

Health Care Market Oversight

# Transaction 014

# United Health Group-Amedisys Preliminary Review Report

March 14, 2024



# About this Report

The Oregon Health Authority’s [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals, like mergers and acquisitions, to make sure they won’t harm people and communities in Oregon. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company should proceed as planned.

This report summarizes analyses from OHA’s preliminary (30-day) review of the proposed material change transaction of United Health Group Incorporated and Amedisys, Inc. It accompanies the [determination](#) issued by OHA on March 14, 2024.

This report is for informational purposes only and does not constitute proposed findings of fact or conclusions of law. A complete record will be developed as part of OHA’s comprehensive review process. All references to Oregon statutes and administrative rules are qualified in their entirety by the text of the statutes and rules. Nothing stated in this report should be viewed as an indication of OHA’s evaluation of the comprehensive review criteria. A complete report will be made available following completion of OHA’s comprehensive review.

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov) or by phone at 503-385-5948. We accept all relay calls.

If you have any questions about this report or would like to request more information, please contact [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov).

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# Executive Summary

The Oregon Health Authority's (OHA) [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support statewide goals related to cost, equity, access, and quality. After completing a review, OHA issues a decision about whether a business deal, or transaction, involving a health care company should proceed. On December 4, 2023, OHA accepted a complete [notice of material change transaction](#) ("Notice") from UnitedHealth Group Incorporated ("UHG"), detailing plans to acquire Amedisys, Inc. ("Amedisys").

## Proposed Transaction

UHG is a for-profit publicly traded company that offers health insurance plans and provides health care services nationwide. It is the largest health care company and the largest employer of physicians in the country. UHG has a significant presence in Oregon, both as a health insurer (UnitedHealthcare) and as a provider (Optum). Last year, UHG bought LHC Group Inc. ("LHC"), a nationwide home health and hospice provider with multiple locations in Oregon.

UHG plans to buy Amedisys for approximately \$3.3 billion in an all-cash transaction. Amedisys is a for-profit company, publicly traded company that provides in-home hospice, palliative care, and home health services across 38 states. In Oregon, Amedisys operates three home health agencies and one hospice agency. UHG and Amedisys signed a [merger agreement](#) on June 26, 2023 detailing the terms of the deal. Following the merger, Amedisys will become a subsidiary of UHG.

## OHA's Review

OHA completed a preliminary review of the proposed transaction. During the review, OHA began to assess the potential impacts of the transaction. OHA held a public comment period and received 2 public comments. Based on the preliminary review, OHA determined that the transaction requires a comprehensive review.

## Next Steps

OHA will complete the comprehensive review within 180 days of when it accepted a complete Notice unless the review period is tolled or extended in accordance with applicable statutes and administrative rules. During the comprehensive review, OHA will analyze the likely impact of the transaction on access, cost, quality, and equity and determine whether the transaction meets the criteria for approval under Oregon Administrative Rule 409-070-0060(6). OHA may engage outside advisors to assist with the review. OHA will accept and post public comments throughout the comprehensive review period. Public comments can be submitted via email to [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov).

# Proposed Transaction

On December 4, 2023, OHA accepted a complete [notice of material change transaction](#) (“Notice”) from UnitedHealth Group Incorporated (“UHG”), detailing plans to acquire Amedisys, Inc. (“Amedisys”). After completing a 30-day preliminary review, OHA determined that the transaction warrants a comprehensive review.

OHA completed a preliminary review of the proposed transaction. During the review, OHA conducted initial analyses on the potential impact of the proposed transaction on health care spending, quality, access, and health equity in Oregon. OHA held a 14-day public comment period and received 2 public comments.<sup>1</sup> OHA also requested additional information and clarification from UHG.<sup>1</sup>

## UnitedHealth Group

UHG is a for-profit publicly traded company incorporated in Delaware and based in Minnesota. UHG offers health insurance plans and provides health care services nationwide. It is the largest health care company and the largest employer of physicians in the country.<sup>2</sup>

Approximately 45% of people in the U.S. receive health care services from UHG; in 2023, the company served 152 million people across all its businesses.<sup>3</sup> UHG’s profits in 2023 totaled \$22.4 billion (a net margin of 6%), up from \$20.1 billion in 2022.<sup>4</sup> (See the callout box for additional metrics.<sup>5</sup>)

### UnitedHealth in 2023

152 million people served  
\$371.6 billion annual revenue  
\$22.4 billion net profit  
400,000 employees  
90,000 physicians  
50 states

### Business units

UHG is organized into two main businesses: UnitedHealthcare, which provides health insurance plans, and Optum, which provides health care and related services.

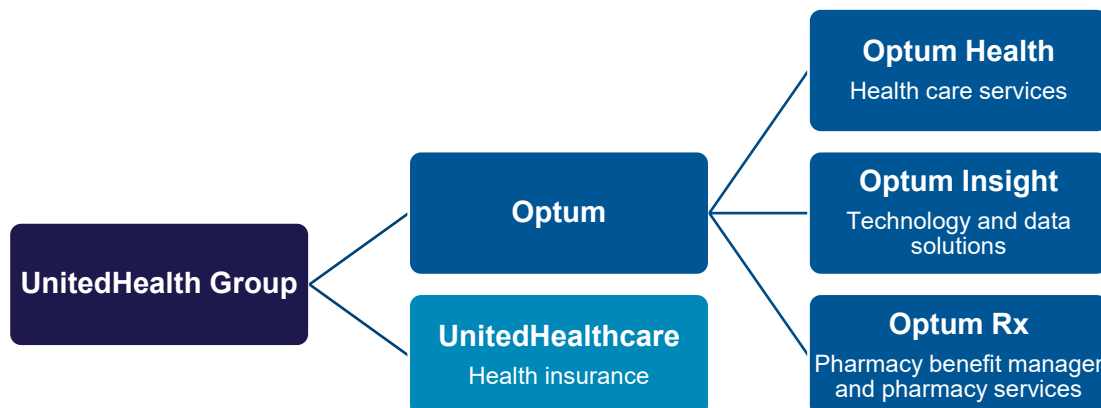
UnitedHealthcare is the largest provider of commercial and Medicare Advantage health insurance plans in the country.<sup>6</sup> UnitedHealthcare also offers plans under state health insurance programs in 35 states, including Medicaid, Children’s Health Insurance Plan (CHIP), Dual-Eligible Special Needs Plans (D-SNP), and Long-Term Services and Supports (LTSS).<sup>7</sup>

Optum consists of three business units:

- **Optum Health** services include primary care, specialty care, urgent care, post-acute care, in-home care, behavioral health services, ambulatory surgical care, hospice, and palliative care. Services are provided through a network of 90,000 employed or affiliated physicians and 40,000 advanced practice clinicians.<sup>8</sup>
- **Optum Rx** is a pharmacy benefit manager (PBM) that administers prescription benefits for health plans and large employers. Optum Rx manages over \$124 billion in pharmaceutical spending annually and contracts with more than 67,000 pharmacies nationwide that dispense medications to prescription plan members.<sup>9</sup> Optum Rx also operates a retail mail pharmacy (Optum Specialty Pharmacy) and infusion pharmacies.

