



Health Care Market Oversight (HCMO) Program HCMO-1: Notice of Material Change Transaction

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General Instructions

Pursuant to Oregon Revised Statute (ORS) 415.501, an entity to a material change transaction must submit a Notice to the Oregon Health Authority (OHA) notifying OHA of such transaction. This form must be used to comply with this statutory mandate.

You must file this Notice electronically with OHA, in a portable document form (pdf), by email to hcmo.info@oha.oregon.gov **no less than 180 days** before the expected closing date of your material change transaction. Please submit the notice, relevant HCMO forms, and any supplemental documents as separate files.

To avoid delays in OHA's review of your proposed transaction, due diligence is required to complete this form correctly. Your initial Notice filing will not be considered complete until all documents marked as confidential are reviewed and accepted by OHA and the Oregon Department of Justice. To avoid unnecessary delays, do not redact non- confidential content. This HCMO-1 Notice form should not contain any information you intend to designate as confidential. Any information designated as confidential must be supplied on a supplemental attachment to this HCMO-1 Notice in accordance with the requirements of OAR 409-070-0070. Please apply Bates numbering to all documents submitted with the Notice. Please include the applicable Bates number sequence on all redaction logs.

The Notice is not complete until all required information is satisfactorily provided, and the review period will not run until OHA deems the Notice complete.

The Notice, along with any public supporting documents, will be published and serve as notice to the public. Contact program staff with any questions or to request technical assistance at hcmo.info@oha.oregon.gov.

Who must file a Notice

Under ORS 415.501, an entity entering into a transaction that constitutes a material change must submit written notice to OHA of such material change.

A material change transaction includes:

- A. A transaction in which at least one party had average revenue of \$25 million or more in the preceding three fiscal years and another party:
 - i. Had an average revenue of at least \$10 million in the preceding three fiscal years;
or

- ii. In the case of a new entity, is projected to have at least \$10 million in revenue in the first full year of operation at normal levels of utilization or operation as prescribed by the authority by rule.

Out-of-state entities

If a transaction involves a health care entity in this state and an out-of-state entity, a transaction that otherwise qualifies as a material change transaction must submit this Notice if the transaction may result in increases in the price of health care or limit access to health care services in this state. See [OHA Guidance on Out-of-State Entities](#).

Confidentiality

Information on this Notice form shall be a public record and will be posted on OHA's website. Pursuant to ORS 415.501(13), OHA shall maintain the confidentiality of all confidential information and documents that are not publicly available that are obtained in relation to a material change transaction and may not disclose the information or documents to any person without the consent of the person who provided the information or document. Information and documents described in this paragraph are exempt from disclosure under Oregon Public Records Law (ORS 192.311 to 192.478).

Entities must follow the requirements of Oregon Administrative Rule (OAR) 409-070- 0070 when designating portions of a Notice and any documents submitted by the applicant in support of the Notice as confidential. See [OHA Use of Confidential Information Guidance](#).

Definitions

“**Acquisition**” occurs when:

- a) Another person acquires control of the health care entity including acquiring a controlling interest as described in OAR 409-070-0025;
- b) Another person acquires, directly or indirectly, voting control of more than fifty percent (50%) of any class of voting securities of the health care entity other than a domestic insurer as described in OAR 409-070-0025(1)(c);
- c) Another person acquires all or substantially all of the health care entity's assets and operations;
- d) Another person undertakes to provide the health care entity with comprehensive management services; or
- e) The health care entity merges tax identification numbers or corporate governance with another entity.

“**Legal entity name**” means legal business name as reported with Internal Revenue Service.

“**Merger**” means a consolidation between two or more organizations, including two or more organizations joining through a common parent organization or two or more organizations forming a new organization.

“**NPI**” means 10-digit National Provider Identification number issued by the Centers for Medicare and Medicaid Services (CMS).

“**Tax ID**” means 9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the Internal Revenue Service.

“**Transaction**” means:

- a) A merger of a health care entity with another entity;
- b) An acquisition of one or more health care entities by another entity;
- c) New contracts, new clinical affiliations and new contracting affiliations that will eliminate or significantly reduce, as defined by the authority by rule, essential services (see Essential Services and Significant Reduction guidance);
- d) A corporate affiliation involving at least one health care entity; or
- e) Transactions to form a new partnership, joint venture, accountable care organization, parent organization or management services organization.

Additional defined terms can be found at ORS 415.500 et seq. and OAR 409-070-0000 to -0085.

I. Parties to the proposed transaction

List the entity name for all parties to the proposed transaction. Add extra rows as needed for additional parties.

| | |
|---------------------|--|
| Party A (Applicant) | FC Compassus, LLC |
| Party B: | Providence St. Joseph Health, Providence Health & Services, St. Joseph Health System, Other Providence Parties Listed in Schedule A of the Agreement (<i>defined herein and attached as Exhibit B</i>), including Providence Health & Services-Oregon |
| Party C: | Compassus Providence Holdings, LLC |

II. Contact information for the parties

Provide contact information for the proposed transaction, as requested below.

1. Provide information for Party A.

| | |
|-------------------|-------------------|
| Legal entity name | FC Compassus, LLC |
| Assumed name | N/A |
| Tax ID | 47-2468370 |

| | |
|-----------------|---|
| Mailing address | 10 Cadillac Drive, Suite 400, Brentwood, TN 37027 |
| Website | www.compassus.com |
| Contact Name | Russell Adkins |
| Title | SVP, Chief Legal Officer & Corporate Secretary |
| Phone | <i>See Exhibit A.</i> |
| Cell Phone | <i>N/A</i> |
| Email | <i>See Exhibit A.</i> |

Is Party A represented by legal counsel for this transaction?

