

Health Care Market Oversight

Transaction 043

Providence – Compassus Preliminary Review Report

April 18, 2025



About this Report

This report summarizes analyses from the preliminary review conducted by Oregon Health Authority (OHA) of the proposed material change transaction involving FC Compassus, LLC and Providence Health & Services – Oregon. It accompanies the [Determination](#) issued by OHA on April 18, 2025. For legal requirements related to the proposed transaction, please reference the Determination.

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 or by phone at 503-945-6161. 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.

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Executive Summary

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support Oregon's goals of health equity, lower costs, increased access, and better care. 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.

Proposed Transaction

On March 20, 2025, OHA accepted a complete [Notice of Material Change Transaction](#) ("notice") from FC Compassus, LLC ("Compassus") regarding the proposed acquisition by Compassus of a 50% membership interest in Compassus Providence Holdings, LLC (the "Joint Venture Entity"). The Joint Venture Entity includes the home health and in-home hospice assets of Providence Health & Services – Oregon ("Providence Oregon"). Compassus and Providence Oregon are collectively referred to as "the entities" throughout this report.

Providence Oregon is a subsidiary of Providence St. Joseph Health ("Providence")¹, a nonprofit health system based in Washington that owns and operates eight hospitals and over 90 clinics in Oregon. Compassus is a for-profit provider of in-home hospice care, home health care, palliative care, and home infusion services in 30 states. Based in Tennessee, Compassus is part-owned by TowerBrook Capital Partners, L.P., a private equity ("PE") firm.

This acquisition is part of a broader transaction involving the creation of a 50/50 joint venture relationship between Compassus and Providence related to home health and hospice operations in Alaska, California, Oregon, Texas, and Washington.

OHA's Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA began to assess the potential impacts of the proposed transaction. Based on the preliminary analysis, OHA determined that the proposed transaction requires a comprehensive review.

OHA's preliminary analysis showed that Providence was the largest provider of home health and home hospice services in Oregon as of 2023. OHA estimates that Providence provides approximately 25% of home health care episodes and 13% of home hospice episodes in the state. Providence serves approximately 12,000 home health and 2,500 home hospice patients annually across 19 Oregon counties.

¹ Throughout this report, all references to "Providence" include Providence St. Joseph Health, a Washington nonprofit corporation, Providence Health & Services, a Washington nonprofit corporation, St. Joseph Health System, a California nonprofit public benefit corporation, and nonprofit affiliate corporations directly or indirectly controlled by or under common control of all these entities.

OHA accepted public comments throughout the preliminary review and received more than 150 public comment submissions. Commenters raised a range of concerns about potential adverse impacts of the proposed transaction. OHA also considered evidence from research on how ownership by nonprofit, for-profit, and PE investors may affect home health and hospice care delivery.

Next Steps

OHA will complete a comprehensive review of the proposed transaction within 180 days of when it accepted a completed notice unless the review period is tolled or extended in accordance with Oregon law. During the comprehensive review, OHA will analyze the likely impact of the proposed transaction on access, cost, quality, and equity and determine whether the transaction meets the criteria for approval under Oregon Administrative Rule (OAR) 409-070-0060(5). OHA may engage outside advisors to assist with the review.

Upon completion of the comprehensive review, OHA will issue a proposed order to approve, approve with conditions, or disapprove the transaction.

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, voicemail at 503-945-6161, or online [public comment form](#).

Introduction

About HCMO

OHA's Health Care Market Oversight program (HCMO), launched in March 2022, reviews proposed health care transactions such as mergers, acquisitions, and affiliations to ensure they support statewide goals related to cost, equity, access, and quality. The HCMO program is governed by [Oregon Revised Statute 415.500 et seq.](#) and [Oregon Administrative Rules 409-070-0000 through -0085](#). HCMO statute and rules specify what types of transactions are subject to review and the criteria OHA must use when analyzing a given transaction. After reviewing a given proposed transaction, OHA may approve, approve with conditions, or disapprove the transaction.

The HCMO program fits within OHA's broader mission of ensuring all people and communities can achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care. The program also supports OHA's goal of eliminating health inequities by 2030.

The Preliminary Review Process

Health care entities planning a transaction that is subject to HCMO review must submit a Notice of Material Change Transaction ("notice") to OHA. The notice must comply with the requirements of OAR 409-070-0045 and be submitted to OHA no later than 180 days before the planned closing date of the transaction. OHA is required to complete a preliminary review of the proposed transaction, in accordance with OAR 409-070-0055, within 30 calendar days of confirming receipt of a complete notice, unless the review period is tolled or extended in accordance with OAR 409-070-0085.

For OHA to approve a transaction following preliminary review, OHA must determine that the transaction meets *at least one* of the following criteria specified in OAR 409-070-0055(2):

- (a) 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;
- (b) The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon;
- (c) The material change transaction is likely to meet the criteria set forth in OAR 409-070-0060;
- (d) The material change transaction is not likely to substantially alter the delivery of health care in Oregon; or
- (e) Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

If OHA is unable to determine that the proposed transaction meets at least one of the above criteria, OHA must conduct a comprehensive review pursuant to ORS 415.501(7)(a) and OAR 409-070-0055(3).

Proposed Transaction

On November 21, 2024, FC Compassus, LLC (“Compassus”) submitted a Determination of Covered Transaction Status (“request”) seeking OHA’s determination as to whether a proposed transaction was subject to HCMO review. The request involved the proposed acquisition by Compassus of a 50% membership interest in Compassus Providence Holdings, LLC (the “Joint Venture Entity”). The Joint Venture (“JV”) Entity includes the home health and in-home hospice assets of Providence Health & Services – Oregon (“Providence Oregon”). Compassus and Providence Oregon are collectively referred to as “the entities” throughout this report.

On December 16, 2024, OHA issued a [Determination](#) confirming that the proposed transaction was subject to OHA review.

On March 20, 2025, OHA accepted a complete [Notice of Material Change Transaction](#) (“notice”) from Compassus regarding the proposed transaction and began a preliminary review. This report describes the transaction, OHA’s preliminary analysis, and OHA’s next steps.