<sup>1</sup> Public comments are posted on OHA’s [website](#) under the heading “014 United Amedisys.”

- **Optum Insight** offers professional services and technologies aimed at improving clinical, administrative, and financial processes across the health care system. Customers include hospitals, health systems, physicians, health plans, and state governments.



### UnitedHealth in Oregon

UHG has a significant presence in Oregon, both as a health insurer and as a provider. UnitedHealthcare’s commercial group, self-insured, and Medicare Advantage insurance plans served approximately 200,000 Oregon residents in 2023.<sup>10</sup> UnitedHealthcare was Oregon’s second largest Medicare Advantage insurer, with 15% of Medicare Advantage enrollees in the third quarter of 2023.<sup>11</sup> The company does not offer Medicaid plans or individual Marketplace plans in Oregon.

Optum’s subsidiary companies (listed in the table below) provide a wide range of health care services to people in Oregon, including primary care, specialty care, behavioral health, surgeries, home health services, and hospice care.<sup>12</sup> (For a more detailed listing, please refer to [Appendix B](#) of UHG’s notice.)

### Optum companies operating in Oregon

Company	Service type(s)	Description
AbleTo Behavioral Health Services PC (“AbleTo”)	Mental health care	Provides virtual mental health visits.
Genoa Healthcare LLC	Pharmacy	Partners with community-based providers across Oregon to dispense medications and other pharmacy services for people with complex health conditions.
Landmark Medical of Oregon, P.C. (“Landmark Health”)	Home-based care	Provides home-based medical care to patients with complex needs throughout the tri-county area; office locations in Portland and Eugene.
LHC Group, Inc. (“LHC”)	Home health Hospice	Provides home health and hospice services; operates 5 home health and 4 hospice locations in Oregon.
Optum Care Portland	Primary care Specialty care	Provides primary, specialty, and virtual care; operates 2 clinic locations in Oregon: GreenField Health System, LLC (“GreenField Health”) and Family Medical Group NE.
Optum Infusion Services 404, LLC	Infusion therapy	Provides infusion therapy (medications delivered intravenously) in home or at a clinic; operates 1 location in Oregon.

Company	Service type(s)	Description
Optum Medical Services, PC; Optum Health Care Services Company	Long-term/skilled nursing care	These two companies are part of the “Optum Health Services for I-SNP/IE-SNPs” subsidiary, which partners with health plans to provide health care services and care coordination to long-term skilled nursing facility (SNF) residents. Services are provided in long-term care facilities that Optum does not own.
Optum Pharmacies <sup>ii</sup>	Pharmacy	Mail-order pharmacy that delivers medications to patients’ homes.
Optum Rx, Inc.	Pharmacy benefit management	Administers prescription benefits for health plans and large employers.
Oregon Healthcare Resources	Primary care Specialty care	Provides primary, specialty, and virtual care; operates 10 clinic locations in Oregon, including the Davies Clinic, PC, under the name of Oregon Medical Group.
Refresh Mental Health, Inc.	Mental health care	Provides mental health therapy and treatment services; operates 8 locations in Oregon.
Surgical Care Affiliates, LLC (“SCA Health”)	Surgical care	Provides ambulatory surgery services; operates 7 ambulatory surgical centers in Oregon under the names McKenzie Surgery Center, Grants Pass Surgery Center, Northbank Surgical Center, NW Spine & Pain, Oregon Outpatient Surgery Center, East Pavilion Surgery Center, and Mt. Scott Surgery Center.
XLHome, PC	Annual exams	Part of Optum’s “HouseCalls” subsidiary. Provides in-home annual clinical exams on behalf of health plans and providers. HouseCalls does not have facility locations in Oregon.

Optum’s subsidiaries include LHC Group Inc. (“LHC”), a nationwide home health and hospice provider with multiple locations in Oregon. UHG acquired LHC in February 2023. (OHA reviewed and [approved](#) the transaction.) LHC currently operates five home health agencies and four hospice agencies in the state, listed below.

### Optum-LHC home health and hospice agencies in Oregon

Home Health Agencies	
Name	Address
Innovative Senior Care Home Health of Portland, LLC d/b/a Brookdale Home Health Portland	7750 SW Mohawk Street, Building G, Suite 7750, Tualatin, OR 97062
Salem Home Care, LLC d/b/a Assured Home Health	925 Commercial Street SE, Suite 310, Salem, OR 97302
Salem Home Care, LLC d/b/a Assured Home Health	9320 SW Barbur Blvd, Suite 350, Portland, OR 97219
Three Rivers Home Care, LLC	555 NE F Street, Suite B, Grants Pass, OR 97526
Three Rivers Home Care, LLC d/b/a Southern Oregon Home Health	1340 Biddle Road, Suite 101, Medford, Oregon 97504

<sup>ii</sup> For the full list of Optum Pharmacy companies, see [Appendix B](#) to UHG HCMO Notice of Material Change Transaction.

Hospice Agencies	
Name	Address
Health at Home Hospice – Portland, LLC d/b/a Assured Hospice	9320 SW Barbur Blvd, Suite 330, Portland, OR 97219
Heart ‘n Home Hospice and Palliative Care, LLC	1550 NE Williamson Blvd, Suite 120, Bend, OR 97701
Heart ‘n Home Hospice and Palliative Care, LLC	3370 10 <sup>th</sup> Street, Suite E, Baker City, OR 97814
Heart ‘n Home Hospice and Palliative Care, LLC	1108 J Avenue, La Grande, OR 97850

## Amedisys

Founded in 1982, Amedisys, Inc. (“Amedisys”) is a for-profit company publicly traded company incorporated in Delaware and based in Baton Rouge, Louisiana. Amedisys provides home health, in-home hospice, palliative care, and high-acuity care services across 38 states. Amedisys works with more than 3,000 hospitals and 102,000 physicians nationwide. (See the callout box for additional metrics.<sup>13</sup>)

### Amedisys in 2022

\$2.2 billion annual revenue  
 \$118 million net profit  
 20,000 employees  
 8,000 nurses (2020)