☒ Yes

☐ No

Provide information regarding Party A's legal counsel, if applicable.

| | |
|---------------|--|
| Name | Bevin M.B. Newman |
| Firm | Sheppard, Mullin, Richter and Hampton, LLP |
| Address | 2099 Pennsylvania Avenue, NW, Suite 100 |
| Phone | (202) 747-1940 |
| Email Address | bnewman@sheppardmullin.com |

2. Provide information for Party B.

| | |
|-------------------|---|
| Legal entity name | Providence Health & Services – Oregon |
| Assumed name | N/A |
| Tax ID | 51-0216587 |
| Mailing address | 1801 Lind Avenue SW, Renton, WA 98057 |
| Website | https://www.providence.org/about/oregon |
| Contact Name | Jim Watson |
| Title | Deputy General Counsel |
| Phone | <i>See Exhibit A.</i> |
| Cell Phone | N/A |
| Email | <i>See Exhibit A.</i> |

Is Party B represented by legal counsel for this transaction?

☒ Yes

☐ No

Provide information regarding Party B's legal counsel, if applicable.

| | |
|------|-----------------|
| Name | Matthew C. Hans |
|------|-----------------|

| | |
|---------------|--|
| Firm | Polsinelli PC |
| Address | 7676 Forsyth Boulevard, Suite 800 St. Louis, MO 63105 |
| Phone | 314-552-6820 |
| Email Address | mhans@polsinelli.com |

For any additional Parties, please provide a supplemental attachment describing the information requested in Section 2.

See **Exhibit A**.

3. Provide a billing contact for payment of review fees. See Exhibit A.

III. About the proposed transaction

4. Provide the type of material change transaction. (See OAR 409-070-0010 for definitions of transactions subject to review.)

☐ Merger

☒ Acquisition

☐ Affiliation

☐ Contract

☐ Other (specify)_____

5. What is the anticipated effective date of the proposed material change transaction?

FC Compassus, LLC (“**Compassus**”) on the one hand and Providence St. Joseph Health (“**PSJH**”) with its subsidiary, Providence Health & Services (“**PHS**,” together with PSJH, “**Providence**,” and together with Compassus, the “**Parties**” and each a “**Party**”) on the other hand expect to close the transaction reported herein with respect to Providence’s Oregon-based home health and home-based hospice agency operations and related assets (the “**Oregon Transaction**”) as soon as practicable after the satisfaction or waiver of all applicable conditions to closing of the Oregon Transaction as set forth in the Master Contribution and Purchase Agreement, dated as of October 18, 2024 (the “**Agreement**”), produced herewith as **Exhibit B** including OHA’s approval of the Oregon Transaction upon conclusion of the HCMO review. The Oregon Transaction is part of a broader joint venture transaction between the Parties and their affiliates involving the creation of a 50/50 joint venture relationship between Compassus and Providence related to home health and home-based hospice operations in Alaska, California, Oregon, Texas, and Washington (the “**Joint Venture**,” as described in greater detail below in the response to Question 6). The Parties currently intend to consummate the Joint Venture

transaction on a state-by-state basis as soon as practicable following satisfaction or waiver of all closing conditions, including receipt of all necessary governmental approvals and third-party consents, relating to each such state.

6. Briefly describe the proposed material change transaction, including:

a. Goals and objectives

Through consummation of the Oregon Transaction, the Parties seek to jointly expand home health and home-based hospice services in Oregon, make such services accessible to more patients, improve quality of care, patient experience and health outcomes, and improve the caregiver experience while maintaining the core tenets of Providence's charitable nonprofit mission and heritage.

Home health and home-based hospice care services are critical community healthcare services for which demand is projected to increase due to the aging of the population, the increased prevalence of chronic illness, and patients' preference to receive care at home. Providence, whose operations are primarily focused on inpatient and ambulatory services, concluded after an in-depth review of its home health and home-based hospice care operations that the most effective and efficient way for it to meet the post-acute home-based care needs of the patient populations that it serves in Oregon and, more broadly, in the other states in which it operates home health and home-based hospice care services, is to partner with an organization that is deeply experienced and dedicated to serving such home-based care needs at the highest levels of quality and patient experience. Providence selected Compassus, an organization dedicated to caring for the unique needs of post-acute care patients in the home environment, to be its equal partner in home-based care services based on Compassus's best-in-class operating expertise and depth of specialized resources focused on home health and home-based care services, and Compassus' highly effective proprietary care delivery model, which will enable the Parties to jointly preserve and expand access to home-based care services in a way that aligns with Providence's charitable and non-profit mission and ultimately will improve both access to care and health outcomes.

The goals of the Oregon Transaction include the following:

- Implementation of capabilities and technologies to automate and integrate medical records to allow for smoother transitions from one level of care to the next delivering an efficient hospital discharge process, eliminating gaps in care, and reducing avoidable hospital readmissions;
- Improved patient quality outcomes;
- Improved patient / family experience;
- Timely initiation of post-acute care to relieve hospital bed capacity constraints and excess lengths of stay;
- Enhanced care coordination between acute and post-acute settings of care;

- Expanded capacity to provide home-based care services in the communities served;
- Maintenance of Providence’s charity care policy;
- Improved caregiver experience and retention;
- Sustainable financial performance to reinvest toward community mission; and
- Evolution toward meaningful participation and success in a value-based care environment.

b. Summary of transaction terms

Joint Venture Structure

- *Joint Venture Parent* - Pursuant to the Agreement, Providence St. Joseph Health (“**PSJH**”), through its affiliates, has formed a new Delaware limited liability company, Compassus Providence Holdings, LLC (“**TopCo JV**”) to be the joint venture legal entity through which the Parties will jointly own, operate, expand and improve Providence’s current home health and home-based hospice operations.
- *State-Level Holding Companies* - PSJH has caused TopCo JV to form five (5) state-level holding companies (LLCs) in each of Alaska, California, Oregon, Texas and Washington, the sole member of each of which is TopCo JV.
- *Service Line Holding Companies* - Each such state-level holding company has, in turn, formed, and serves as the sole member of, two (2) second tier “service line” holding companies -- a home health care service line holding company and a home-based hospice care service line holding company.
- *Licensed Home Health and Home-based Hospice Care Operating Companies* - Each such service line holding company has formed, and is the sole member of, an operating company that will hold and be licensed to operate home health care or home-based hospice assets, as the case may be (each an “**OpCo**”).

