

VIA EMAIL

Erik Baker President

KidsCare Home Health erik@kidscarehh.com

March 20, 2026

Re: Complete Notice and Request for Information — 074 Therapy2000-KidsCare

The Oregon Health Authority (OHA) is the state agency charged with operating the Health Care Market Oversight Program under Oregon Revised Statutes (ORS)

415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

Complete Notice of Material Change

As of the date of this letter, OHA confirms receipt of a complete Notice of Material Change Transaction form and related materials (“notice”) in compliance with OAR 409-070-0030 and 0045. On January 15, 2026, February 11, 2026, and March 4, 2026, OHA received the notice submissions listed in Attachment A from TMS-CJ Holdings, LLC (“TMS-CJ” or “Applicant”), regarding the proposed acquisition of Therapy2000 Parent Holdings, L.P. (“Therapy2000”) by Therapy Management Services, LLC (“TMS”), an indirect subsidiary of TMS-CJ. (TMS-CJ, TMS, and Therapy2000 are collectively referred to herein as “Entities”).

Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA will conduct a preliminary review of the proposed transaction and notify the Applicant within thirty (30) days of the date of this letter, unless the preliminary review period is tolled under OAR 409-070-0085 or extended by agreement between OHA and the Applicant pursuant to OAR 409-070-0055(4), of its determination to approve, approve with conditions, or conduct a comprehensive review pursuant to OAR 409-070-0060.

Next Steps

The notice form and public submission items will be posted to the HCMO program website, and OHA will accept public comments throughout the review period. OHA will issue an invoice for the \$2,000 preliminary review fee to the billing contact provided on the notice form.

Request for Information

Pursuant to ORS 415.501(12)-(13) and OAR 409-070-0085, OHA requires the Entities to respond to the Request for Information (RFI) outlined below in order to continue its preliminary review of the proposed transaction. Responses to this RFI must be submitted to OHA within 14 calendar days from the date of this letter (March 20, 2026). Pursuant to OAR 409-070-0085, the review period for this notice is tolled until OHA confirms it has received complete responses to this RFI. If the Applicant wishes to designate any portions of responses or supporting documentation as confidential, please follow the requirements of OAR 409-070-0070.

1. [CONFIDENTIAL] Section 6.1.3 of the Amended and Restated Limited Partnership Agreement of Therapy2000 describes a Management Agreement by and between Therapy2000 Acquisitions, LLC (“Therapy2000 Acquisitions”), Avesi Partners GP I, LP (“Avesi Partners”), Therapy2000, LLC, and JB 5x5 Holdings, Inc. Please confirm whether KidsCare will become a party to, or will be indirectly serviced by, this Management Agreement post-closing. If yes, please provide a copy of this agreement.

It is confirmed that KidsCare will be indirectly serviced by this Management Agreement post-Closing. KidsCare will not become a party to the agreement, it will just be a subsidiary of another party to the agreement. Management agreement attached.

2. The notice states that as of September 2025, Avesi Partners acquired the platform to which Therapy2000 Acquisitions belongs. Please describe in detail:
 - a. Any changes that Avesi Partners has implemented, or plans to implement, related to staffing, electronic medical records, staffing pay/pay structure, clinical productivity metrics, number of patients served, and payer mix, with respect to Therapy2000 Acquisitions.

Therapy2000 has implemented and/or plans to implement targeted operational enhancements since the original acquisition, including:

- **Staffing: Continued investment in recruiting, training, and retention; improved recruiting in rural areas, specifically hiring new recruiters and increasing employee benefits for recruiters. In six months, Therapy2000 has already increased its headcount by 40 people.**
- **EMR / Technology: No change to tech stack since closing;**
- **Compensation: No material changes to compensation;**
- **Productivity Metrics: By standardizing administrative casework and load for clinicians and clinician supervisors, Therapy2000 has allowed clinicians to spend more time providing**

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clinical services, leading to reduced time to start of care for patients, while maintaining high clinical quality standards.

