

002 Falcon Hospice: Two-Year Follow-Up

May 21, 2025

Introduction

The Oregon Health Authority's [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals, like mergers and acquisitions, to ensure they support statewide goals related to health care costs, health equity, access to care, and care quality. After completing a review, OHA issues a decision about whether a business deal, or transaction, involving a health care company should proceed as planned. For all approved transactions, OHA is required by law to assess any changes in Oregon one, two, and five years after the transaction closed and to publish its findings.

OHA's follow-up reviews aim to analyze health care cost trends, cost growth and cost of care, and assess the impact of the approved transaction on access to care, quality of care, and health equity for people in Oregon. If applicable, OHA also checks whether the entities have complied with any approval conditions and kept to any commitments made in the notice and subsequent HCMO filings.

This report summarizes analyses and findings from OHA's two-year follow-up review of the acquisition of Kindred at Home ("KAH") Hospice by CD&R Falcon Holdings, L.P. ("Falcon Holdings"), the sole limited partner of Falcon Hospice, L.P. ("Falcon Hospice"), which involved KAH Hospice agencies located in Lake Oswego and Salem. OHA [approved](#) this transaction on July 14, 2022, following a [preliminary review](#). The transaction closed on August 11, 2022.

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Background

About the Transaction

On June 14, 2022, OHA received a complete [Notice of Material Change Transaction](#) ("notice") from Falcon Hospice outlining the proposed acquisition of 60% of KAH Hospice Company, Inc. ("Kindred Hospice") by Falcon Holdings. Kindred Hospice is the indirect owner of two Oregon hospices: Odyssey Healthcare Operating A, LP d/b/a Kindred Hospice – Lake Oswego and Odyssey Healthcare Operating A, LP d/b/a Kindred Hospice – Salem.

Pursuant to this transaction, Falcon Holdings purchased a 60% interest in Kindred Hospice from Gentiva, a wholly owned subsidiary of the health insurance company Humana. Through the transaction, Humana received proceeds of approximately \$2.8 billion and Kindred Hospice became Falcon Hospice which is now co-owned by both CD&R (60%) and Humana (40%). The transaction closed in September 2022.

The entities involved in this transaction are:

- Falcon Holdings, a Cayman exempted partnership whose limited partners, as of the date the notice was filed, include investment funds entities of Clayton, Dubilier & Rice (“CD&R”). Falcon Holdings was the “buyer” in this transaction.
- Kindred Hospice is a national provider of hospice services. Kindred Hospice was the entity acquired in this transaction.
- Humana is a health insurance company and the parent company of the seller, Gentiva.

The rationale for the transaction, as described in the notice, was to maintain patient care, generate operational efficiencies and ensure adequate resources to maintain operations.

Falcon Hospice stated in the notice that the transaction would not involve any changes to the two Oregon hospice agencies, including names, federal tax ID numbers, direct ownership, direct governance, management/leadership, contracts with Coordinated Care Organizations (CCOs) or operations generally. Specifically, Falcon Hospice stated it had no plans to change locations, number of staff, services offered, service areas, quality of care, or the types of insurance coverage accepted at either of the two locations.

OHA’s Preliminary Review and One Year Follow-Up Review

OHA completed a [preliminary review](#) of the transaction on July 14, 2022. The transaction was approved based on the following criteria:

1. **The transaction is unlikely to substantially reduce access to affordable health care in Oregon.** OHA concluded that the transaction was unlikely to substantially reduce access to affordable health care in Oregon because most hospice services are covered by Medicare under set payment rates and because patients seeking hospice in Lake Oswego and Salem had multiple provider options other than Kindred Hospice in their respective geographic service areas.
2. **The transaction is not likely to substantially alter the delivery of health care in Oregon.** OHA’s analysis showed that the transaction was unlikely to substantially alter the delivery of health care in Oregon, because Falcon Hospice stated it had no plans to change how hospice services were delivered.

OHA approved the transaction without conditions but noted that private equity ownership has been associated with profit-maximizing behaviors that may negatively impact quality of care.