For reference, please see the pre- and post-transaction organizational structure diagram available at **Exhibit C**.

Each of the affiliate corporations and LLCs that are directly or indirectly controlled by or under common control with PSJH or its affiliates (as listed in Schedule A of the Agreement), including Providence Health & Services-Oregon, will on a state-by-state basis contribute, assign and transfer to the newly formed OpCos (as described above and listed in Annex A of the Agreement) certain assets currently used by such affiliates of PSJH to conduct the business of providing home health, private duty nursing, and in-home hospice services in Alaska, California, Oregon, Texas, and Washington, and TopCo JV will assume certain liabilities attributable to the assets being contributed to TopCo JV. For each state, at the closing, Compassus will acquire membership interests in TopCo JV from indirect subsidiaries of PSJH (Providence Health & Services – Washington and Providence Health System – Southern California) in exchange for cash

consideration and equity in Compassus Parent, Inc., the indirect parent company of Compassus, so that after each state-level closing, PSJH, through its subsidiaries, and Compassus will each own 50% of TopCo JV and each of them will have the authority to appoint 50% of the Board of Managers of TopCo JV.

The Oregon Transaction is limited to the transfer of certain assets that are currently owned and used by Providence Health & Services-Oregon to provide home health and in-home hospice services. The Oregon Transaction (as well as the Joint Venture transaction as a whole) will not involve the transfer of any assets used to provide services in Providence's hospitals or outpatient clinics operating in Oregon (or in any other state). The assets being contributed by Providence Health & Services-Oregon to the Joint Venture, more specifically to the home health and home-based hospice OpCos that will be licensed to operate in Oregon, are not currently or historically legally organized as separate legal entities. In connection with the creation of the Joint Venture, however, each of the home health and home-based hospice care agencies operated by Providence Health & Services-Oregon will be transferred to and operated through separately formed limited liability companies indirectly controlled by TopCo JV.

A chart that illustrates the proposed post-transaction organizational structure of the Joint Venture relationship between the Parties and lists the Oregon assets being contributed to the Joint Venture is set forth in **Exhibit C**. Additional detail related to a business support services agreement to be entered into between the parties is described in additional detail in **Exhibit A** (Supplemental Responses).

c. Why the transaction is necessary or warranted

The national healthcare system is facing increasing demand to provide high-quality care to the post-acute and non-acute care patient populations in a setting that is comfortable, accessible, and affordable. Home-based care is a critical community healthcare service for which demand is steadily increasing based on the aging of the population, the increased prevalence of chronic illness, and patients' desire to receive care in the home. Providing accessible, reliable and high-quality home-based care services also alleviates capacity limitations that health systems face in the acute care inpatient setting. However, delivering care in a home-based setting falls outside of the core focus or delivery model for most hospital and health systems, including Providence. Providence has found it to be increasingly challenging to effectively manage its home-based care service lines while maintaining its targeted levels of care and quality in a rapidly advancing and increasingly competitive industry. After careful consideration, Providence concluded that the cost and complexity required to transform its home health and home-based hospice services independently is substantial and the outcome highly uncertain and that the communities it serves would be better served by a partnership between Providence and Compassus, a mission-aligned operating partner specializing in home health and hospice services, which has the resources, focused-expertise, and tailored capabilities needed to expand and enhance the scope, quality, and access to home health and hospice services on a sustainable basis into the future.

Compassus, through its model of partnering with multi-hospital health systems throughout the country, has demonstrated its ability to generate improvements in care through

reductions in excess hospital days and avoidable readmissions, which, in turn, relieves the health system's inpatient bed capacity constraints and lowers overall costs of care for patients and government payor programs through a reduction of unnecessary costs.

The Oregon Transaction, and the Joint Venture as a whole, supports Compassus' mission to advance the wellbeing and honor quality of life for all of its patients and Providence's mission to improve the health and quality of life for all of the communities it serves in Oregon, as well as in each of the other states involved in the Joint Venture. The Joint Venture is designed to elevate the quality of the home-based care services available to patients in Oregon. As a nationally scaled provider of integrated home-based care to more than 460,000 patients annually, Compassus is continually evaluating community needs, both locally and nationwide, to identify and implement new ways to collaborate with its health system partners in furtherance of advancing home-based care services. The Joint Venture will leverage Compassus's expertise, advanced technology platforms, and dedicated post-acute care models to maintain and ultimately increase the volume, scope, and quality of services available to patients in Oregon.

- d. **Any exchange of funds between the parties, including the nature, source and amount of funds or other consideration (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services).**

See **Exhibit A** (Supplemental Responses).

7. Describe the negotiation or transaction process that resulted in the entities entering into an agreement.

- a. **How the entities were identified (e.g., did one party approach the other, did one party engage in a bid/auction process, etc.)**

Providence identified the need to find a partner solely focused on providing care in the home-based care space to augment and improve its existing home-based care operations and initiated a sell-side auction process in 2023. Providence believed that the cost and complexity to transform its home health and hospice services independently was too great, the outcome was highly uncertain, and Providence's communities would be better served by partnering with a mission-aligned operating partner who already has the resources and capabilities needed to expand these services into the future. Providence investigated home-based care providers across the country to identify potential partners having a strong track-record of quality outcomes, high patient experience reviews, reported achievement of industry-specific performance metrics, retention of caregivers, deliberate but measured growth over time, and, in particular, experience with partnering with nonprofit health systems to ensure continuity of the care of Providence's patients.