Amedisys is among the largest providers of home health and hospice services in the country. In 2022, Amedisys served 465,000 patients and its employees made over 11.2 million care visits.<sup>14</sup> The company describes its patients as being “typically 75 years old, often the sickest of the sick, and thus the most vulnerable. They’re seeing multiple specialists and taking an average of 11 medications.”<sup>15</sup>

Amedisys is organized into three segments: home health, hospice, and high acuity care. (Amedisys previously also had a personal care segment, which it recently sold.<sup>16</sup>) The table below summarizes the services offered by each segment, the types of patients served, the clinicians and other staff involved in delivering care, and financial information.<sup>17</sup>

### Amedisys business segments

	Home Health	Hospice	High Acuity Care
Services	<ul style="list-style-type: none"> <li>Administer medications.</li> <li>Care for wounds.</li> <li>Monitor vital signs.</li> <li>Provide physical, speech and occupational therapy.</li> <li>Help with personal tasks.</li> </ul>	<ul style="list-style-type: none"> <li>Manage pain &amp; symptoms</li> <li>Personal care</li> <li>Emotional support &amp; counseling</li> <li>End-of-life planning</li> <li>Spiritual counseling</li> <li>Bereavement support for loved ones</li> </ul>	In-home medical services typically provided in a hospital or other facility.
Patients	<ul style="list-style-type: none"> <li>People recovering from surgery or illness.</li> <li>People with chronic health conditions or illnesses.</li> </ul>	People with a terminal illness such as cancer, heart disease, lung disease, or Alzheimer’s whose life expectancy is six months or less.	<ul style="list-style-type: none"> <li>People recovering from surgery or illness.</li> <li>People with chronic illnesses.</li> </ul>
Clinicians & other staff	<ul style="list-style-type: none"> <li>Skilled nurses</li> <li>Physical therapists</li> </ul>	<ul style="list-style-type: none"> <li>Nurse practitioners</li> <li>Skilled nurses</li> </ul>	<ul style="list-style-type: none"> <li>Nurse practitioners</li> </ul>

	Home Health	Hospice	High Acuity Care
	<ul style="list-style-type: none"> <li>- Speech therapists</li> <li>- Occupational therapists</li> <li>- Social workers</li> <li>- Home health aides</li> </ul>	<ul style="list-style-type: none"> <li>- Social workers</li> <li>- Hospice aides</li> <li>- Bereavement counselors</li> <li>- Chaplains</li> </ul>	<ul style="list-style-type: none"> <li>- Skilled nurses</li> </ul>
Net service revenues (2022)	\$1.4 billion	\$788 million	\$19 million
Volume of services (2022)	6.9 million home visits	52,656 hospice admissions	1,590 admissions
Number of locations	347 care centers	164 care centers	8 joint venture hospitals
Gross Profit (%) (2022)	\$587 million (43%)	\$361 million (46%)	\$0.3 million (2%)

Because the majority of Amedisys patients are aged 65 or older, most of the company’s revenue (approximately 75%) is from Medicare.<sup>18</sup> Home health is the largest segment by revenues, generating \$1.4 billion in net service revenues in 2022, followed by hospice (\$788 million). Home health and hospice were also by far the most profitable, with gross profits (margins) of 43% and 46% in 2022, respectively.<sup>19</sup>

### Amedisys in Oregon

In Oregon, Amedisys operates through its wholly owned subsidiary Amedisys Oregon, LLC. Amedisys has three home health agencies in Salem, Portland, and Roseburg, and one hospice agency in Roseburg. The company currently serves about 5,000 home health patients and 500 hospice patients in Oregon per year.

### Amedisys locations in Oregon

Agency Name	Address
Amedisys Home Health Care	12021 NE Glenn Widing Dr. Bldg. G, Portland, Oregon, 97220
Amedisys Home Health Care	1820 NW Mulholland Drive, Roseburg, Oregon 97470
Amedisys Home Health Care	3220 State Street, Suite 100, Salem, Oregon 97301
Amedisys Hospice Care	1820 NW Mulholland Drive, Roseburg, Oregon 97470

### Mergers & Acquisitions

Amedisys has been steadily growing its nationwide footprint in recent years. Amedisys established its high acuity care segment in August 2021 when it acquired Contessa Health (“Contessa”), a provider of “hospital-at-home” services.<sup>20</sup> The high-acuity care segment partners with large regional health systems through joint venture arrangements to provide hospital-level care in patients’ homes.<sup>21</sup>

In 2021, Amedisys acquired the home health and hospice assets of The Visiting Nurse Association of the Midlands, a non-profit based in Nebraska.<sup>22</sup> In 2022, Amedisys acquired Evolution Health, LLC, a provider of home health services with 15 locations across Texas, Oklahoma, and Ohio.<sup>23</sup> Amedisys also acquired two home health care locations in North Carolina from AssistedCare Home Health, Inc., and RH Homecare Services, LLC.<sup>24</sup>

In May 2023, Amedisys announced it had reached an agreement to be acquired by Option Care Health, Inc. (“Option Care”), a nationwide provider of infusion therapy services. Option Care filed a



HCMO [notice](#) with OHA. One month later, the deal fell through after UHG made an unsolicited bid for Amedisys, offering Amedisys shareholders a more attractive price for the company.<sup>25</sup> The agreement with Option Care required Amedisys to pay a “breakup fee” of \$106 million, which UHG paid on its behalf.<sup>26</sup>

## Transaction Terms

UHG plans to buy Amedisys for approximately \$3.3 billion in an all-cash transaction. UHG will acquire Amedisys’ outstanding common stock for \$101 per share in cash, without interest. UHG and Amedisys signed a [merger agreement](#) on June 26, 2023 detailing the terms of the deal. Following the merger, Amedisys will become a subsidiary of UHG and part of Optum Health’s Home & Community Care division. This division currently houses the LHC subsidiary.

UHG and Amedisys say that they intend to maintain Amedisys’ existing home health and hospice services in Oregon. Amedisys locations will continue to accept the same forms of insurance, including Medicare, Oregon Health Plan and Medicare Advantage.<sup>27</sup> UHG states the deal will allow Optum to expand the range and geographic coverage of home health services available to Oregon residents.<sup>28</sup>

The transaction is currently undergoing federal antitrust review by the U.S. Department of Justice (DOJ). DOJ has asked UHG for more information about the deal.<sup>29</sup>