- **Patients Served: Through the improvements described above, Therapy2000’s total patient census has increased by eight percent (8%) without any loss of clinical quality;**
- **Payer Mix: There has been no material changes to any payor contract since the acquisition of Therapy2000.**

- b. In what ways, if any, did this acquisition change the goals or planned outcomes of the KidsCare transaction?

The Therapy2000 acquisition does not change the strategic rationale for the KidsCare transaction. The core objective—expanding access to high-quality pediatric therapy services—remains unchanged. However, Therapy2000 intends to implement the same improvements to KidsCare as described above post-closing to improve the clinician and patient experience.

3. If Avesi Partners has implemented or plans to implement any of the changes referenced in RFI 2.a., please explain in detail how these changes or planned changes might affect Avesi Partners’ ability to infuse capital into KidsCare post-closing.

The referenced initiatives do not limit Avesi’s ability to invest in KidsCare. Avesi manages approximately \$2.2 billion of committed capital and maintains substantial capital reserves, enabling it to continue investing in operational improvements, infrastructure, and growth initiatives across the platform.

4. Describe how the capital infusion provided by the transaction will “support KidsCare’s growth, innovation, and expansion of services in Oregon” as stated in HCMO-1, Item 13c. For each sub-question below, please provide copies of all relevant plans, analyses, or other documentation.
- a. What platforms, tools, quality improvement methods, or other improvements is Therapy2000 considering in order to achieve growth, innovation, and/or expansion of KidsCare services in Oregon?

Therapy2000 would seek to implement the same improvements at KidsCare as described in Question 2(a), with the ultimate goal of increasing time dedicated to clinical care for clinicians and clinician headcount.

- b. Will any distribution of this capital infusion be fully or partially conditioned upon KidsCare meeting any benchmarks, metrics, or other objectives? If so, please explain. **No.**

- c. Please provide the timeline for implementation of all plans related to this “growth, innovation, and expansion of services in Oregon.”

The parties will not have concrete plans for each of these processes until after closing. We would note that anti-trust “gun-jumping” regulations prevent the Parties from engaging in sharing certain competitively sensitive information until closing, and accordingly these plans will not be able to be concretely determined until closing.

5. After the transaction closes, does Therapy2000 intend to enter into any new agreements with a third party to provide management or administrative services? If yes, please describe the anticipated terms of the agreement(s) and provide copies of any prepared drafts.

Therapy2000 does not currently intend to enter into any new third-party management services agreements specific to KidsCare post-closing.

6. Please explain and clarify the role of Cortney Baker in KidsCare after the transaction closes, if any.

Dr. Cortney Baker has served in an advisory role to KidsCare's President, Erik Baker, for a number of years. She will no longer serve as CEO of KidsCare following the transaction, but will become a member of the Board of Directors of Therapy 2000 to continue in her advisory role. Erik Baker, who has primarily run KidsCare in recent years, will continue in his role.

7. Please describe in narrative form the current KidsCare staffing model in Oregon. Then, for each provider type/credential type employed by KidsCare (e.g., physical therapist, RN, occupational therapy aide, medical assistant), please provide the average number of persons employed by KidsCare in Oregon in 2025, the FTE that is reflected in the number of staff persons, and the average number of weekly visits performed by that provider type/credential type using the table below.

KidsCare Home Health of Oregon, LLC utilizes a centralized, clinician-based staffing model consistent with the organization’s multi-state pediatric home health operations. Therapy services in Oregon are provided by licensed Speech, Occupational, Physical Therapists, Registered Nurses and Licensed Vocational Nurses who are assigned patients based on geographic proximity, clinician availability, and productivity capacity

Staffing execution is managed through collaboration between corporate leadership and regional operations, with regional teams responsible for recruiting, retention, and case matching within Oregon. Centralized reporting is used to monitor staffing gaps and support regional decision-making.

Please find KidsCare’s staffing statistics included on the Confidential Appendix to this Request.