Entities Involved

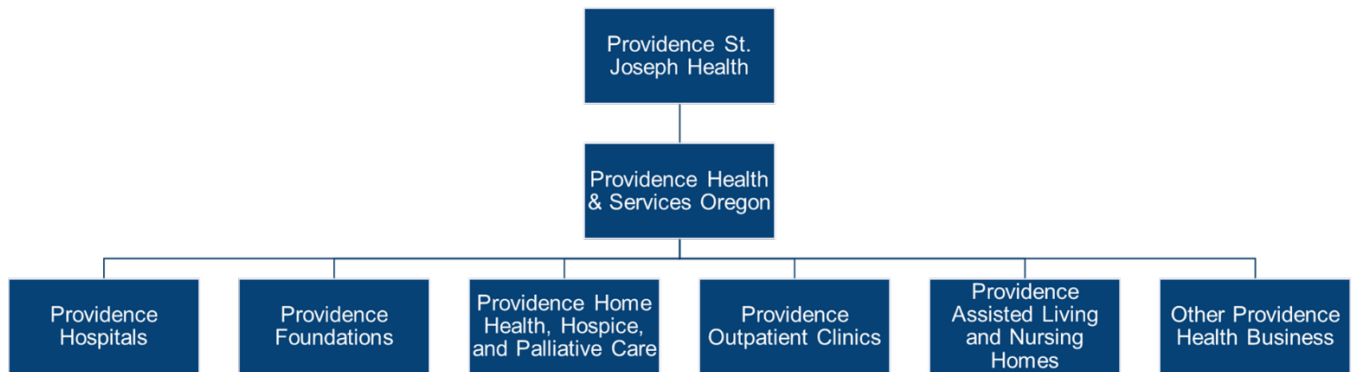
Providence

Providence Oregon is a subsidiary of Providence St. Joseph Health (“Providence”)ⁱⁱ, a nonprofit health system based in Renton, Washington. Providence provides health care services in Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. Providence owns hospitals, medical groups, ambulatory health care services, outpatient clinics, senior care facilities, in-home health and hospice care agencies, health insurance plans, and other health care operations.¹ It is the fifth largest nonprofit hospital system in the country based on 2022 operating revenues.²

Organizational Structure and Governance

Providence is 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.³ A simplified organizational chart is included below; see [Exhibit C](#) for the complete Providence organizational chart with all subsidiaries.

ⁱⁱ Throughout this report, all references to “Providence” include Providence St. Joseph Health, a Washington nonprofit corporation, Providence Health & Services, a Washington nonprofit corporation, St. Joseph Health System, a California nonprofit public benefit corporation, and nonprofit affiliate corporations directly or indirectly controlled by or under common control of all these entities.



Providence in Oregon

Providence served approximately 1.25 million patients in Oregon in 2024.⁴ Revenues from its Oregon operations totaled \$6.26 billion in 2023.⁵

Providence employs over 25,000 people in the state and operates eight hospitals (located in Portland, Oregon City, Seaside, Hood River, Medford, Newberg, and Milwaukie) with 1,358 licensed beds.⁶ Providence Medical Group has 600 employed physicians and over 90 clinics offering primary care, specialty care, and immediate care services throughout Oregon.⁷ (See [Exhibit K](#) for the full list of locations of Providence’s facilities.)

Providence in Oregon

1.25 million patients served
 \$6.26 billion operating revenue
 8 hospitals
 1,358 licensed hospital beds
 90+ clinics
 25,320 staff members
 600 employed physicians

Providence’s health plans, Providence Health Plan and Providence Health Assurance, offer commercial, Medicare Advantage, and Medicaid plans covering approximately 670,000 Oregon residents.⁸

Home and Community Care Services

Providence’s Home and Community Care programs serve more than 38,000 people in their homes or facility-based settings every day.⁹ Services include:

- assisted living facilities
- home health
- hospice
- home infusion pharmacy
- Program of All-Inclusive Care for the Elderly (PACE)
- palliative care
- private duty nursing
- skilling nursing facilities.

In December 2024, Providence announced it would be selling ten skilled nursing and assisted living facilities, including two facilities in Oregon, to the Ensign Group.¹⁰ The

Ensign Group is a for-profit, publicly traded company that invests in nursing and senior living facilities nationwide.¹¹ The deal is expected to close March 31, 2025.¹² ⁱⁱⁱ

Providence Oregon has ten home health care locations and six hospice locations statewide.¹³

Name	Location	Description	Primary Service Area
Providence Home Health	1510 Division St., Medical Plaza 1, Suite 20, Oregon City, OR 97045	Home Health Care	Oregon City/Clackamas
Providence Home Health - Coast	North Coast 3605 Highway 101 N, Gearhart, OR 97138	Home Health Care	Seaside/Clatsop
Providence Home Health - Home Health Gorge	1630 Woods Court, Hood River, OR 97031	Home Health Care and Hospice	Hood River
Home Services Southern Oregon	2033 Commerce Drive, Medford, OR 97504	Home Health Care and Hospice	Medford/Jackson
Providence Benedictine In - Home Services	570 S. Main Street, Mt. Angel OR 97362	Home Health Care	Silverton Mt. Angel/Marion
Providence Home Health	2508 Pringle Rd SE, Salem, OR 97301	Home Health Care	Salem South/Marion
Providence Home Health - Portland	6410 NE Halsey St., Suite 200, Portland, OR	Home Health Care	Portland NE/Multnomah
Providence Home Health - Portland	4400 NE Halsey Bldg 1, Suite 160, Portland, OR 97213	Home Health Care and Hospice	Portland NE/Multnomah
Providence Home Health - Portland	6410 NE Halsey St. Suite 300, Portland, OR, 97213	Hospice	Portland NE/Multnomah
Providence Home Health	3601 SW Murray Blvd., Suite 130, Beaverton, OR 97005	Home Health Care and Hospice	Beaverton/Washington
Providence Home Health	310 N Villa Road, Suite 103, Newberg, OR 97312	Home Health Care and Hospice	Newberg/Yamhill

ⁱⁱⁱ This transaction was not subject to HCMO review. Under HCMO's statute, ORS 415.500(4)(b), skilled nursing and assisted living facilities are not included in the definition of a "health care entity."

Compassus

Compassus is a Delaware for-profit limited liability company headquartered in Nashville, Tennessee that provides hospice care, palliative care, home health care, and home infusion services. Compassus operates 270 locations across 30 states and employs over 4,000 people nationwide.¹⁴ The company serves approximately 460,000 patients each year, typically in partnership with health systems, hospitals, and long-term care facilities.¹⁵ Compassus' joint ventures employ 2,470 staff nationwide.¹⁶ Compassus describes its services as follows:¹⁷