Providence engaged investment bankers, BDT & MSD Partners ("**BDT&MSD**"), to conduct a two-round auction process. In the first round, Compassus and Providence business development teams engaged in an in-person meeting in early September 2023 to

ensure the parties were aligned in their mission and vision for the potential partnership. Compassus submitted an indication of interest on October 9, 2023. Providence invited Compassus to participate in the second round of the auction process, in which Compassus submitted a proposed Letter of Intent in November 2023. After internal discussions among Providence's leadership, community advisory board, sponsors and mission team, and following detailed negotiations of the terms and conditions to be set forth in a letter of intent, Providence selected Compassus to be its joint venture partner and entered into a letter of intent with Compassus on January 26, 2024. Throughout the auction process, Providence identified four (4) potential partners in addition to Compassus. Providence did not move forward with the other potential partners for a variety of reasons including that their missions did not sufficiently align with Providence's and they did not properly value the potential joint venture partnership. Additionally, Compassus' selection was based on its proven track-record of successfully working with non-profit health systems to expand and improve their home health and hospice operations and Providence's determination that Compassus was the partner that was most capable of helping Providence improve the quality and scale at which it provides home health and home-based hospice services to its communities, while maintaining the full scope of services and caregiver satisfaction and engagement.

Upon entering into a letter of intent, Providence and Compassus conducted mutual legal, financial and operational due diligence, and negotiated the definitive terms and conditions of the Joint Venture to be set forth in definitive transaction agreements, including, in particular, the Agreement (a copy of which is attached as **Exhibit B**) which was signed by the Parties on October 18, 2024.

b. Any due diligence performed by any of the parties to the transaction. Provide any products, reports, or analyses resulting from due diligence processes.

Compassus' due diligence included engaging Ernst & Young to perform financial, tax and operational due diligence of Providence's home health and home-based hospice service lines.

Compassus also engaged Sheppard Mullin Richter and Hampton, LLP and Morgan, Lewis & Bockius, LLP to perform legal due diligence of Providence's home health and home-based hospice service lines. Morgan, Lewis & Bockius, LLP engaged WellSky, a third party-consultant, to conduct a limited sample medical chart and billing review of the Providence home health and home-based hospice agencies within the scope of the Joint Venture transaction. Counsel to the Parties jointly engaged VMG Health, a third-party independent professional valuation service firm, to provide an opinion of the valuation of the assets to be contributed to the Joint Venture. These reports were created by outside counsel or advisors retained by outside counsel and are withheld on the basis of attorney-client, attorney work product, and common interest/joint defense privileges.

Providence also performed some limited due diligence, by engaging Polsinelli PC to perform legal due diligence, and by engaging BDT&MSD to create financial projections for the joint venture. BDT&MSD's valuation report will be provided by Providence directly to OHA on a confidential basis.

8. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

☐ Yes

☒ No

9. List any applications, forms, notices, or other materials that have been submitted to any other state or federal agency regarding the proposed material change transaction. Include the data and nature of any submissions. This includes, but is not limited to, the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.

See **Exhibit A** (Supplemental Responses).

a. If a pre-merger notification was filed with the Federal Trade Commission or U.S. Department of Justice, please attach the pre-merger notification filing along with this notice submission.

See **Exhibit A** (Supplemental Responses).

IV. About the entities involved in the proposed transaction

10. Describe Party A.

a. Describe Party A's business, including business lines or segments

Compassus is a leading provider and manager of comprehensive integrated home-based care services delivering high-quality, compassionate, patient-centered home health, in-home hospice, and palliative care services in thirty (30) states across the country to individuals wherever they call home, generally in partnership with health systems. Through an integrated suite of services and resources, Compassus supports ambulatory and acute settings to optimize discharge planning and operate an integrated continuum of home-based care as a service line to address the spectrum of post- and non-acute care needs leveraging innovative technology and predictive analytics to ensure the right level of care at the right time in the right setting.

Compassus offers hospice care, palliative care, home health care, including home infusion services in Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia, and Wisconsin, typically in partnership with health systems, hospitals, and long-term care partners.

Compassus focuses on improving outcomes for patients and healthcare partners as the foundation of its care services and provides innovative solutions to improve quality of

care. Compassus has a proven track-record of investing to improve the quality of care provided through its health system partnerships resulting in an increase in patient satisfaction and improved clinical outcomes. For example, with Compassus as the operating partner for the Ascension at Home joint venture since mid-2020, home health CMS Star Ratings have improved dramatically, while total cost of care has been effectively managed through the reduction in the excess hospital stays and hospital readmissions. At the same time, admissions to the home-based setting increased approximately 13% from 2020 to 2023.

b. Describe Party A's governance and operational structure (including ownership of or by a health care entity)

Pursuant to its Limited Liability Company Agreement (a copy of which is included with this Notice as **Exhibit E**), Compassus is managed by and governed under the direction of its Board of Directors as described in Section 6.1 of the Limited Liability Company Agreement.

The ownership of Compassus is reflected in the organization chart attached as **Exhibit F**. Compassus owns and operates home-based care operating companies and participates in several joint ventures with health care provider systems outside of Oregon to jointly own and operate home-based care operating companies.

c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

See **Exhibit F**.

d. List all of Party A's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

Compassus has no business entities currently licensed to operate in Oregon.

e. Provide financial statements for the most recent three fiscal years. If Party A also operates outside of Oregon, provide financial statements both for Party A nationally and for Party A's Oregon business.

See **Exhibit G**.

f. Describe and identify Party A's health care business. Provide responses to i-ix as applicable:

i. Provider type (hospital, physician group, etc.)