8. On HCMO-1, Item 13d, Entities state that "There is no anticipated immediate change to staffing levels."

Entities further state that “KidsCare is ultimately expected to be able to increase staffing levels across each of its business lines.” Describe any future plans that may impact changes to KidsCare staffing.

- a. If there are no immediate changes or future plans that impact staffing levels, please explain in detail, including any recruitment plans how KidsCare will be able to expand and increase access as described in Item 13c.

As stated below, there is no intention to change headcount at KidsCare post-closing in the immediate future. However, utilizing the same improvements that Therapy2000 made to its recruiting platforms in Texas, combined with KidsCare’s increased access to capital allowing it to explore clinic-base services in the future as described in 9(b) below, KidsCare would seek in the long-term to be able to increase both service lines and staffing numbers, which would expand and increase access as previously described in item 13c.

- b. Please describe all plans for KidsCare to retain existing staff post-closing.

Following the close of the transaction, all existing KidsCare Home Health employees and contractors will continue in their current roles, including clinical staff, administrative personnel, and management. The transaction does not contemplate reductions in force, role eliminations, or changes to employment status as a result of the change in ownership.

Post-close, existing management and clinical leadership will remain in place, and day-to-day operations will continue without interruption. Reporting structures, clinical oversight, and supervisory responsibilities will remain unchanged following the transaction.

Post-close, there will be no changes to employee compensation, benefits, work locations, or assigned service areas as a result of the transaction. Clinicians will continue serving patients in the same geographic markets under the same care delivery models and clinical protocols currently in place.

KidsCare will also remain strongly committed to its existing referral sources post-close. The organization will continue to partner closely with physicians, hospitals, school districts, and other referral partners to ensure timely access to care. To support this commitment and meet referral demand, KidsCare expects to continue hiring additional clinicians post-close, as needed, to expand capacity while maintaining service quality and continuity.

9. On HCMO-1, Item 6a, entities state that “By providing capital to support KidsCare 's growth, innovation, and expansion of services as appropriate, the transaction is ultimately expected to increase access to quality in-home and clinic-based pediatric occupational therapy, physical therapy and speech language pathology services for Oregon patients.”

- a. Please describe in detail the nature and extent of KidsCare’s current provision of clinic-based services in Oregon. Describe all plans to expand access in Oregon clinic-based settings post-closing. In doing so,

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please provide copies of all plans, analyses, or other documentation related to planned or potential expansion.

While there are no concrete current plans or analyses documenting this strategy, the parties intend to, post-closing and utilizing their expanded combined capital, explore whether providing clinic-based services in Oregon would expand access to care while maintaining KidsCare’s current quality standards.

- b. If there are no current plans to expand access in Oregon clinic-based settings, please explain how the transaction is expected to increase access.

As providing services in a clinical setting can be more capital intensive than providing them in home-based settings, through KidsCare’s expanded access to capital, it can explore making the up-front capital investment necessary to provide clinic-based services.

- 10. Please provide utilization and revenue numbers per year for KidsCare Oregon for the past three calendar years by line of business, using the templates provided in subsections a through c below:
 - a. Unique count of Oregon patients served per calendar year

See Confidential Appendix.

- b. Unique count of services rendered per calendar year in Oregon

See Confidential Appendix.

- c. Total Oregon revenue per calendar year

See Confidential Appendix.

- 11. Please quantify how many patients received an initial intake or assessment from KidsCare in Oregon in calendar year 2025. Of those patients, quantify how many received at least one clinical service rendered at KidsCare.

In 2025, KidsCare Home Health completed initial assessments for 719 patients. Of those 719 patients, 682 received ongoing services.

To designate any portions of the response to this request as confidential, please follow the requirements of OAR 409-070-0070.

For more information about the Health Care Market Oversight program, please consult the program website: www.oregon.gov/hcmo. If you have questions or need further information, please contact the Health Care Market Oversight team at hcmo.info@oha.oregon.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah E. Bartelmann".

Sarah Bartelmann, MPH Cost Programs Manager Oregon Health Authority