About Compassus

270 locations

30 states served

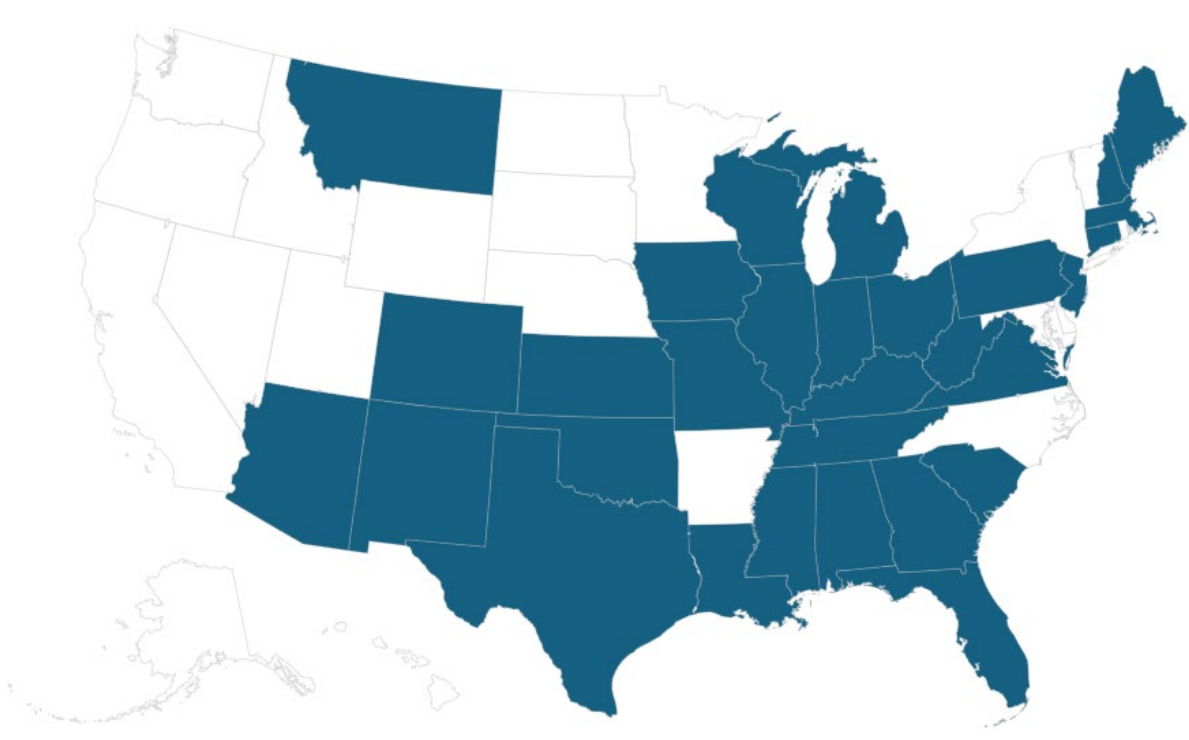
460,000 patients annually

4,403 employees

2,470 joint venture employees

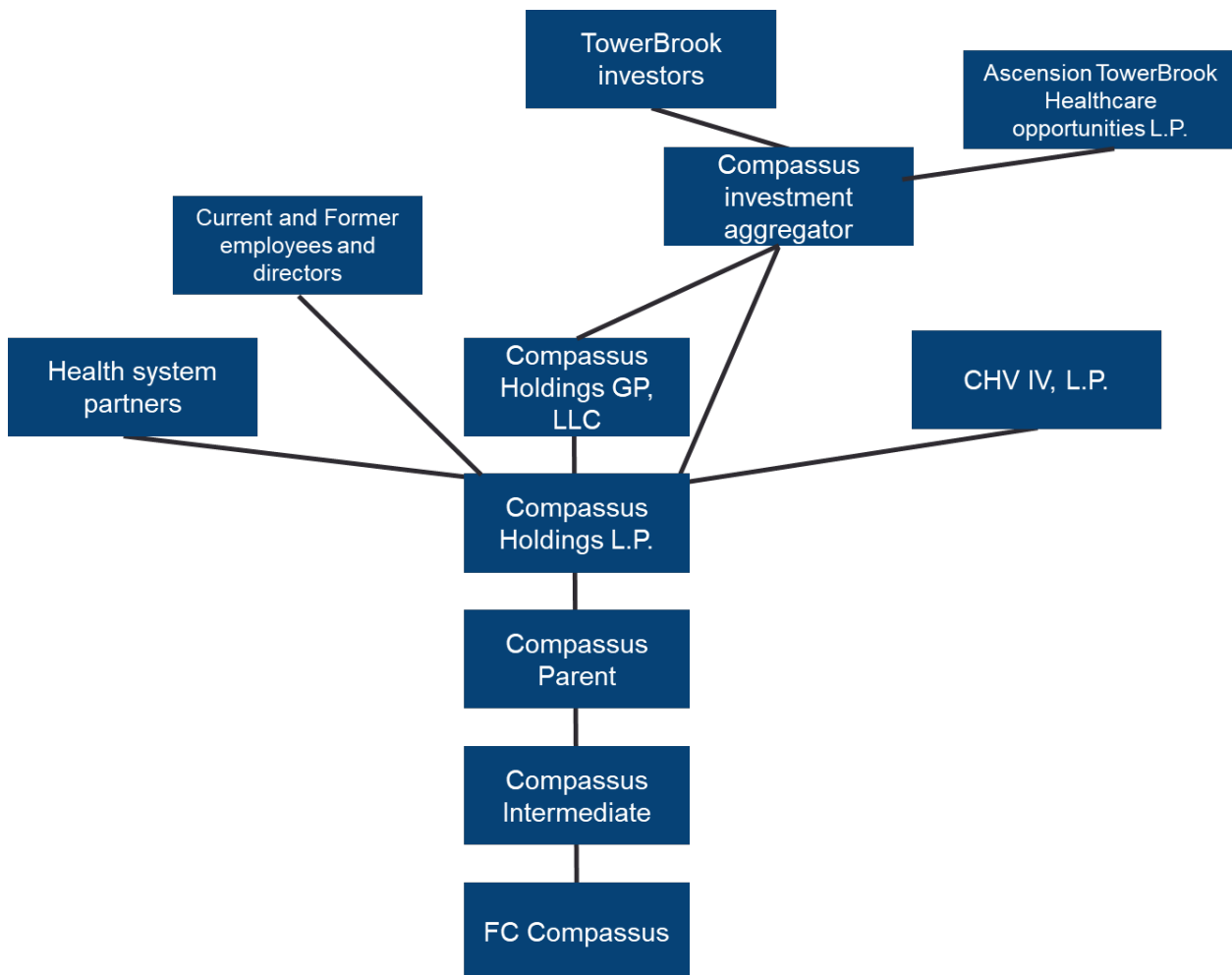
Through an integrated suite of services and resources, Compassus supports ambulatory and acute settings to optimize discharge planning and operate an integrated continuum of home-based care as a service line to address the spectrum of post- and non-acute care needs leveraging innovative technology and predictive analytics to ensure the right level of care at the right time in the right setting.

Compassus currently conducts operations in 30 states, as shown in the map below.¹⁸



Organizational Structure and Governance

Compassus is governed by a Board of Directors.¹⁹ A simplified organizational chart is included below. See [Exhibit F](#) for the complete Compassus organizational chart.



