies and a significant share of services provided by LHC home health agencies to Oregon residents. Payment rates for Medicare fee-for-service providers are set annually by the federal government.
24. Based 2017-2019 data reported to the Centers for Medicare and Medicaid Services, the quality of services provided by LHC home health and hospice agencies in Oregon is comparable to the statewide average.

CONCLUSIONS OF LAW

OHA concludes that:

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care entities pursuant to ORS 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085
2. OHA finds that:
 - a. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.
 - b. The transaction is not likely to substantially alter the delivery of health care in Oregon.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law it is hereby ORDERED that:

1. The proposed transaction is hereby **APPROVED** upon the basis of the information contained in the Notice to date.
2. The Entity shall notify OHA upon completion of the transaction by email at hcmo.info@odhsoha.oregon.gov.

This Order is effective immediately and will be posted to the Health Care Market Oversight Program website at <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>.

OHA will conduct follow-up reviews to assess the impact of the transaction in accordance with ORS 415.501 (19). OHA will publish findings from follow-up reviews. Per OAR 409-070-0080, OHA may require the Entity to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the transaction.

NOTICE OF RIGHT TO REQUEST A HEARING

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), ORS 415.019, and OAR 137-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Final Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

hcmo.info@odhsoha.oregon.gov

or

Health Care Market Oversight Program
421 SW Oak St
Suite 850
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 1st day of September 2022



Sarah Bartelmann, MPH
Health Care Market Oversight Program Manager
Oregon Health Authority

NOTICE TO ACTIVE DUTY SERVICEMEMBERS. Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 00-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.