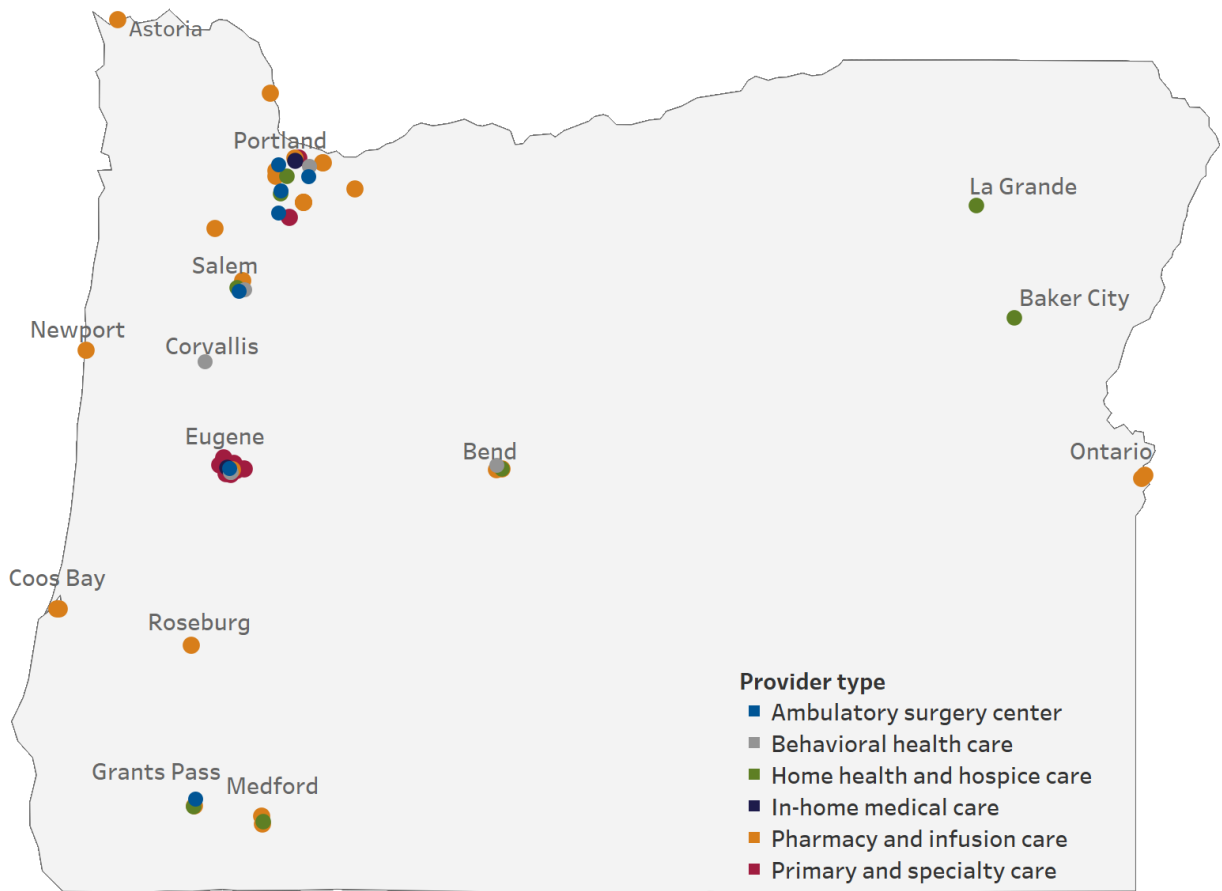
# Preliminary Analysis

OHA’s preliminary analysis focused on assessing the scale and scope of UHG’s operations and services in Oregon, how the transaction could affect consolidation and competition in Oregon’s health care markets, and implications for access to services, quality of care, and health care spending. OHA analyzed insurance claims for home health and hospice services provided to Oregon residents between 2017 and 2021.<sup>iii</sup> OHA also considered the materials UHG submitted as part of the Notice and in response to OHA’s requests for additional information, as well as publicly available sources.

OHA expects to further develop its analyses during comprehensive review.

## Potential to impact a large number of people in Oregon

UHG’s operations in Oregon span a multitude of markets, including commercial health insurance, primary care, specialty care, PBM services, specialty pharmacy, home health, hospice, and behavioral health. Optum companies operate from approximately 60 locations (map below).



These locations span 18 Oregon counties which together represent more than 80% of the state’s population. Locations shown include 17 primary and specialty care locations, 25 pharmacy and infusion therapy locations, 7 surgery centers, 9 home health and hospice agency locations, and two in-home medical care providers. Locations are concentrated in the Portland metro area with clusters along the densely populated I-5 corridor.

<sup>iii</sup> See **Appendix A** for more information on OHA’s claims data analysis.

The table below shows unique patients served in Oregon by Optum’s service lines as of 2022. Approximately 140,600 patients received primary or specialty care from Optum Care providers. Optum served about 3,800 home health and 600 hospice patients in 2022.

Optum Service Line	Oregon Patients
Primary Care and Specialty Care	140,600
Surgical Care	17,800
Home-Based Care and Annual Exams <sup>iv</sup>	26,700
Mental Health Care <sup>v</sup>	7,300
Pharmacy (infusion)	900
Home Health	3,800
Hospice	600

As noted above, UnitedHealthcare’s commercial group, Medicare Advantage, and self-insured health insurance plans currently enroll approximately 200,000 members in Oregon.<sup>30</sup> UnitedHealthcare is the second largest Medicare Advantage insurer in the state, with an enrollment share of approximately 15% in the third quarter of 2023.<sup>31</sup>

Because of the large numbers of patients and members UHG companies serve in Oregon and the wide range of health care services these companies offer across the state, any changes that may result from this transaction have the potential to impact a significant number of people and communities in Oregon.

### Potential to reduce competition in Oregon’s health care markets

This transaction has the potential to reduce competition in Oregon’s market for home health and hospice services and other health care markets in the state. The transaction would increase concentration in Oregon’s market for home health and hospice services, and further vertical consolidation of a large health insurer with a provider organization may increase the risk anticompetitive effects.

#### Increased concentration in home health and hospice

UHG/Optum (through its ownership of LHC) and Amedisys both provide home health and hospice services in Oregon. See the map below for Optum and Amedisys home health and hospice agency locations in the state. With the addition of Amedisys, OHA estimates that UHG’s share of the market for home health services in Oregon would increase from 6% to 11%, and its share of the hospice market in Oregon would increase from 4% to 6%.

OHA calculated the Herfindahl-Hirschman Index (HHI) to assess changes in market concentration

#### Herfindahl-Hirschman Index (HHI)

HHI is a measure commonly used by federal and state antitrust regulators to measure concentration in a market. The higher the HHI, the more concentrated (and less competitive) the market is presumed to be. HHI is calculated as the sum of squared market shares and therefore has a maximum value of 10,000.

Under federal antitrust guidelines, an HHI of more than 1,800 indicates a “highly concentrated” market, and mergers involving an increase in HHI of more than 100 and post-merger HHI of more than 1,800 are presumed to be anti-competitive.

<sup>iv</sup> Includes Landmark Health and HouseCalls patients.