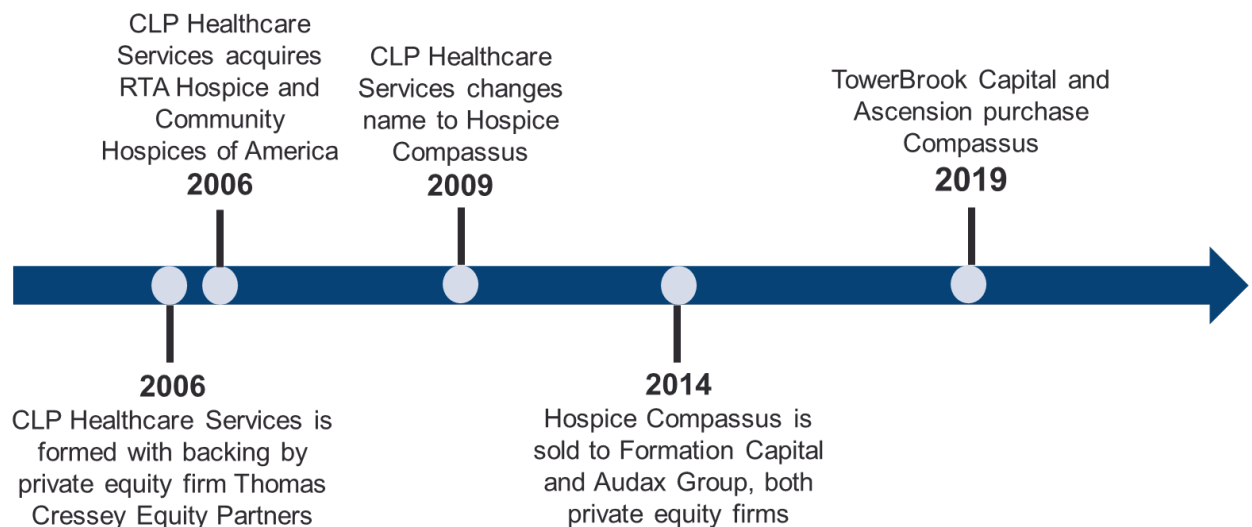
Ownership

Compassus is jointly owned by TowerBrook Capital Partners, L.P. (“TowerBrook”), a private equity (“PE”) firm based in London and New York, and Ascension Health (“Ascension”), a faith-based health system headquartered in St. Louis, Missouri.²⁰ Compassus has undergone several ownership changes since its formation.

Compassus formerly operated as Cloverleaf Partners (CLP) Healthcare Services, Inc. (“CLP”), a hospice company formed in 2006. In 2006, CLP entered into multiple transactions to build a chain of hospice and palliative care providers.²¹ CLP’s first acquisition was RTA Hospice & Palliative Care (“RTA”), a provider located in Casa Grande, Arizona. Also in 2006, CLP acquired Community Hospices of America, Inc. formerly known as Wellspring HospiceCare (“Community Hospices”), a provider of hospice care and services founded in 1979.²²

CLP's capital for the purchase of RTA and Community Hospices came primarily from its equity partner, the PE firm Thomas Cressey Equity Partners (now Cressey & Company).²³ In 2009, CLP changed its name to Hospice Compassus, and in 2014, it was sold to two other PE firms: Formation Capital and Audax Group.²⁴

In 2019, Compassus was again sold to its current owners, Ascension and TowerBrook, for approximately \$1 billion.²⁵ Ascension and TowerBrook have a partnership and began investing together in 2015.²⁶ Compassus' ownership changes since its formation are summarized in the timeline below.²⁷



TowerBrook

TowerBrook has actively pursued investments in healthcare for the past 20 years, focusing on companies using innovative new technologies.²⁸ In addition to Compassus, the firm's current health care investments include Acacium Group, Maxor, PT Solutions, R1, Regent Surgical Health, TRIMEDX, and US Acute Care Solutions.²⁹

Acquisitions and Partnerships

Compassus and its predecessor, CLP, grew rapidly through a series of acquisitions and joint ventures. As noted above, in 2006, CLP expanded from four hospices to 29 through the acquisition of RTA and Community Hospices.³⁰ Two years later, it acquired nine more hospice agencies for a total of 48 locations in 16 states.³¹ Under new ownership, Compassus continued adding locations in 2015 with the acquisition of Hospice Advantage and Life Choice Hospice.³² In 2016, Compassus purchased Genesis Hospice and Home Health, expanding to include home health services and operations in California, Idaho, Montana, and New Mexico.³³

Compassus currently views health systems partnerships as integral to its growth strategy, arguing that its expertise in providing post-acute care is highly valuable to acute care providers.³⁴ Partnership objectives include providing high quality care, reducing the total cost of care, providing differentiated patient experiences and aligning incentives with its

partner organizations.³⁵ Compassus currently partners with several nonprofit faith-based health systems that share Compassus' mission, vision, and values.³⁶ In 2020, Compassus established a joint venture with Ascension Saint Thomas called Ascension at Home to provide home health, home infusion, and hospice services, with Compassus acting as managing partner.³⁷ In 2024, Compassus formed joint ventures with two Ohio-based health systems, Bon Secours Mercy Health and OhioHealth.³⁸