Compassus is a provider and manager of in-home hospice care, home-based palliative care, home health care, including home infusion services.

ii. Service lines, both overall and in Oregon

Nationally, Compassus is engaged in the following service lines: home-based hospice care, home-based palliative care, home health care, including home infusion services. Compassus has no operations in Oregon.

iii. Products and services, both overall and in Oregon

Nationally, Compassus is engaged in the following service lines: home-based hospice care, home-based palliative care, home health care, including home infusion services. Compassus has no operations in Oregon.

iv. Number of staff and FTE, both overall and in Oregon

Compassus and its wholly owned subsidiaries employ 3,743 FTEs nationwide (4,403 staff nationwide). The joint ventures of which Compassus is a member currently employ a total of 1,961 FTEs nationwide (2,470 staff nationwide). Compassus employs 2 FTEs in Oregon – a facilities space planner and a senior reporting analyst. Both FTEs work remotely from their residences in Oregon.

v. Geographic areas served, both overall and in Oregon

Compassus currently conducts operations in the following thirty (30) states: Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia, and Wisconsin.

vi. Addresses of all facilities owned or operated using HCMO-1c: Facilities and Locations form

Compassus does not own or operate any facilities or locations in Oregon.

vii. Annual number of people served in Oregon, for all business, not just business related to transaction

Compassus does not provide any services or otherwise operate in Oregon.

viii. Annual number of services provided in Oregon

Compassus does not provide any services or otherwise operate in Oregon.

ix. For hospitals, number of licensed beds

N/A.

11. Describe Party B.

PSJH is the parent corporation of Providence Health & Services, a Washington nonprofit corporation, which is a nationally regarded integrated health system headquartered in Renton,

Washington. Providence offers comprehensive health care services through a broad array of licensed health care facilities and providers in Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington.

a. Describe Party B's business, including business lines or segments

Providence's service lines include inpatient acute care hospitals, medical groups, ambulatory health care services, outpatient clinics, senior care facilities, in-home health and hospice care agencies, health plans, and other health care operations.

b. Describe Party B's governance and operational structure (including ownership of or by a health care entity)

PSJH is a not-for-profit corporation governed by a board of directors and a sponsorship council comprised of members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. Providence operates in Oregon through PSJH's wholly-owned subsidiary, Providence Health & Services – Oregon.

c. Provide a diagram or chart showing the organizational structural and relationships between business entities.

See Exhibit H.

d. List all of Party B's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See Exhibit I.

e. Provide financial statements for the most recent three fiscal years. If Party B operates outside of Oregon, provide financial statements both for Party B nationally and for Party B's Oregon business.

See Exhibit J for PSJH annual reports and Oregon executive summaries for 2021-2023.

f. Describe and identify Party B's health care business. Provide responses to i-ix as applicable.

i. Provider type (hospital, physician group, etc.)

PSJH's service lines include inpatient acute care hospitals, medical groups, ambulatory health care services, outpatient clinics, senior care facilities, in-home health and hospice care agencies, and other health care operations.

ii. Service lines, both overall and in Oregon

PSJH's service lines, both overall and in Oregon, include inpatient acute care hospitals, medical groups, ambulatory health care services, outpatient clinics, senior

care facilities, in-home health and hospice care agencies, and other health care operations.

iii. Products and services, both overall and in Oregon

PSJH's service lines, both overall and in Oregon, include inpatient acute care hospitals, medical groups, ambulatory health care services, outpatient clinics, senior care facilities, in-home health and hospice care agencies, and other health care operations.

iv. Number of staff and FTE, both overall and in Oregon

Organization-wide

a. Staff: 129,140

b. FTE: 105,322

Oregon

a. Staff: 25,320

b. FTE: 21,179

i. Geographic areas served, both overall and in Oregon

Overall, PSJH serves patients in Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. Providence Health & Services – Oregon provides home health and hospice services throughout Oregon.

ii. Addresses of all facilities owned or operated using HCMO-1c: Facilities and Locations form

See Exhibit K.

iii. Annual number people served in Oregon, for all business, not just business related to transaction

Providence estimates that it served approximately 1.25 million patients in Oregon in 2024.

iv. Annual number of services provided in Oregon

Providence estimates it had approximately 78,000 inpatient hospital admissions, 1,200,000 outpatient cases in hospital, and 1,429,000 patient visits in non-hospital settings in Oregon in 2024.

v. For hospitals, number of licensed beds

PSJH's eight hospitals in Oregon have 1,358 licensed beds.

vi. For any additional Parties, please provide a supplemental attachment describing the information requested in Section 11 (a) – (f).

N/A

The following information is provided on behalf of Party C:

g. Describe Party C's business, including business lines or segments

As described in the responses to Items 5 and 6, above, Party B formed Party C, TopCo JV, as a wholly-owned subsidiary for purposes of completing the Transaction. TopCo JV from its formation until the first state-level closing had no operations. As described in the response to Item 6(b), the Parties intend to close portions of the Transaction on a state-by-state basis as closing conditions are satisfied in each state. As of the date hereof, Party B has transferred certain non-Oregon assets to subsidiaries of its wholly owned subsidiary, Party C, and Party A subsequently acquired 50% of the equity of Party C. Party A and Party B, through their joint ownership of Party C will own and operate the Joint Venture described above in the response to Item 6.

h. Describe Party C's governance and operational structure (including ownership of or by a health care entity)

Pursuant to its Limited Liability Company Agreement, which is included in substantially final form as Exhibit A to the Agreement attached as **Exhibit B** hereto, TopCo JV will be managed by a Board of Managers. Pursuant to such Limited Liability Company Agreement, each of Compassus and Providence are authorized to appoint 50% of the Board of Managers of TopCo JV. The ownership of TopCo JV is reflected in **Exhibit C**.

i. Provide a diagram or chart showing the organizational structural and relationships between business entities.

See Exhibit C.

j. List all of Party C's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See Exhibit T.

k. Provide financial statements for the most recent three fiscal years. If Party C also operates outside of Oregon, provide financial statements both for Party C nationally and for Party C's Oregon business.