<sup>v</sup> Includes Refresh Mental Health and AbleTo patients.

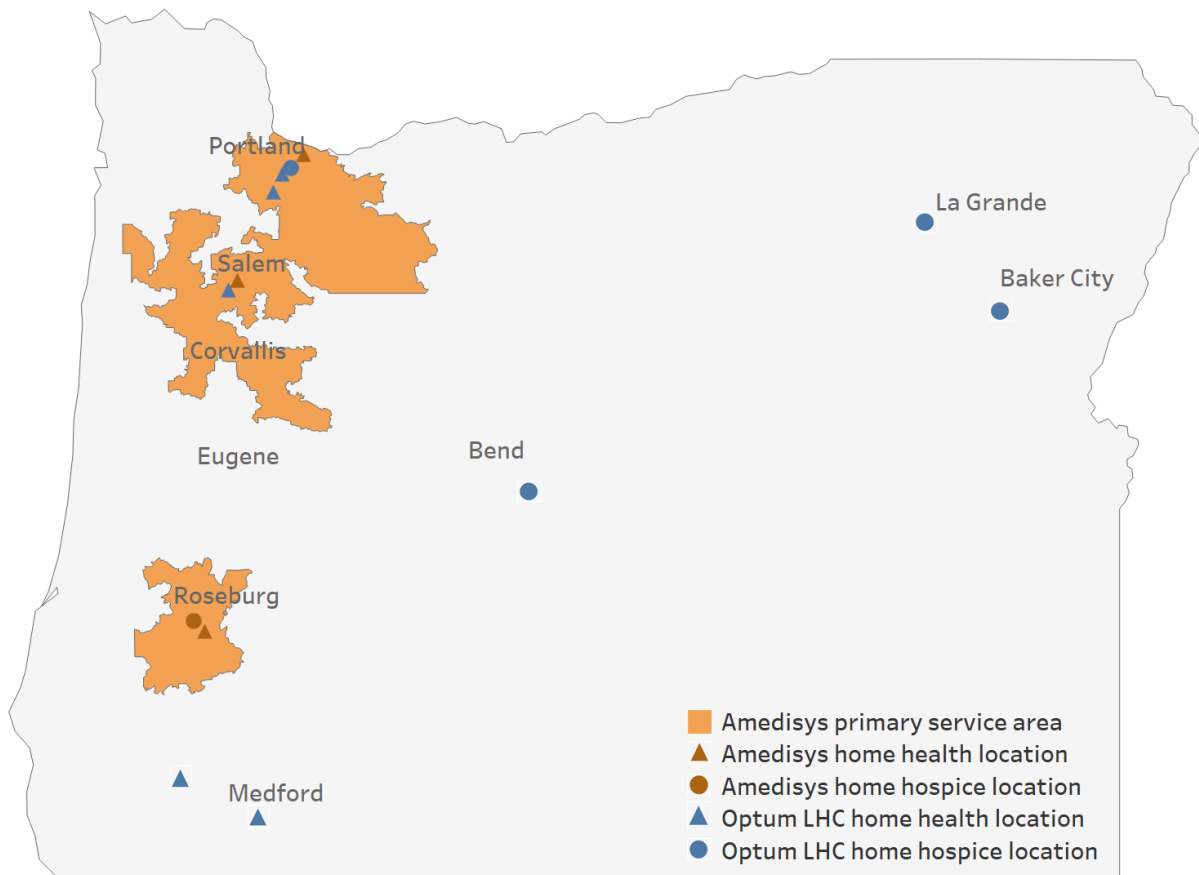
associated with the transaction. (See the callout box for details.<sup>32</sup>)

At the state level, the merger would not markedly increase concentration (HHI) in home health or hospice markets; however, several regional markets served by Optum and Amedisys are highly concentrated and could see increases in concentration post-merger.

Service Area	Pre-transaction HHI	Post-transaction HHI	HHI Change
Portland (Home Health)	2,094	2,146	53
Roseburg (Home Health)	4,073	4,099	26
Roseburg (Hospice)	6,897	6,890	84
Salem (Home Health)	1,954	2,061	107

Amedisys and LHC both serve home health patients in the Portland, Roseburg, and Salem primary service areas (PSAs), and they both serve hospice patients in the Roseburg PSA. (See **Appendix A** for details on how OHA defined PSAs.)

**Amedisys and Optum (LHC) both serve patients in and around Portland, Salem and Roseburg.**



OHA’s preliminary analysis showed that the HHI for home health services in the Salem service area was 1,954, with Optum and Amedisys holding estimated market shares (based on 2017-2021 episodes) of 7% and 8% respectively. Post-merger, HHI would increase by more than 100 points to 2,061.

In the Roseburg service area, UHG/Optum would take Amedisys’ place as the dominant home health and hospice provider, with an estimated market share of 53% for home health and 82% for hospice services. This area is dominated by two providers with HHIs exceeding 6,000 for hospice services and 4,000 for home health. The transaction would increase HHI for hospice services in the Roseburg area slightly from 6,897 to 6,980.

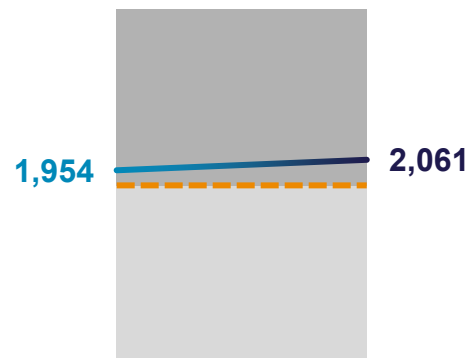
### Risk of anticompetitive effects

UHG/Optum has faced multiple accusations of violating antitrust laws by using its market power to prevent other health care providers from competing effectively against Optum in other states. (See the callout box for examples.<sup>33 34</sup>)

Health insurer acquisitions of hospitals and provider groups (a form of “vertical consolidation”) have raised concerns among economists, antitrust scholars, and regulators that such deals may reduce competition in health care markets.<sup>35</sup> A key concern is that companies that are both health insurers and providers may have the incentive and the ability to unfairly disadvantage competing providers or health insurers by limiting their access to products or services needed to compete effectively.<sup>36</sup>

As an insurer, UHG has control over access to its insurance networks (and members), which rival providers may need to be financially viable. As noted previously, UHG is the second largest Medicare Advantage insurer in Oregon. Similarly, UHG controls access to Optum providers, which rival insurers may need to contract with to offer marketable health insurance plans.<sup>vi</sup> UHG also owns claims processing company Change Healthcare Inc. (acquired in 2022), giving it control over claims processing technology used by competing insurance companies.<sup>37</sup>

**Pre-transaction HHI** for the home health market in Salem is above **1,800**, or highly concentrated. **Post-transaction**, HHI would



### Recent lawsuits involving allegations of UHG/Optum anti-competitive behavior

In 2021, a group of anesthesiologists (U.S. Anesthesia Partners, “USAP”) sued UnitedHealthcare, accusing the company of trying to drive USAP out of the market by using bribes and financial penalties to prevent UnitedHealthcare’s in-network providers from referring patients to USAP. USAP later dropped the lawsuit after the parties reached an agreement for USAP to be part of UnitedHealth’s network.

