

043 Providence-Compassus Comprehensive Review

The Oregon Health Authority’s 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. On March 20, 2025, OHA accepted a complete [Notice of Material Change Transaction](#) (“notice”) from FC Compassus, LLC (“Compassus”), detailing plans for Compassus to acquire a 50% membership interest in Compassus Providence Holdings, LLC, a joint venture between Compassus and Providence St. Joseph Health (“Providence”), which holds the home health and in-home hospice assets of Providence Health & Services – Oregon (“Providence Oregon”). This acquisition is referred to in this report as the “transaction,” and Compassus, Providence, and Providence Oregon are collectively referred to as “the entities.”

About the Transaction

Compassus is a for-profit company that provides hospice care, palliative care, home health care, and home infusion services in 30 states. Compassus is jointly owned by TowerBrook Capital Partners, L.P., a private equity firm, and Ascension Health Alliance, a nonprofit, faith-based health system headquartered in St. Louis, Missouri.

Providence Oregon is a subsidiary of Providence St. Joseph Health (“Providence”), a nonprofit, faith-based health system headquartered in Renton, Washington that operates in Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. Providence serves approximately 1.25 million patients annually in Oregon and is the largest provider of home health and home-based hospice care in the state.

On October 18, 2024, Providence entered into a Master Contribution and Purchase Agreement (“Agreement”) with Compassus and a newly created entity, Compassus Providence Holdings, LLC (“Providence JV” or “JV”), whereby Providence, including Providence Oregon, would undergo an internal reorganization and transfer its home health and hospice assets to the JV. Compassus would thereafter acquire a 50% membership interest in the JV and assume the management of its day-to-day operations in exchange for a fee. The JV will be governed by a Board of Managers (“Board”) consisting of four Providence representatives and four Compassus representatives, with one Compassus member serving as Chairperson.

The Agreement anticipated that closing of the transaction would occur on a state-by-state basis following approval from state regulators. The transaction closed in Washington, Texas, and Alaska on March 1, 2025, and in California on October 1, 2025. The JV will operate under the business name Providence at Home with Compassus.

OHA’s Review

The Oregon Health Authority (OHA) assessed whether the transaction met the criteria for approval outlined in HCMO’s statute and rules. On April 18, 2025, OHA completed a preliminary review of the transaction and determined that a comprehensive review was warranted. OHA issued a [Comprehensive Review Determination](#) and a [Preliminary Review Report](#) detailing its preliminary analysis and concerns about the transaction.

During comprehensive review, OHA conducted more in-depth analysis to understand how the transaction might impact access to affordable, equitable care for people in Oregon. OHA's analysis was guided by the approval criteria outlined in ORS 415.501(19) and OAR 409-070-0060(5). To inform the analysis, OHA reviewed documents and information submitted by the entities, analyzed data, conducted background research, and consulted with outside experts. OHA accepted public comments on the transaction throughout the review period, ultimately receiving more than 250 comments. OHA obtained additional input from Providence home health and hospice employees in Oregon via a survey.

Key Findings

OHA's findings related to each of the comprehensive review criteria are summarized below.

Competitive Effects

Compassus does not currently own or operate any home health or hospice agencies in Oregon. The transaction therefore will not increase concentration in Oregon's market for home health or hospice services.

Lawfulness of the Transaction

Legal analysis of the transaction found no evidence that the transaction, as presented, is contrary to law.

Financial Stability

Providence's home health and hospice service lines have sustained financial losses in recent years, and this is expected to continue, raising the risk of future closures and service reductions. The transaction can be expected to improve the profitability and financial stability of Providence's home health and hospice business nationally and in Oregon.

Impact on Consumers and the Public

Improved financial performance and stability of Providence's home health and hospice service lines should help avoid further cuts to services in Oregon. While this would benefit Oregon patients broadly, the transaction could reduce access to care for some groups, impact care quality via staffing and other operational changes, and limit the availability of community benefit programs. Specifically, OHA's analysis identified the following concerns:

- The JV may be incentivized to directly or indirectly reduce its provision of lower margin (less profitable) services, including services in rural areas and care for patients with medically complex conditions.
- The JV plans to take various steps to increase the productivity of clinical staff. Compassus will need to carefully monitor these efforts to ensure that quality of care is not compromised. This could happen if productivity expectations are not realistic or if certain clinical staff are not adequately trained or supervised.
- Providence offers several community benefit programs related to home health and hospice in Oregon. Focus on these programs may diminish as a result of the transaction.

OHA has imposed conditions on its approval of the transaction to mitigate these concerns.

Potential to Benefit the Public Good and Communities

The JV is expected to improve the profitability and financial stability of Providence's home health and hospice business and should therefore help avoid further cuts to services in Oregon. The

entities have stated they will seek to expand access to home health and hospice services in Providence’s existing service areas in Oregon, which include numerous underserved areas.