Transaction Terms

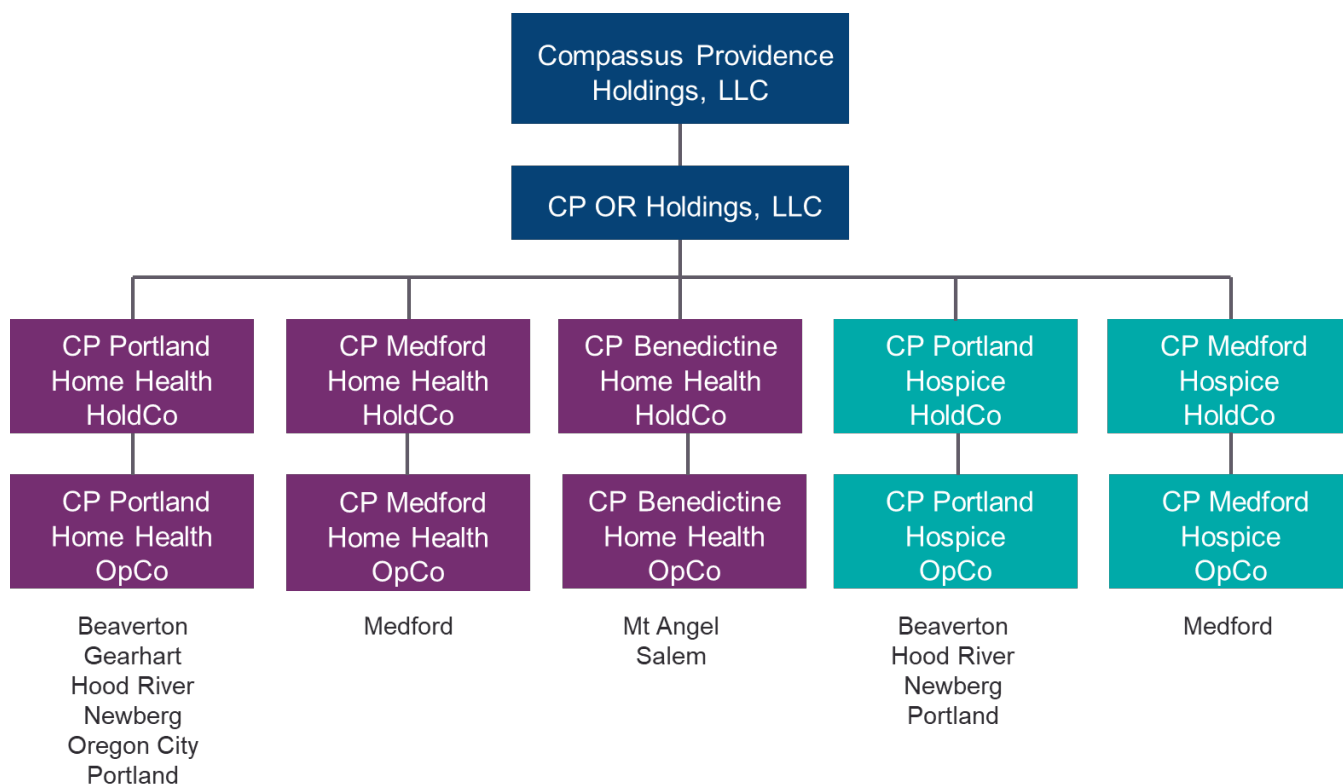
On October 18, 2024, Providence entered into a Master Contribution and Purchase Agreement ("agreement") with Compassus and a newly created entity, Compassus Providence Holdings, LLC ("Joint Venture Entity"), whereby Providence, including Providence Oregon, would undergo an internal reorganization and transfer its home health and hospice assets to the Joint Venture ("JV") Entity. The overall joint venture includes 24 home health locations in Alaska, California, Oregon and Washington, 17 hospice and palliative care locations in Alaska, California, Oregon, Texas, and Washington, and private duty nursing services in Southern California.^{iv} In Oregon, the joint venture includes all ten home health locations and six hospice locations listed in the table above (see page 8).

As part of this internal reorganization for Oregon, the entities created a state-level holding company, CP OR Holdings, LLC ("CP OR Holdings"), with the sole member being the JV Entity. The entities then created subsidiary holding company LLCs ("HoldCos") for each service line in Oregon, with the sole member of each being CP OR Holdings. These subsidiary holding company LLCs are the sole members of ground-level operating LLCs ("OpCos") that will hold and be licensed to operate home health care or home-based hospice assets. The post-closing organizational structure for the Oregon joint venture entities is shown below. (See also [Exhibit C](#) to the notice.)

Following this internal reorganization and shifting of assets to the JV Entity, at closing, Compassus will purchase 50% of the JV Entity itself, which includes all home health and hospice assets of Providence Oregon. Providence and Compassus will each own 50% of the JV Entity, and Compassus will assume the management of day-to-day operations in exchange for a fee.³⁹

Closing will occur on a state-by-state basis as regulatory approvals are obtained. In March 2025, the entities announced that the transaction had closed in Washington, Texas, and Alaska.⁴⁰

^{iv} Providence has not commented on plans for the other service lines that are currently part of its Home and Community Care operations, such as home infusion and the PACE program.



Rationale for the Transaction

In the notice, the entities state that while home-based care is a critical community need and helps to alleviate hospital capacity limitations, these services fall outside the “core focus” for Providence and most other health systems.⁴¹ Providence is finding it “increasingly challenging” to manage these services and maintain high quality standards in the face of a “rapidly advancing and increasingly competitive industry.”⁴² Independently transforming its home health and home-based hospice services to meet these challenges would be very costly with “highly uncertain” results.⁴³

The entities maintain that the community would benefit from the proposed transaction, because Compassus, which specializes in home health and hospice services, has the resources and expertise (including “advanced technology platforms” and “dedicated post-acute care models”) to successfully operate these service lines in the long term.⁴⁴ The entities also describe Compassus as being aligned with Providence’s mission and cite Compassus’ demonstrated ability to reduce “excess hospital days and avoidable readmissions.”⁴⁵

Providence has reported operating losses in recent years and launched a corporate reorganization in 2022.⁴⁶ Since then, Providence has sold various assets and operations, including outreach laboratory assets in Oregon (sold to LabCorp in 2023), primary care clinics in Vancouver (sold to PeaceHealth in 2024), and assisted living and skilled nursing facilities (sold to Ensign Group in 2025).⁴⁷ Operating performance improved from a -6.4% operating margin in 2022 to a -2.1% margin in 2024.⁴⁸ Providence credited higher reimbursement rates and less contract labor spending as drivers of this trend, whereas

state regulations, strikes, and lower Medicare reimbursement made operating improvements challenging.⁴⁹

Post-Transaction Plans

In the notice, the entities describe anticipated changes in governance, employment, services, electronic medical records, and accreditation.

Governance of the Joint Venture

The JV Entity will be governed by a Board of Managers consisting of four Providence representatives and four Compassus representatives, with one Compassus member serving as Chairperson of the Board (to be determined by Compassus). The JV Board will manage the business and affairs of the JV Entity and its subsidiaries, including the newly formed Oregon entities.

The entities anticipate keeping current local management and leadership at Providence Oregon's local agencies, with Compassus providing additional management resources and support including dedicated leadership at executive levels.⁵⁰

Employment

As a result of the proposed transaction, Providence's home health and home hospice employees will become employees of the JV Entity.⁵¹ In the notice, the entities state:⁵²

"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."

The notice also states that Providence employees moving to the JV Entity will receive "the same compensation and substantially similar benefits," including "recognition of prior years of service at Providence for benefits purposes."⁵³

Services

The entities state in the notice that there will be no reduction in the type, scope, or level of services provided, nor any reduction to the number or type of locations, as a result of the proposed transaction. To the contrary, Compassus says it expects to expand services in Oregon over time. Additionally, the entities assert that the transaction will not change the geographic areas served by the JV Entity's home health or hospice agencies. The entities also note the following requirements of the agreement:⁵⁴

"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.”