In 2023, Emanate Health, a California health system, filed a lawsuit alleging that Optum engaged in anti-competitive practices to reduce competition in primary care services. Emanate accused Optum of threatening to not renew its hospital service contracts unless Emanate agreed to limit its primary care business. The legal action is still ongoing.

<sup>vi</sup> UHG also owns NaviHealth, a company that facilitates negotiations between Medicare Advantage plans and post-acute care providers.

As noted earlier, federal antitrust regulators are currently reviewing this transaction. The U.S. DOJ is reportedly also investigating UHG over broader concerns about anticompetitive effects of UHG’s ownership of provider groups.<sup>38</sup> Under federal antitrust guidelines, mergers that create a firm that controls products or services that its rivals may use to compete may substantially reduce competition.<sup>39</sup>

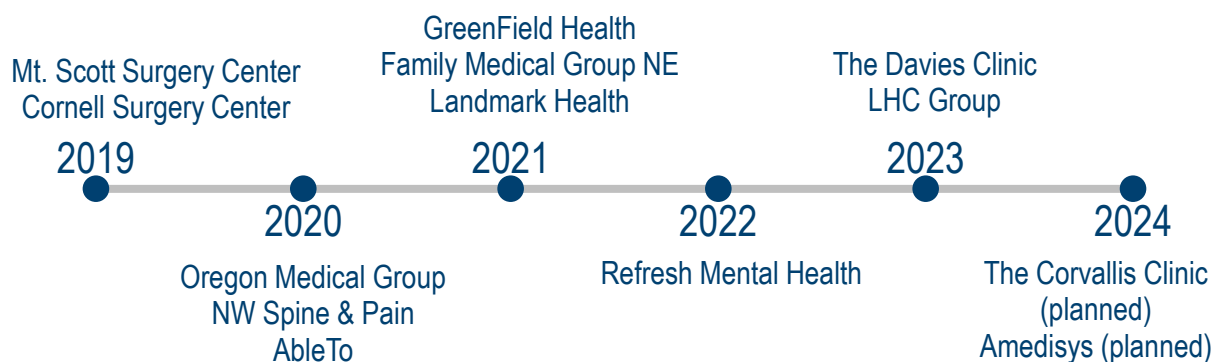
UHG’s ownership of physician practices creates the potential for UHG to influence physician referrals to home health and hospice providers. OHA’s preliminary analysis of claims data showed that UnitedHealthcare was the payer for 15% of home health and hospice patients who saw Optum providers in 2021. Among patients who saw other providers, UnitedHealthcare was the payer for 9%.

In summary, given the increase in concentration associated with the transaction, the allegations of anticompetitive behavior levied against UHG, and UHG’s position as a vertically integrated insurer-provider in Oregon, further analysis is needed to assess the potential impacts of the proposed transaction on competition in Oregon’s health care markets. Reduced competition could ultimately mean higher insurance premiums and out-of-pocket costs for patients, decreased quality of care, and more limited access to health care services in the state.

## A history of serial acquisitions

UHG has a history of growth through mergers and acquisitions of health care providers and other health care companies. Over the past five years, UHG has been involved in a successive string of transactions worth billions of dollars. In 2023, UnitedHealth acquired LHC, a nationwide provider of home health and hospice services with multiple locations in Oregon, for \$5.4 billion.<sup>vii</sup> Optum’s physician practice transactions helped add a reported 20,000 clinicians to its roster of employed or affiliated physicians in 2023.<sup>40</sup> In 2022, UHG completed a \$13 billion acquisition of Change Healthcare Inc., a health technology company. It also bought Refresh, a mental health provider with locations in 37 states.<sup>41</sup> Other recent large acquisitions include Landmark Health (an in-home medical care provider) in 2021 and AbleTo (a virtual behavioral health provider) in 2020.<sup>42</sup>

UHG has also recently acquired several Oregon-based physician groups, including Oregon Medical Group, GreenField Health, Family Medical Group Northeast, and The Davies Clinic.<sup>43</sup> <sup>viii</sup> OHA is currently reviewing Optum’s [planned acquisition of The Corvallis Clinic](#). The timeline below shows recent UHG acquisitions that currently operate in Oregon.<sup>44</sup>



<sup>vii</sup> OHA [reviewed](#) and [approved](#) this transaction.

<sup>viii</sup> OHA did not receive a Notice of Material Change transaction for The Davies Clinic. The other acquisitions were completed prior to HCMO’s launch (March 1, 2022) and therefore did not undergo HCMO review.

UHG's acquisitions are part a broader trend of vertical consolidation between commercial insurers and provider organizations. Other large insurers such as Aetna and Humana have also invested heavily in care delivery in recent years.<sup>45</sup> Interest and investment in home-based care and other health care services targeting older people is growing as the U.S. population ages and demand for care increases. The COVID-19 pandemic further accelerated the trend toward home-based care.<sup>46</sup> In 2022, Humana acquired Kindred at Home, another leading provider of home health services.<sup>47</sup>

By owning the medical providers that serve their plan members, insurers can keep more of the premiums they collect and grow their profits.<sup>48</sup> Additionally, Medicare Advantage insurers that own provider organizations can avoid Medicare's Medical Loss Ratio (MLR) requirements. Under MLR requirements, Medicare Advantage health plans must spend 80-85% of premium revenues on quality improvement and health care services. Vertically integrated insurers can record profits from provider businesses as costs to the Medicare Advantage business, further boosting the parent company's profits.<sup>49</sup>

In reviewing mergers and acquisitions, federal antitrust enforcement agencies consider whether a transaction is part of "pattern or strategy of multiple acquisitions in the same of related business lines."<sup>50</sup> In these cases, rather than limiting their review to the specific transaction under investigation, the agencies consider how this serial acquisition strategy may reduce competition in the industry. Additionally, when there is a "trend toward consolidation" in an industry, the agencies assess whether this trend may increase the risk of anticompetitive effects. Accordingly, OHA's comprehensive review will consider UHG's serial acquisition strategy and vertical consolidation trends in assessing the potential impacts of the proposed transaction on competition in Oregon's health care markets.