OHA has imposed a condition requiring the JV to use commercially reasonable and good-faith efforts to serve more patients in Providence’s existing service areas. OHA has also imposed a condition requiring the JV to abide by its commitment to invest \$30 million on turnaround efforts in Oregon.

Conclusions and Decision

Based on comprehensive review findings, OHA approved the transaction with conditions on May 15, 2026. (See the [Comprehensive Review Order](#) for details.) OHA determined that under the approval conditions (listed below), the transaction meets the criteria for approval following comprehensive review outlined in ORS 415.501(9) and 409-070-0060(5).

For OHA to approve a transaction following comprehensive review, the transaction must meet the criteria for A. *and* B. *or* C. listed below:

<p>A. There is no substantial likelihood that the transaction would:</p> <ul style="list-style-type: none">• Have material anti-competitive effects in the region not outweighed by benefits in increasing or maintaining services to underserved populations;• Be contrary to law;• Jeopardize the financial stability of a health care entity involved in the transaction; or• Otherwise be hazardous or prejudicial to consumers or the public	<i>and</i>	<p>B. The transaction will benefit the public good and communities by:</p> <ul style="list-style-type: none">• Reducing the growth in patient costs in accordance with the health care cost growth targets established under ORS 442.386 or maintain a rate of cost growth that exceeds the target that the entity demonstrates is in the best interest of the public;• Increasing access to services in medically underserved areas; or• Rectifying historical and contemporary factors contributing to a lack of health equity or access to services. <p style="text-align: center;"><i>or</i></p> <p>C. The transaction will improve health outcomes for residents of this state.</p>
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OHA determined that, under the approval conditions outlined below, the transaction meets criterion A, because there is no substantial likelihood that the transaction would have material anticompetitive effects in Oregon, be contrary to law, jeopardize the financial stability of Providence’s home health and hospice business, or be otherwise harmful to consumers or the public. OHA further determined that subject to approval conditions outlined below, the transaction will benefit the public good and communities by increasing access to home health or hospice services in medically underserved areas. The transaction therefore satisfies criterion B.

Approval Conditions

This transaction is approved subject to the conditions listed below, which apply for a five-year period following the transaction’s close. Please see the Comprehensive Review Order for the legal wording of these conditions.

1. If either Providence or Compassus decides to sell its 50% stake in the JV, the seller must notify OHA at least 30 days in advance of the sale.
2. The JV must invest no less than \$30 million in its Oregon home health and hospice agencies over five years.
3. The JV's operations in Oregon must further Providence's charitable purpose and promote health for a broad cross-section of the community, especially low-income and disadvantaged persons, as specified in the JV operating agreement.
4. The JV must continue to offer existing home health and hospice community benefit programs in Oregon.
5. The JV must provide financial assistance to patients in Oregon consistent with the Compassus financial assistance policy, which is substantially equivalent to the Providence financial assistance policy.
6. Current patients of Providence home health and hospice agencies in Oregon who are receiving financial assistance must continue receiving financial assistance under the Providence financial assistance policy through the end of the patient's current care episode.
7. The JV must use commercially reasonable and good faith efforts to continue to operate and maintain all Oregon home health and hospice agency locations and not close, consolidate, or relocate any agency location, or eliminate services, unless there is reasonable cause or an emergency circumstance. The JV may relocate an agency if the new address is within 10 miles of the old address, or if the relocation results in the expansion of Providence's service area. The JV will not be obligated to operate or maintain an agency if the agency sustains financial losses for more than six months following close of the transaction.
8. The JV must use commercially reasonable and good-faith efforts to serve more patients in Providence's existing service areas in Oregon.
9. The JV must provide access to home health and hospice services based on medical necessity and regardless of the patient's ability to pay, geographic location (provided the patient is within the licensed service area), or medical diagnosis (provided the patient meets eligibility criteria for home health or hospice benefits).
10. The JV must use commercially reasonable and good faith efforts to maintain the total FTE of clinical staff in Oregon for at least six months following close of the transaction.
11. The JV must ensure that its use of paraprofessional staff is consistent with federal and state regulations related to the assignment, duties, supervision, and competency of such staff.
12. The JV's home health and hospice agencies in Oregon must maintain accreditation by Community Health Accreditation Partner (CHAP), The Joint Commission, or other nationally recognized third-party accrediting body.
13. The JV must continue to provide access to patient care services to individuals covered by Medicare, Medicaid, and other state or federal health care programs.
14. If the entities fail to comply with any of the approval conditions, the JV will be required to appoint a "compliance officer" responsible for addressing the compliance issue and overseeing the JV's ongoing compliance with conditions.
15. The JV must submit an annual Compliance Report to OHA. The Compliance Report must include certification of compliance with each approval condition and data on specified metrics.

OHA will conduct follow-up analyses one year, two years, and five years after the transaction closes to monitor compliance with these conditions and assess the impact of the transaction on health care costs, quality of care, access to care, and health equity in Oregon.

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