OHA’s [one-year follow-up review](#) analyzed the activities of Gentiva’s agencies in Oregon since the close of the transaction in August 2022. OHA completed its one-year follow-up review of the transaction in August 2024. OHA’s main findings are summarized below.

- In September 2022, Kindred Hospice changed its business name to “Gentiva.” Both the Salem and Lake Oswego hospice agencies were rebranded accordingly.
- In February 2023, Falcon Holdings announced it was acquiring Heartland Hospice from ProMedica, an Ohio-based nonprofit health system in a transaction valued at \$710 million and financed by debt. This acquisition added 120 hospice locations, 10,000 patients, and 4,000 employees to the company.¹ The sale was finalized in November 2023.²
- OHA noted some staffing changes from June 2022 (pre-transaction) and August 2023 (post-transaction), which will continue to be monitored.
- OHA noted a new national medical director at Gentiva in January 2023³ and a new Chief Clinical Officer⁴ in April 2023 – governance changes will continue to be monitored.
- No substantial changes or concerns were noted in the review of Gentiva’s policies.

Two-Year Follow-Up Review

On August 12, 2024, OHA notified Gentiva that it was commencing a two-year follow-up review of the Falcon Hospice acquisition. OHA requested narrative information, documentation, and data related to financials, policies, governance, staffing, patients, and services rendered through two requests for information (RFIs) sent on August 26, 2024, and January 24, 2025.

Gentiva submitted [responses to the original RFI](#) on October 11, 2024, and to [supplemental questions](#) on March 10, 2025. (See Appendix A for details). OHA has reviewed these submissions for changes made since the one-year follow-up review and for evidence that Gentiva has kept its commitments made in the notice and subsequent filings with OHA.

Due to the confidential nature of this reporting and OHA's requirement to hold such information confidential under Oregon law, certain underlying data and information submitted by Gentiva to OHA has been omitted from this report.

In addition to the information submitted by Gentiva, OHA reviewed publicly available sources and media coverage relating to Falcon Hospice/Gentiva and its related entities. This information is summarized in the **Industry Trends** section below.

OHA also sought public comment from community members with experiences at Gentiva hospice agencies. OHA received [one public comment](#) that was opposed to private equity ownership of health care facilities.

Industry Trends

OHA looked at relevant trends and external factors that may have influenced any changes since the transaction closed.

Federal Policy Changes

Since the one-year review of the Falcon Hospice acquisition, CMS has continued its increased monitoring of hospices. Starting January 1, 2024, Special Focus Program ("SFP") audits were created for hospices that were deemed poor performers based on selected quality indicators from the CMS patient and caregiver survey such as patient experience receiving help for pain and symptoms and getting timely help, in general.^{5 6} In December 2024, CMS identified the first cohort of hospices to be audited but did not publish a list of their names.⁷

In January 2025, a group of hospice providers and state associations filed a lawsuit against the U.S. Department of Health and Human Services (HHS) over the implementation of the SFP.⁸ The plaintiffs argue that the program's methodology is flawed, potentially misidentifying high-quality providers as underperformers and diverting resources away from patient care. They seek a preliminary injunction to halt the program's implementation. As of February 14, 2025, all planned 2025 SFP audits were placed on hold to evaluate their methodology and effectiveness.⁹

Private Equity Investments in Hospice

Studies published since the one-year follow up review of the Falcon Hospice acquisition show a continued interest of private equity firms in acquiring hospices and most recently, that private equity firms have contributed to the increased consolidation of hospice ownership.¹⁰ This means that hospice ownership is increasingly limited to a smaller number of owners.

While hospices can benefit from the additional funding and operational efficiencies that private equity has to offer, there is continued concern for the impacts of private equity on quality and access to care. New studies confirm initial findings of associations between private equity ownership and poorer quality care as measured by caregiver-reported quality surveys and hospital outcome data.^{11,12} The selective approach to patient enrollment seen in private equity owned hospices favors patients with low care needs and longer lengths of stay and can contribute to lower access to care for those with high needs, and those projected to have shorter lengths of stay.^{13, 14}

What is a private equity firm?