The transaction would be the 12<sup>th</sup> acquisition (since 2019) by UHG/Optum of a health care provider serving patients in Oregon and the second UHG acquisition of nationwide home health and hospice provider. In response to OHA's requests for additional information, UHG confirmed that since the close of the LHC acquisition, several hospice agency offices in Oregon have relocated, although "none of the relocations affected patients being served by the agencies."<sup>51</sup> Public comments relating to Optum's proposed purchase of The Corvallis Clinic have raised concerns about service reductions and physician departures following Optum's acquisition of Oregon Medical Group.<sup>52</sup> Optum recently informed the community that its GreenField Health clinic in Southwest Portland, acquired in 2021, was closing and its providers moving to the Family Medical Group Northeast location.<sup>53</sup>

OHA's comprehensive review will explore how recent UHG/Optum acquisitions in Oregon, including LHC and Oregon Medical Group, have affected health care service delivery in the state. Information and analysis of changes following these acquisitions will help OHA assess the potential impacts of this transaction and UHG's serial acquisition strategy on access to care, service quality, cost, and health equity for patients in Oregon.

## **Allegations of Medicare Advantage Fraud**

There are widespread reports that Medicare Advantage insurers, including UnitedHealthcare, have systematically exploited the Medicare payment system to improperly increase the payments they receive from the federal government.<sup>54</sup> Insurers have reportedly used chart reviews and Health Risk Assessments (HRAs) to seek out additional diagnoses that don't accurately reflect patients' current health status (a practice known as "upcoding").<sup>55</sup> These additional diagnoses translate into higher payments, costing the federal government billions of dollars annually.<sup>56</sup> The U.S. DOJ, the Department of Health Services Office of Inspector General (OIG), and whistleblowers have accused UHG and other insurers of this fraudulent practice.<sup>57</sup>

In 2017, the U.S. DOJ filed multiple complaints alleging that UHG knowingly received inflated risk adjustment payments for their Medicare Advantage plans based on untruthful and inaccurate information about enrollees' health status.<sup>58</sup> UnitedHealthcare allegedly mined Medicare Advantage patients' medical charts for diagnoses that the medical provider did not report, ignoring any information pointing to invalid diagnoses.<sup>59</sup> An OIG report published in 2021 found that "one company stood out from its peers in its use of chart reviews and HRA to drive risk-adjusted payments."<sup>60</sup> The OIG found that this company was a particularly heavy user of HRAs, including in-home assessments. While the report did not disclose the company's name, the reported enrollment data matched that of UnitedHealthcare.<sup>61</sup>

By expanding UHG's presence in the state, the transaction may increase the likelihood of harm to patients in Oregon from practices such as upcoding and inappropriate health care service denials, potentially leading to worsened health outcomes, reduced access to care, or increased health care costs.

### How Medicare Advantage insurers get paid

The federal government's Centers for Medicare & Medicaid Services (CMS) pays Medicare Advantage insurers a fixed monthly amount (**base rate**) for each plan member. This amount is adjusted based on individual members' health status (**risk score**) so that, generally, payments are higher for higher scoring members who are sicker and require more health care services. Insurers report their members' diagnoses to CMS for use in calculating the **risk-adjusted payment**. They obtain diagnoses from claims information submitted by the health care provider and may also review patients' medical records (**chart review**) to identify diagnoses the provider did not report. Insurers also **Health Risk Assessments** (HRAs) to collect information on members' health status. These assessments may be done annually when members visit their doctor or during home visits (**in-home HRAs**).



## Next Steps

This transaction will receive a comprehensive review, per ORS 415.501(7)(a), as the proposed transaction does not meet any of the following criteria required for approval following preliminary review:

1. The material change transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction;
2. The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon;
3. The material change transaction is likely to meet the criteria set forth in OAR 409-070-0060;
4. The material change transaction is not likely to substantially alter the delivery of health care in Oregon; or
5. Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

These criteria are outlined in statute and administrative rules for the HCMO program.

## Comprehensive Review

A comprehensive review allows OHA to conduct more in-depth analyses to understand how the transaction might affect people and communities in Oregon. During the comprehensive review, OHA will analyze the likely impact of the transaction on access, cost, quality, and equity and determine whether the transaction meets the criteria for approval under OAR 409-070-0060(6). For more information about comprehensive review analyses, please see HCMO's [Analytic Framework](#). OHA may engage outside advisors to perform analysis or consult with OHA in accordance with ORS 415.501(14).

OHA will complete the comprehensive review in accordance with applicable statutes and administrative rules. OHA will complete the comprehensive review within 180 days of when it accepted a complete Notice, unless otherwise tolled or extended by agreement. Upon completion of the comprehensive review, OHA will issue a proposed order to approve, approve with conditions, or disapprove the transaction. OHA will accept comments from the public and the entities prior to issuing the final proposed order. This transaction is also subject to federal and state antitrust oversight, and OHA will monitor the progress of those efforts.

## Public comment

OHA will accept and post public comments throughout the comprehensive review period. Public comments can be submitted via email to [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov). Please include the word "Amedisys" in the subject line of your message. Public comments will be posted to OHA's website and may be included in reports. Please do not include confidential or sensitive information in submitted comments.

# Appendix A: Reporting Methodology

## Data Sources

### All Payers All Claims Data

The Oregon All Payer All Claims Database (APAC) houses administrative health care data for Oregon's insured populations. It includes medical and pharmacy claims, non-claims payment summaries, member enrollment data, billed premium information and provider information for Oregonians who are insured through certain commercial insurance, Medicaid and Medicare. Information about APAC is available on OHA's [APAC website](#).

### Home Health and Hospice Claims Identification Methodology

OHA's identification of Amedisys's patient service area (PSA) and analysis of market share and HHI are based on home health agency and home hospice claims data from APAC. To find relevant claims for these uses, OHA utilized [bill type codes](#) for home health and for home hospice. All analyses in this report are based on claims incurred between 2017 and 2021 by Oregon residents.

### Home Health and Hospice Episode Definitions

OHA's PSA and market analyses use 'episodes' of home health and home hospice care for the unit of measurement. Instances of home health agency care are considered to be one episode if the same home health agency provides care to the same patient for any period of time without a gap in care longer than 30 days. Instances of care with gaps longer than 30 days are considered separate episodes. Instances of home hospice care are considered to be one episode if the same home hospice agency provides care to the same patient for any period of time without a gap in care longer than 60 days. Instances of care with gaps longer than 60 days are considered separate episodes.