Electronic Medical Records and Accreditation

Following the transaction Compassus will implement its electronic medical record (EMR), “HomeCare HomeBase,” and predictive analytics tools to facilitate patient care, care coordination and management.⁵⁵

“[T]he 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 entities assert that these tools will include improved tracking and reporting on quality metrics and tools for customer relationship management to support and improve the experiences of patients, families, and caregivers.⁵⁶

The joint venture will seek accreditation from the Community Health Accreditation Partner, a Centers for Medicaid and Medicare (CMS) approved, independent, nonprofit accrediting body.⁵⁷

Preliminary Analysis

OHA's preliminary analysis began to assess the potential impacts of the proposed transaction on health care access, costs, quality, and equity in Oregon. OHA analyzed claims data to assess the scale and importance of Providence as a home health and home hospice provider in the state. OHA also reviewed the numerous public comments it received and considered evidence from academic research on the relationship between home health and hospice agency performance and ownership type. OHA expects to refine and further develop its analyses during comprehensive review.

Potential to Impact Many People in Oregon

OHA analyzed claims data from Oregon's All Payer All Claims (APAC) database to estimate the volume of home health and hospice services Providence provides annually to Oregon residents. (See Appendix A: Reporting Methodology for details on OHA's methodology.) The numbers presented below are preliminary and subject to revision during comprehensive review.

Providence is the largest home health provider in the state

Providence is the largest provider of home health services in Oregon. Per OHA's analysis of APAC claims, Providence provided over 13,000 episodes of home health care to approximately 12,000 people in the state in 2023.^v OHA estimates that Providence received reimbursement from payers for home health services totaling close to \$63 million in 2023. Providence accounted for approximately 25% of home health episodes rendered to Oregon residents and 28% of total payer reimbursements for home health services.

In 2023, Providence provided roughly 13,000 home health episodes, or

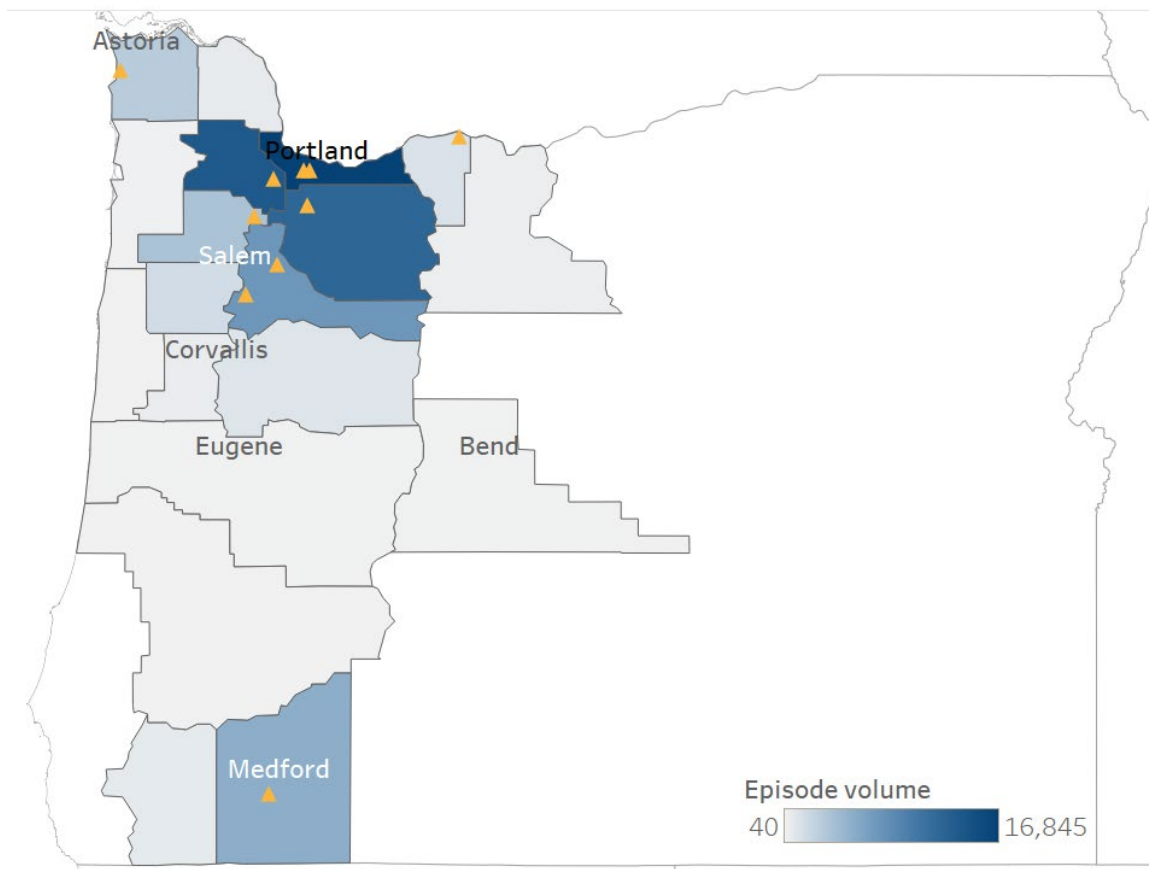
25%

of home health care episodes in Oregon.

In comparison, the next largest home health provider had around 7,000 episodes (14% of the state total). Providence's dominance was even greater among commercially insured patients and Medicare Advantage enrollees, where it accounted for roughly one third of episodes.

As noted earlier, Providence has ten home health agency locations in the state: Beaverton, Gearhart, Hood River, Medford, Mt. Angel, Newberg, Oregon City, Portland (two locations), and Salem. These are shown as yellow triangles in the below map. The map also shows the 19 Oregon counties where Providence provided at least 30 episodes of home health care that began between 2019 and 2023. Darker blue shades represent counties with higher episode volume.