TopCo JV is a newly formed entity and has generated no financial statements.

l. Describe and identify Party C's health care business. Provide responses to i-ix as applicable:

i. Provider type (hospital, physician group, etc.)

As of the first closing, subsidiaries of TopCo, JV described in response to Item 6(b) above, will operate in-home hospice care, home-based palliative care, and home

health care agencies and will provide certain home infusion services in Alaska, Texas, and Washington.

ii. Service lines, both overall and in Oregon

As of each state-level closing, subsidiaries of TopCo JV, will be engaged in the following service lines in Alaska, Texas, Washington, California and Oregon: home-based hospice care, home-based palliative care, and home health care. In addition, subsidiaries of TopCo JV will provide certain home infusion services in Alaska, Texas and Washington and personal care/private duty services in California.

iii. Products and services, both overall and in Oregon

As of each state-level closing, subsidiaries of TopCo JV, will be engaged in the following service lines in Alaska, Texas, Washington, California and Oregon: home-based hospice care, home-based palliative care, and home health care. In addition, subsidiaries of TopCo JV will provide certain home infusion services in Alaska, Texas and Washington and personal care/private duty services in California.

iv. Number of staff and FTE, both overall and in Oregon

TopCo JV (including all subsidiaries) has no employees.

v. Geographic areas served, both overall and in Oregon

As described in the responses to Items 5 and 6, above, Party B formed Party C, TopCo JV, as a wholly owned subsidiary for purposes of completing the Transaction. TopCo JV from its formation until the first state-level closing had no operations. As described in the response to Item 6(b), the Parties intend to close portions of the Transaction on a state-by-state basis as closing conditions are satisfied in each state. Ultimately, the Joint Venture will operate in Alaska, California, Oregon, Texas and Washington. The Oregon locations to be included in the Joint Venture are indicated in Exhibit C.

vi. Addresses of all facilities owned or operated using HCMO-1c: Facilities and Locations form

TopCo JV does not own or operate any facilities or locations in Oregon.

vii. Annual number of people served in Oregon, for all business, not just business related to transaction

In 2024, while wholly owned by Party B, the entity listed on Exhibit T, which is licensed to provide home health services in Utamilla County, provided home health services to 239 Oregon residents.

viii. Annual number of services provided in Oregon

Party C includes the entity listed in Exhibit T, which is licensed to provide home health services in Utamilla County and served 239 Oregon residents in 2024.

ix. For hospitals, number of licensed beds

Not applicable.

12. Describe all mergers, acquisitions, and joint ventures that closed in the ten (10) years prior to filing this notice of material change transaction involving any entities party to the current proposed transaction, the same or related services, and health care entities. For each previous transaction, include:

- a. **Legal names of all entities party to the transaction**
- b. **Type of transaction**
- c. **Description of the transaction**
- d. **Date the transaction closed**

See **Exhibit A** (Supplemental Answers).

13. Describe any anticipated changes resulting from the proposed material change transaction, including:

- a. **Operational structure.**
 - i. **Provide a chart or diagram showing the pre- and post-transaction organizational structure and relationships between entities.**

See **Exhibit C**.

b. Corporate governance and management

The Joint Venture will be governed by a Board of Managers consisting of four (4) Providence representatives and four (4) Compassus representatives. The Parties anticipate maintaining the current leadership and management of Providence's local operating agencies with Compassus providing additional governance/management resources and support, including dedicated leadership at executive levels, and training and skills development programs, which will be available to the current Providence leadership through Compassus' immersive leadership programs.

c. Investments or initiatives

The Joint Venture will invest in improvements to technology utilized to provide home-based care and support the Joint Venture's caregivers and will develop shared-services teams available to the Joint Venture to improve the patient and caregiver experiences, as well as clinical outcomes.

The Joint Venture will invest in implementing Compassus's electronic medical record platform ("EMR") and predictive analytics tools to facilitate patient care, care coordination and management, improved tracking and reporting on quality metrics, and improve clinical outcomes, as well as a dedicated platform and tools for customer relationship management to support and improve the patient, family, and caregiver experiences. For example, the Joint Venture will implement technology and programs such as the HomeCare HomeBase clinical operating platform and EMR software, which is specifically designed to address the unique needs of and optimize clinical care processes for home-based care patients. The Joint Venture will implement predictive analytics and telehealth tools that have been designed to align with key certifying organizations to enable better and more consistent patient adherence, improve tracking capabilities, and standardize and support clinical processes to improve clinical outcomes. With these tailored home-based care tools, the Joint Venture will seek accreditation from the Community Health Accreditation Partner, a CMS-approved, independent, non-profit, accrediting body dedicated to ensuring ongoing quality, growth and compliance of home-based care providers.

d. Type and level of staffing

There will be no change to the type and level of staffing provided as a result of the Joint Venture and no change to employees' roles or responsibilities. Compassus strives to be an "employer of choice" through its joint ventures for home-based care clinicians and caregivers across the nation. In furtherance of this commitment, Compassus and Providence have agreed that the Joint Venture shall provide the same compensation and substantially similar benefits (including a recognition of prior years of service at Providence for benefits-purposes) for Providence's current employees.