Private equity firms invest in private companies (i.e., companies that are not publicly traded) and seek to generate high returns on investments. The goal of a private equity firm is to generate profits for investors, typically within 3-7 years.

To achieve high returns, they seek to expand companies, often through acquisitions of smaller companies. They also aim to decrease costs (for example, by increasing the use of less expensive staff), increase revenue (for example, by emphasizing more expensive services or increasing volume), with a goal of reselling the company at a profit or pursuing an initial public offering (IPO) within a few years.¹²

Activities and Changes

This section summarizes significant events seen in media reports or other publicly available sources since OHA's one-year review.

Falcon Hospice Securities Offering

Filings with the Securities and Exchange Commission ("SEC") in 2022 and 2023 indicate that Falcon Hospice sold securities to a limited number of accredited investors.¹⁵ The total capital raised by Falcon Hospice since 2022 is \$15 million.

Gentiva Corporate Activities & News

Governance

Three officers of CD&R currently (as of March 2025) serve on Falcon Hospice's 6-member board of directors.¹⁶ Since OHA's one-year review, one remaining open board position has been filled. OHA will continue to monitor governance changes in future follow-up reviews.

Gentiva Sells Personal Care business to Addus

On June 9, 2024, Addus HomeCare Corp. announced that it agreed to acquire Gentiva's personal care operations for \$350 million.¹⁷ This transaction allowed Addus to expand its reach in seven states, including two new ones, Texas and Missouri, and allowed Gentiva to sharpen its focus on their hospice and palliative businesses.¹⁸ None of the acquired personal service locations are located in Oregon.

Gentiva agrees to \$19.4 Million Settlement

Gentiva, the successor to Kindred Hospice, agreed in July 2024 to pay \$19.4 million to settle federal and state lawsuits alleging ineligible claims and violations of anti-kickback laws.¹⁹ The alleged ineligible claims were discovered via whistleblowers in Tennessee, Texas, Missouri, Alabama, Indiana and Ohio and the alleged kickback scheme operated in Alabama. The claims involved in the settlement pre-dated Gentiva (claims dates ranged from 2010 – 2020) and Gentiva did not agree to any liability stemming from allegations in these lawsuits. No Oregon-based claims were mentioned. The federal government will receive \$19M, the State of Tennessee \$448,800 and the State of Ohio \$23,618.

Changes at Gentiva Agencies in Oregon

This section summarizes the findings from OHA's analysis of information and data submitted by Gentiva in response to OHA's RFI.

Closure of Salem Agency

In their response to OHA's questions about operational changes, Gentiva relayed that they had closed their Salem location effective October 30, 2024.

OHA issued a follow-up RFI requesting a detailed description of the reasons for the closure, how the decision was made, and how patients and staff were notified. Gentiva provided only brief confidential responses to these requests.

It is unlikely that the closure of the Salem Gentiva location had a significant impact on access to care, since there are several other hospice providers in the area, however OHA will continue to monitor for potential impacts.

See text box for details ^{20 21 22 23 24}

Staffing Changes

Staff turnover is a common result of ownership changes. Private equity acquisitions of health care providers have been associated with decreased staffing levels and an increased reliance on lower skilled clinical staff as a strategy for maximizing profits.²⁵

As part of its follow-up review, OHA requested a report of staffing levels for both hospice locations in Oregon. The reported data (the specifics of which have been

Hospice Closures in Oregon and Contributing Factors

OHA records show that hospices in Oregon have increased over the past five years, with 20 new hospices opening from 2020 to present and seven closing, for a net 13 new hospices. Looking at the closures in more detail, at least one hospice closed each year during the past five years, except for 2022, when there were no closures. There are many reasons why a hospice may need to close its doors including rising costs for staffing and care delivery and skilled staff shortages.