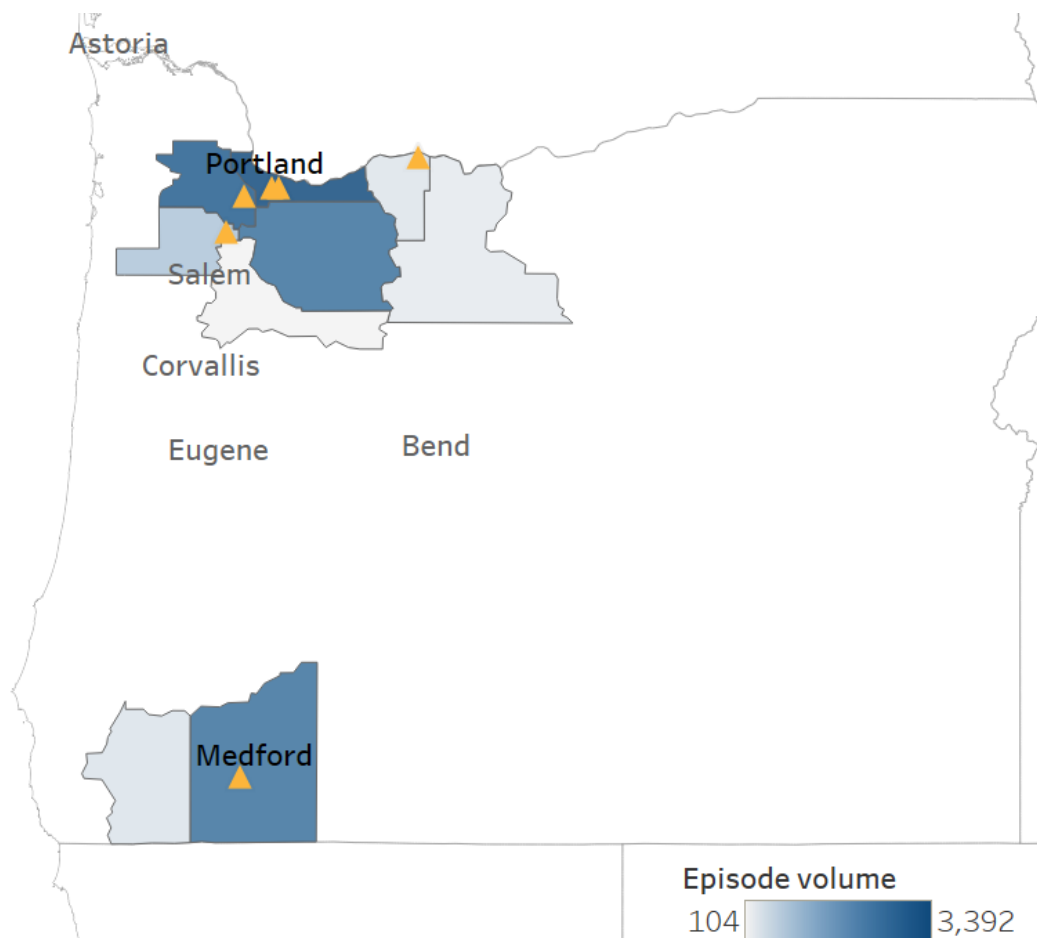
^v An episode is a period of care in which a patient was admitted and discharged or deceased with no more than 60 days between services. Episodes summarize claims for home health or home hospice services rendered to the same patient by the same provider. When a gap in care occurs and lasts longer than 60 days, the resumption of care begins a new episode even if the care is with the same provider.



Providence is the largest hospice provider in Oregon

OHA's analysis of claims data showed Providence as being the largest provider of home hospice services in Oregon based on total episodes of care. In 2023, Providence provided over 2,400 episodes of home-based hospice care to Oregon residents, and OHA estimates that Providence received reimbursement from payers totaling around \$27 million. Providence accounted for approximately 13% of hospice episodes rendered to Oregon residents and 12% of total payer reimbursements.

Providence has six hospice locations serving residents across the state: Beaverton, Hood River, Medford, Newberg, and Portland (two locations). These are shown as yellow triangles in the below map. The map also shows the nine Oregon counties where Providence provided at least 30 episodes of hospice care that began between 2019 and 2023. Darker blue shades represent counties with higher episode volume.



In summary, OHA's preliminary analysis of historical claims data showed that Providence was the largest provider of home health and hospice services in Oregon as of 2023. Providence is particularly large in home health care, accounting for 25% of statewide home health episodes in 2023 and serving 12,000 patients annually across 19 Oregon counties. The proposed transaction therefore has the potential to affect many people in Oregon. Further analyses are needed to fully understand potential impacts of the proposed transaction on Oregon residents.

Potential to Substantially Change Care Delivery

Research suggests that a move to for-profit, PE ownership could significantly impact care delivery

While home health and hospice agencies have historically been mostly nonprofits, the last few decades have seen a surge in large, for-profit providers and more recently, growing investment by PE firms in the sector.⁵⁸

The type of ownership of a health care provider (e.g., whether the provider is owned by a nonprofit, for-profit, publicly listed company, or PE firm) has the potential to affect multiple aspects of care delivery. To the extent providing better care to community members

conflicts with profit objectives, for-profit owners would be expected to prioritize the latter. This may drive various cost-cutting and revenue-maximizing strategies that may affect the range of services offered, patient care practices, admissions and discharge policies, locations of health care facilities, employee compensation and staffing, etc.

These incentives can be amplified when providers are owned by PE firms driven to generate returns for their investors over a relatively short time frame. (See callout box.⁵⁹) A recent review of the evidence found that PE ownership of health care providers was associated with “mixed to harmful” impacts on quality and increases in costs to payers and patients. PE ownership was sometimes also associated with reduced nursing staffing levels or use of less skilled nursing staff.⁶⁰

Private equity (PE) firms invest in private companies to generate profits for their investors. They usually sell their investments after 3-7 years. To achieve high returns, PE owners typically focus on reducing costs and increasing revenues. They may also look to combine the company with other smaller companies. PE acquisitions are often financed through loans, which the target company is responsible for repaying.

Numerous studies have looked at differences in the performance of for-profit owned hospice providers compared to nonprofits, and differences between PE-owned and publicly traded hospice providers compared to other for-profits. Several of these studies have found that for-profit hospice operators perform worse than nonprofits in several areas. For example, there is evidence that for-profit hospices have lower caregiver-reported quality, employ fewer clinicians, are more likely to face allegations of poor care and exceed Medicare spending caps, and are less likely to provide charity care.⁶¹

Recent research has documented specific outcomes for PE-owned for-profit hospice agencies. One study found that hospices acquired by PE firms saw an increase in patients with dementia after acquisition compared to for-profit hospices that were not acquired.⁶² (Hospice patients with dementia are generally more profitable; they require less services and stay longer in hospice care than patients with other terminal diagnoses, such as cancer.^{vi}) Another study showed that PE-owned hospices performed worse across measures of caregiver-reported quality compared to other for-profits.⁶³ A third study showed increases in Star Ratings for nonprofit home health agencies acquired by for-profits but no reductions in hospitalization or ED use.⁶⁴ (The authors note that Star Ratings are based on self-reported measures that tend to be less reliable than quality measures calculated from claims data, such as hospitalization rates and ED use.)

The evidence on performance of nonprofit versus for-profit and PE-owned home health agencies is relatively limited. One study found that patients in for-profit agencies were less likely than nonprofit home health patients to receive services for periods shorter than 30 days.⁶⁵ Another found that PE-owned home health agencies did better than non-PE-owned

^{vi} Hospice agencies generally receive a set daily rate to provide hospice services which does not adjust for the patient’s terminal diagnosis.

agencies on timely care initiation and patient improvement in mobility and self-care but worse on long-term outcomes such as preventable readmission rates.⁶⁶

The proposed transaction would shift ownership of Providence's home health and home-based hospice and palliative care operations in Oregon from a nonprofit to 50% for-profit, PE-backed ownership. Considering the research evidence outlined above, this ownership change may have significant effects on care quality, access, cost, and health equity for people needing home hospice or home health care. Additional review and analysis of the proposed transaction is needed to assess the nature and likelihood of such effects.