### Home Health PSA and Hospice PSA Definition Methodology

To define the PSA for each of Amedisys's locations, OHA followed four steps:

1. Summarize relevant claims rendered during the study period by patient zip code and episode count.
2. Rank the zip codes in descending order of episode count (volume).
3. Identify contiguous zip codes that account for at least 75% of episodes. To do this, OHA starts with the provider's office zip code and adds other zip codes to the map based on volume rank. Zip codes that are not immediately contiguous with the provider's office location may be permanently excluded from the PSA, or only temporarily excluded until interim zip codes are added that fill in the geographical gap. Continue to add zip codes until the total episode count from zip codes contiguous with the facility constitutes 75% of the entity's total episodes. Adding a new zip code that then pulls in previously excluded zip codes can result in a PSA volume over 75%. This identifies the contiguous, volume-driven PSA.
4. Add zip codes that are fully encompassed by the zip codes identified in step 3. This may result in a PSA volume over 75%.

### Zip codes included in each PSA:

- **Portland Home Health:** 97220, 97230, 97030, 97080, 97211, 97217, 97236, 97233, 97203, 97060, 97212, 97213, 97009, 97045, 97055, 97068, 97070, 97034, 97219, 97035,

97224, 97202, 97201, 97206, 97267, 97223, 97225, 97205, 97209, 97229, 97062, 97007, 97008, 97222, 97239, 97123, 97006, 97124, 97266, 97216, 97210, 97221, 97024, 97232, 97086, 97013, 97005, 97089, 97023, 97015, 97214, 97140, 97078, 97227, 97204, 97038, 97215, 97027, 97281, 97003, 97218, 97022, 97004, 97290, 97286, 97208, 97042, 97283, 97291, 97280, 97238, 97293, 97242, 97017, 97075

- **Roseburg Home Health:** 97470, 97471, 97479, 97457, 97496, 97462, 97495, 97481, 97432, 97494
- **Salem Home Health:** 97301, 97302, 97305, 97303, 97304, 97306, 97317, 97381, 97385, 97383, 97392, 97351, 97338, 97321, 97322, 97355, 97330, 97378, 97128, 97386, 97361, 97333, 97347, 97362, 97071, 97331
- **Roseburg Hospice:** 97470, 97471, 97457, 97479, 97496, 97462, 97495, 97432, 97481, 97494

# Appendix B: Acronyms & Glossary

## Acronyms & Abbreviations

ACA	Affordable Care Act
APAC	All Payer All Claims database
CHIP	Children’s Health Insurance Plan
CMS	Centers for Medicare and Medicaid Services
DOJ	U.S. Department of Justice
D-SNP	Dual-Eligible Special Needs Plans
HCMO	Health Care Market Oversight
HHI	Herfindahl-Hirschman Index
HRA	Health Risk Assessment
IE-SNP	Institutional-Equivalent Special Needs Plan
I-SNP	Institutional Special Needs Plan
LLC	Limited Liability Company
LTSS	Long-Term Services and Supports
MLR	Medical Loss Ratio
OAR	Oregon Administrative Rule
OHA	Oregon Health Authority
OIG	Department of Health Services Office of Inspector General
ORS	Oregon Revised Statutes
PBM	Pharmacy Benefit Manager
PSA	Primary Service Area
SNF	Skilled Nursing Facility
UHG	United Health Group

## Glossary

**Competition:** A situation in a market in which firms or sellers independently strive to attract buyers for their products or services by varying prices, product characteristics, promotion strategies, and distribution channels.

**Concentration:** A measure of the degree of competition in the market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms. Concentration is typically measured using the Herfindahl-Hirschman Index (HHI); see below.

**Consolidation:** The combination of two or business units or companies into a single, larger organization. Consolidation may occur through a merger, acquisition, joint venture, affiliation agreement, etc.

**Health equity:** OHA defines health equity as follows:

Oregon will have established a health system that creates health equity when all people can reach their full health potential and well-being and are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or other socially determined

circumstances. Achieving health equity requires the ongoing collaboration of all regions and sectors of the state, including tribal governments to address:

- The equitable distribution or redistribution of resources and power; and
- Recognizing, reconciling, and rectifying historical and contemporary injustices.

**Herfindahl-Hirschman Index (HHI):** A measure commonly used by federal and state antitrust enforcement agencies to measure market concentration. HHI is calculated as follows:

$$HHI = (S_1^2 + S_2^2 + S_3^2 + \dots S_n^2)$$

Where S1 is market share (in percentage points) of firm 1 and n is the total number of competitors in the market. By summing the squared values of market shares, the HHI gives greater weight to firms with larger market shares. Transactions occurring in concentrated markets and those involving a significant change in concentration are more likely to have adverse effects on competition and lead to price increases.

**High-acuity care:** A high level of care provided to seriously ill patients who need specialized care or supervision.

**Home health care:** A type of health care refers to medical and non-medical care provided in a person's home (or place of residence) to treat an illness, medical condition, or injury. Services may aim to improve or maintain the patient's condition, maintain functionality, build self-sufficiency, or slow decline. Services include skilled nursing care (such as medication management, pain management, injections or intravenous treatments, wound care and post-operative care), physical therapy, occupational therapy, speech therapy, and non-medical services such as social services or assistance with daily living. Home health care services are provided by licensed medical professionals such as nurses, doctors, and technicians.

**Hospice care:** A type of health care that focuses on pain relief and comfort at the end of life. Hospice is provided for patients who forgo attempts to cure illness and who are expected to have six months or less to live. Hospice care can take place in home or at a facility. Hospice care encompasses a range of supportive services, including physician and nursing services, pain management, physical or occupational therapy, medical social services, spiritual and grief counseling, and home maintenance support. Services align with a plan of care that is designed collaboratively with the patient and caregiver(s). Hospice care engages an interdisciplinary team to meet the needs of patients, including doctors, nurses, social workers, counselors, hospice aides, and pastoral care providers.

**Hospital-at-home:** Hospital-level (acute) care provided in the patient's home.

**Infusion therapy:** The administration of medication or fluids through a needle or catheter, usually intravenously (directly into the patient's vein via a needle or tube).

**Palliative care:** A type of health care that focuses on pain relief and comfort, regardless of life expectancy. Patients may receive palliative care along with treatment intended to cure serious illness. Palliative care can take place in home or at other care locations.

**Post-acute care:** Health care for patients recovering from a hospital stay after receiving "acute care" such as emergency medicine, trauma care, surgery, or stabilization care. Also referred to as "rehabilitation services." Post-acute care may include staying in a facility (such as a skilled nursing facility or long-term care hospital), receiving treatment in an outpatient facility or clinic, or care at home.

**Vertical consolidation:** Also referred to as “vertical integration;” the combination of two companies or organizations in different lines of work or operating at different levels of the supply chain. In health care, the acquisition of a physician practice by a hospital or the merger of a health plan with a hospital system would be considered vertical consolidation.

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