The Joint Venture will support Providence's current staff through dedicated shared-services teams, dedicated recruiting for home care clinicians, and specialized training opportunities for staff. The shared-services teams will provide services dedicated to and tailored exclusively for home-based care, including in the areas of human resources, information technology, and revenue cycle management. As the Joint Venture will be solely focused on the provision of home-based care, Compassus will support specialized and purpose-built talent acquisition, recruiting, training, and employer-functions to support caregivers in this setting.

e. Type and level of services provided

There will be no reduction to the type, scope, or level of services provided as a result of the Joint Venture. The agreements between Compassus and Providence require the Joint Venture to be operated to further the nonprofit charitable purposes of Providence Health. Specifically, the agreements between Compassus and Providence require the Joint Venture to be organized and operated to further the charitable purposes of the Providence Members, and specifically in a manner that promotes health for a broad cross-section of the community, especially low-income and disadvantaged persons. The Joint Venture and its subsidiaries and agencies must be operated and managed in a manner that (1) provides access to patient care services based on medical necessity without regard to the patient's age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, payor

source, or ability to pay, (2) provides access to patient care services to individuals covered by Medicare, Medicaid, and other state or federal health care programs, and (3) provides charity care at levels consistent with Providence's charity care policy, and conducts community benefit programs related to home health and home-based hospice services. See Section 2.07 through Section 2.09 and Section 2.11 of TopCo JV's Limited Liability Company Agreement included in substantially final form as Exhibit A to the Agreement attached as **Exhibit B** hereto.

f. Number and type of locations

There will be no reduction to the number and type of locations serving Oregon patients as a result of the Joint Venture. The Joint Venture will support all existing locations and seek to add sites to expand access to care throughout the regions where Providence currently is licensed to provide home-based care services. Compassus has a successful track-record of expanding patient access across the communities in which its joint ventures operate and expects to expand services over time in Oregon.

g. Geographic areas served

There will be no reduction of the geographic areas served as a result of the Joint Venture. The Joint Venture will support all existing locations and seek to add sites to expand access to care throughout the regions where Providence currently is licensed to provide home-based care services. Compassus has a successful track-record of expanding patient access across the communities in which its joint ventures operate and expects to expand services over time in Oregon.

h. For providers, payer contracts and payer mix

See **Exhibit A**.

i. For insurance carriers, provider contracts and networks

N/A

j. Other contractual arrangements, including contracts with suppliers, partners, ancillary service providers, PBMs, or management services organizations

See **Exhibit A**.

V. Impacts from the proposed material change transaction

14. Describe how the proposed material change transaction will impact the public and people served by the entities in Oregon.

The Joint Venture will positively impact the public and people served by Providence in Oregon. The Joint Venture in Oregon is limited to home-based care services, which comprise less than 3% of Providence's assets in Oregon. The Joint Venture will have no impact on Providence's operations outside the scope of the Joint Venture, except to alleviate capacity constraints concerning acute-care inpatient beds through improvements in care coordination

and transitions of care from the acute care setting to the home-based care setting and avoidance of hospital readmissions.

Providence has chosen to partner closely with Compassus, a dedicated provider of home-based care services, to improve the home-based care services it currently provides to the people of Oregon. The agreements between Providence and Compassus require that Compassus, as the manager of the Joint Venture's services, will be required to meet high-level key performance indicators for quality of care and patient satisfaction.

The Joint Venture will help expand and improve Providence's current home health and hospice businesses, making them more enduring, efficient, competitive, and sustainable businesses for the long term. This will allow these businesses to continue serving patients in Oregon and expand the level at which they serve patients in Oregon (*e.g.*, reach more patients in broader geographies; expand the suite of services provided in the home; and sustain or improve the quality of services).

- a. **If there are any anticipated negative effects, describe how the entities will seek to mitigate negative impacts.**

There are no anticipated negative effects of the Joint Venture.

15. Explain how the proposed material change transaction will:

- a. **Impact health outcomes for people in Oregon. Provide applicable data, metrics, or documentation to support your statements.**

Compassus's expertise in providing care in the home-based setting will support the Joint Venture to improve health outcomes for patients in Oregon and their families. Compassus's proprietary Care Delivery model and investments in predictive analytics has led to industry-leading performance across key clinical quality measures. Care Delivery, recently awarded "Next Generation Innovator" by the National Quality Forum, is a set of standardized care processes developed by Compassus, designed specifically for the hospice and home health settings to enable individualized care and drive quality in alignment with key certifying organizations, including the American Hospital Association and the Alzheimer's Association.

As evidenced by Compassus' analysis of CMS datasets available as of Q2 2024 accessed via the database made available by Strategic Healthcare Programs (a leader in the development of performance improvement software built for the modern post-acute care providers), Compassus scores above the national average on the following relevant measures for providers in the home-based care setting:

| Measure | Compassus Average | National Average |
|-------------------------------------|-------------------|------------------|
| Hospice Visits in Last Days of Life | 74.4% | 47.5% |
| Hospice Item Set | 99.4% | 91.8% |

| | | |
|-------------------------|------|-----|
| Home Health Star Rating | 4.25 | 3.2 |
|-------------------------|------|-----|

Compassus has a record of increasing patient access and improving outcomes through its joint ventures. For example, with respect to Compassus' largest joint venture to date, it has opened 12 new patient locations and increased patient admissions by 13% since mid 2020. In the same period, Compassus has achieved in excess of CMS 4-star rating for all of the agencies operated by the joint venture (up from 23% in 2020) increasing the average CMS star rating for the joint venture's agencies from 3.5 to 4.25.

b. Benefit the public good by reducing the growth in health care costs. Provide applicable data, metrics, or documentation to support your statements.

By focusing on the full continuum of care for patients and improving the effectiveness of care that can be provided in a home-based setting, the Joint Venture will reduce the growth in health care costs by reducing costly excess inpatient days and avoidable hospital readmissions. In one joint venture, Compassus and its joint venture partner identified that delayed discharges to the post-acute setting and overuse of "home without care" plans of care contributed to excess days being spent in more costly settings. Compassus successfully implemented a program to engage caregivers in the joint venture and in the inpatient setting to provide education on discharge planning and provide evaluation tools to more effectively utilize home-based care for the benefit of patients. Following this targeted problem-solving, the joint venture partner realized an approximately 10% increase in available inpatient capacity and a reduction of more than 30% in excess inpatient days (from an index of 2.7 days to 1.9 days average length of stay for inpatient acute care). In another region, the joint venture sought to address low hospice and home health utilization, a higher-than-expected utilization of inpatient hospice services, and excess hospice days. The joint venture implemented a pilot at-home hospice utilization initiative, resulting in an approximately 75% improvement in excess hospital days (from 2.9 to 0.7 excess days per hospice patient), which represented an estimated \$500K annual reduction in the total cost of care.

c. Benefit the public good by increasing access to services for medically underserved populations. Provide applicable data, metrics, or documentation to support your statements.