Public comments have raised a wide range of concerns about potential adverse impacts

OHA has received over 150 [public comments](#) since beginning its preliminary review of the transaction. This includes numerous comments from home health and hospice clinicians practicing in Oregon (including current Providence employees).^{vii} All comments thus far have been opposed to the transaction, urging OHA to reject the transaction or impose numerous conditions on any approval.

Commenters raised a variety of concerns, ranging from general concerns about the impacts of for-profit and PE ownership to specific issues related to Compassus' operating model and track record. These are summarized below as they relate to HCMO's analytic domains of access, costs, equity, and quality.

- **Access:** Commenters raised the potential for cuts to less profitable service lines, including specialized services such as those tailored to children and people with mental health conditions. They also noted the possibility that Compassus, driven by profit motives, would reduce services in rural or underserved areas and reject referrals for patients with chronic or degenerative conditions.

“For-profit agencies [...] tend to have greater staffing issues and often close services in rural areas or specialty services, citing lack of profitability.”

“Providence Hospice has long been known for our willingness to admit hospice patients who are complex and expensive to care for, whom other smaller or for-profit hospices choose not to admit.”

“Pay-per-visit structures incentivize cutting corners in patient care, leading to shorter visits, reduced time in case management, and disincentivizing service to rural communities [...]”

“[C]harting into EMRs like HCHB or other systems built specifically for a particular care setting [...] is like charting into a silo where no one can actually access those notes in any meaningful way to provide wraparound care.”

“Compassus has consistently underperformed Providence in hospice quality CAHPS measures [...]”

^{vii} OHA also received public comments on this transaction *before* the start of the preliminary review. These are posted to HCMO's [website](#).

- **Quality:** There were concerns that the transaction would lead to clinical workforce reductions. Concerns included that Compassus would hire physicians as independent contractors and implement a pay-per-visit compensation model for nurse practitioners, therapists and other clinical staff. These changes would lead to shorter patient visits and reduced quality of care.^{viii} Commenters worried that staffing levels could decline further due to voluntary clinician departures. Some Providence employees argued that the switch to Compassus' proprietary EMR system would compromise care quality by restricting direct communication with external providers.
- **Cost:** Commenters cited research evidence that PE-owned home health agencies receive higher reimbursements from the federal government (Medicare) for each episode of care they provide.
- **Equity:** Potential impacts on access for people in rural and underserved areas and patients with chronic or degenerative conditions had commenters concerned that the transaction would ultimately exacerbate health inequities in the state.

^{viii} Under ORS 652.260, pay-per-visit compensation for home health and hospice nurses is currently illegal in Oregon, but the prohibition does not extend to other clinical staff.

Next Steps

OHA's preliminary review has not determined that the proposed transaction meets any of the approval criteria outlined in ORS 415.501(6) and OAR 409-070-0055(2). OHA will therefore conduct a comprehensive review, per ORS 415.501(7)(a).

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(5). For more information about comprehensive review analyses, please see HCMO's [Analytic Framework](#). OHA may engage outside advisors to perform analyses 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 the date on which 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.

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, voicemail at 503-945-6162, or [public comment form](#). Please mention "Compassus" in 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

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. More information about APAC is available on OHA's [website](#).

Home Health and Hospice Claims Identification

To identify home health and home hospice claims in APAC, OHA utilized bill type codes for home health and home hospice. All analyses in this report are based on claims incurred by Oregon residents and rendered by or billed to Oregon providers.

APAC claims data do not capture services for which no claim was generated, which includes services provided under certain types of alternative payment arrangements, e.g. capitation. APAC also does not include all claims for individuals insured by self-insured employer group (ERISA) plans. Therefore, APAC does not reflect all home health and hospice services delivered to people in Oregon at any given time.

Episode Definition

OHA used 'episodes' as the unit of measurement for home health and home hospice care. Instances of home health or home hospice care were counted as being part of the same episode if the same home health or hospice agency provided 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 were counted as separate episodes.

Appendix B: Acronyms & Glossary

Acronyms & Abbreviations

APAC	Oregon's All Payer All Claims database
CMS	Centers for Medicare and Medicaid Services
CLP	Cloverleaf Partners
ED	Emergency Department
EHR/EMR	Electronic Health Record / Electronic Medical Record
ERISA	Employee Retirement Income Security Act of 1974
HCMO	Health Care Market Oversight
JV	Joint Venture
LLC	Limited Liability Company
OHA	Oregon Health Authority
PACE	Program of All-Inclusive Care for the Elderly
PE	Private Equity
PSA	Primary Service Area
PSJH	Providence St. Joseph Health
RTA	RTA Hospice & Palliative Care

Glossary

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.

Home health care: 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.

Home infusion services: The administration of medications through a needle or catheter in a home setting.

Hospice care: 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.

Limited liability company: Refers to a basic type of business entity that allows its owners to separate the financial assets and liabilities of the business from personal finances. A limited liability company can have multiple owners, called members, who have the discretion to manage the business's operations and distribute any profits how they choose. A limited liability company is characterized by limited liability, management by members or managers, and limitations on ownership transfer.

Medicaid: Medicaid provides public health insurance coverage for people who meet certain criteria, such as low-income, disability, and/or pregnancy. Oregon's Medicaid program is called Oregon Health Plan (OHP).

Medicare Advantage: Medicare is federal health insurance for older adults and younger people with disabilities or specific illnesses. Medicare Advantage plans are health plans that provide Medicare Part A and Part B benefits. The federal government contracts with private companies to offer Medicare Advantage plans.

Palliative care: 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.

Private duty nursing: In-home skilled nursing care for patients requiring continuous care for an extended period. Care is focused on individual needs and provided by nurses.

Program of All-Inclusive Care for the Elderly (PACE): A Medicare program that provides comprehensive medical and social services to enable elderly people to continue living in their communities.

Skilled nursing: Skilled medical care (for example, intravenous injections) provided by licensed health professionals, such as doctors, registered nurses, or physical therapists. Services may be provided a hospital, skilled nursing facility, nursing home, or in the home (in which case they are also considered "home health" care).

Star Rating: Patient Survey and Provider Quality Star Rating is a quality rating system used by the Centers for Medicare and Medicaid Services (CMS) to help patients, their families, and caregivers choose high quality health care providers. Providers can earn a rating of 1 (lowest quality) to 5 (highest quality). Ratings are based on data that providers report to CMS and patient survey responses.

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