Labor costs for hospice nurses have risen every year since 2019 and increased by 4.6% on average, just in 2023 alone.²⁰ Rising costs can also be attributed to increased delivery of care costs for durable medical equipment (DME) and pharmaceuticals, and other operational costs.^{21, 22}

Historically, nursing staffing shortages in community-based settings (like hospice) have been present in Oregon for decades.²³ Current contributing factors include the insufficient number of new nurses graduating from Oregon nursing school programs as well as dissatisfaction with nursing workplace conditions. The largest contributing factor is nurses migrating from traditional direct-care settings to alternative positions such as nurse coaching or case management.²⁴

designated by the entities as confidential) showed some changes in staffing between August 2023 and August 2024. OHA will continue to monitor staffing at both locations as part of its five-year follow-up review.

Policy Changes

OHA requested a list of all policies with any changes since the OHA one-year review and copies of those policies. OHA reviewed and compared Gentiva's policies to earlier versions and noticed some policy changes that it will continue to monitor as part of its five-year follow-up review.

Five-Year Follow-Up Review

OHA's five-year follow-up review, beginning in August 2027, will look more broadly at the impact of the transaction on cost of care, access to care, quality of care and health equity in Oregon. OHA will also assess how the statements made by Falcon Hospice in its initial notice filing compare to actual events and changes since the acquisition. To inform the review, OHA will request information from Gentiva. OHA will also use claims data from Oregon's All Payer All Claims (APAC) database to analyze changes at Gentiva's Oregon locations over time.

OHA accepts comments at any time for all follow-up reviews. Public comments can be submitted via email to hcmo.info@oha.oregon.gov or by calling 503-945-6161 to leave a voicemail.

Appendix A: OHA's Request for Information

OHA requested and received quantitative data from the entity related to staffing, patient volume and demographics, services rendered, quality of care, and cost of care for calendar year 2023 at both the Lake Oswego and Salem hospices.

Topic	Requested data (2021, 2022, and 2023)
Patient volume	<ul style="list-style-type: none">• Total admissions• Total patient volume• Total episode volume• Total patient days• Average daily census• Episode counts by primary payer type
Staffing ⁱ	<ul style="list-style-type: none">• Number of staff (by position)• Number of full-time-equivalent (FTE) employees• Number of contracted FTE• Number of in-person visits• Number of direct patient care hours.
Patient demographics	<ul style="list-style-type: none">• Episode counts by patient sex, age group, race, ethnicity, and language service needs.• Episode counts by Payer.
Services rendered	<ul style="list-style-type: none">• Number of visits (broken down by nursing, social worker, and home health/home hospice aide)• Minutes of care provided (nursing, physical therapy, occupational therapy, and speech-language pathology).
Level of Care	<ul style="list-style-type: none">• Number of days in Continuous Home Care (CHC)• Number of patients billed at least once for CHC• Average number of days billed for CHC• Average % of patient stay billed at CHC level
Length of Stay	<ul style="list-style-type: none">• Length of stay (for each of 6 time-span categories) for each episode of care
Payments	<ul style="list-style-type: none">• Total payment amounts received annually by payer.• Amount of financial assistance provided.• Payments received from alternative payment arrangements (not fee-for-service).• Average payment per episode of care.

ⁱ OHA requested these data be provided for the months of June 2022, August 2023 and August 2024 and reported separately by staff position or category (e.g., registered nurse, social worker, home health aide, etc.)

Service areas	<ul style="list-style-type: none"> • Number of episodes by zip code of patient residence.
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In addition to the quantitative data, OHA also requested:

- Financial statements for both locations.
- A list of service, operational or policy changes.
- Copies of new policies (since one-year follow-up review).
- Members of the Gentiva Board, the Governing body and the Gentiva Executive Leadership Team.
- A list of all inpatient facilities contracted with Gentiva.
- Responses to questions about the July 2024, \$19 million settlement with Department of Justice, State of Tennessee and State of Ohio.

After receiving and reviewing Gentiva's responses, OHA issued a follow-up request for information for:

- Missing data from the original submission.
- New questions regarding the closure of the Gentiva Salem location on October 30, 2024, how the decision was made, the impacts of the closure on patients and staff, and the efforts made to facilitate the transfer of patients and staff.
- A second request for copies of policies that had been revised or updated since the OHA one-year review.

Several pieces of information requested by OHA remained missing in the second RFI submission.

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