The Joint Venture will increase access to services for Oregon residents, including underserved populations. The Joint Venture will support all existing locations and seek to add sites to expand access to care throughout the regions where Providence currently is licensed to provide home-based care services. Compassus has a successful track-record of expanding patient access across the communities in which its joint ventures operate and expects to expand services over time in Oregon.

The agreements between Compassus and Providence require the Joint Venture to be organized and operated to further the charitable purposes of the Providence Members, and specifically in a manner that promotes health for a broad cross-section of the community, especially low-income and disadvantaged persons. The Company and its Subsidiaries and Agencies must be operated and managed in a manner that (1) provides access to patient care services based on medical necessity, without regard to the patient's age, race, color,

creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, payor source, or ability to pay, (2) provides access to patient care services to individuals covered by Medicare, Medicaid and other state or federal health care programs, and (3) provides charity care at levels consistent with Providence's charity care policy, and conducts community benefit programs related to home health and home-based hospice Services.

- d. **Benefit the public good by rectifying historical and contemporary factors contributing to health inequities or access to services. Provide applicable data, metrics, or documentation to support your statements.**

By increasing access to home health care and hospice services for all Oregonians, the Joint Venture will bring more services to communities that have historically experienced health inequities. Indeed, as noted above, the Joint Venture will be operated without regard to the patient's age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, payor source, or ability to pay. The Joint Venture also will continue to provide charity care in compliance with Providence's charity care program.

- e. **If the transaction will not benefit the public good as described in b-d, explain why this proposed material change transaction is in the best interest of the public.**

N/A

16. Describe any competitive effects that may result from the proposed material change transaction.

- a. **Will the proposed material change transaction result in a decrease in competition?**

The Joint Venture will not result in a decrease in competition. As a new entrant into Oregon, Compassus acting in partnership with Providence through the Joint Venture will bring new, dedicated home-based care service resources to the state enhancing competition in the provision of these services. The Joint Venture is committed to investing in the home-based care services that Providence offers today, which will enable the Joint Venture to compete more effectively with the growing number of dedicated home-based care providers in Oregon by ensuring the technology and clinical practices supporting home-based services are consistently improved and updated.

- i. **If yes, describe any anticompetitive effects that will result from the proposed transaction.**

N/A

- ii. **If yes, describe any plans to mitigate potential anticompetitive effects, including any divestiture plans.**

N/A

- b. **Provide applicable data, metrics, or documentation to support your statements.**

The number of providers of home health and home-based hospice services will not change as a result of the Joint Venture and the Joint Venture will not impact Providence's

presence with respect to these services. Rather, the Joint Venture will ensure the continued provision and expansion of the services that Providence already provides to Oregon residents in an increasingly competitive service line as demand for post-acute and non-acute home based care rises.

17. Describe the proposed material change transaction's impact on the financial stability of any entity involved in the transaction.

The Parties share the common goal of supporting the financial performance of the home-based care services to be provided by the Joint Venture by positioning the Joint Venture to achieve identified operating results and investment outcomes. In furtherance of these goals, Section 2.6 of the Agreement sets forth the Parties' commitments to provide capital contributions to the Joint Venture to fund operating needs of the Joint Venture.

VI. Supplemental materials

Submit the following materials, if applicable, with your submission. Apply Bates numbering to all confidential documents submitted with the Notice and include the applicable Bates number sequence on all redaction logs.

☒ **HCMO-1a: NPI form** (required for health care provider entities) Attached hereto as **Exhibit L**.

☒ **HCMO-1b: Business Entities form** (required parties with multiple business entities licensed to operate in Oregon). Attached hereto as **Exhibit I**.

☒ **HCMO-1c: Facilities and Locations form**. Attached hereto as **Exhibit K**

☒ **Pre- and post-transaction organizational structure diagram**. Attached hereto as **Exhibit C**

☒ **Copies of all current agreements and term sheets for the proposed transaction**. Attached hereto as **Exhibit B**.

☒ **Financial statements for all entities for the most recent three fiscal years**. Attached hereto as **Exhibit G** (Compassus) and **Exhibit J** (Providence).

☒ **Copies of current governance documents for all entities (for examples, bylaws, articles of incorporation, corporate charter, etc.)** Attached hereto as **Exhibit E** (Compassus), **Exhibit M** (Compassus), and **Exhibit N** (Providence).

☒ **Documentation or analytic support for your responses, as applicable**. Please see **Exhibit O**.

☒ **Redaction log**. Attached hereto as **Exhibit P**.

VII. Certification

I, the undersigned, being first duly sworn, do say:

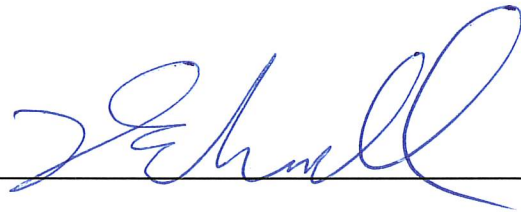
1. I have read ORS 415.500 et seq. and OARs 409-070-0000 to 409-070-0085.
2. I have read this Notice of Material Change Transaction and the information contained therein is accurate and true.

Signed on the 5th day of March, 2025.



Name: _____

SUBSCRIBED AND SWORN TO before me, this 5th day of March, 2025.



Notary Public in and for _____

TN

My Commission Expires: _____

11/8/28