

Health Care Market Oversight

Transaction 074

KidsCare – Therapy2000

Preliminary Review Report

May 21, 2026



About this Report

This report summarizes analyses and findings from Oregon Health Authority’s preliminary review of the proposed material change transaction involving TMS-CJ Holdings, LLC (“Seller”), upstream owner of Therapy Management Services, LLC (“KidsCare”), and Therapy2000 Acquisition, LLC (“Buyer”). It accompanies the Findings of Fact, Conclusions of Law, and Final Order (“Preliminary Review Order”) issued by Oregon Health Authority on May 21, 2026. For legal requirements related to the proposed transaction, please reference the [Preliminary Review Order](#).

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 can proceed.

Proposed Transaction

On March 20, 2026, OHA accepted a complete [Notice of Material Change Transaction](#) (“notice”) from TMS-CJ Holdings, LLC (“Seller”), upstream owner of Therapy Management Services, LLC (“KidsCare”)*, and Therapy2000 Acquisition, LLC (“Buyer”), an indirect subsidiary of Therapy2000 Parent Holdings, L.P. (“Therapy2000”), describing plans for Buyer to acquire Seller’s subsidiaries, including KidsCare. As part of the deal, the current KidsCare management team would remain involved in the post-closing operations of the business, including KidsCare Home Health of Oregon LLC (“KidsCare Oregon”). Seller and Buyer are referred to in this report as “the entities.”

The entities state that the proposed transaction would bring in new money to support KidsCare’s goal to deliver high quality pediatric home health care services and that the transaction will not change the type and level of services currently provided.

OHA’s Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA assessed the likely impact of the transaction across various domains including cost, access, quality, and equity in alignment with preliminary review criteria.

Key Findings

KidsCare is the dominant provider of pediatric home health care services in Oregon, while Therapy2000 has no local presence.

In 2025, KidsCare delivered home health care services (occupational therapy, physical therapy, speech-language pathology, and/or private duty nursing) to 1,066 children in Oregon.¹ Between 2021 and 2024, KidsCare provided 95% of pediatric home health care services in their primary service area (PSA) and 81% across the entire state.² Therapy2000 serves pediatric patients exclusively in Texas with no Oregon staffing, patients, or other presence.³

* All references to “KidsCare” herein shall apply to KidsCare and all its subsidiaries.

KidsCare is an essential access point for Oregon children enrolled in Medicaid who need home health care services.

Between 2021 and 2024, KidsCare Oregon's services were primarily provided to children enrolled in the Oregon Health Plan (OHP), Oregon's Medicaid program. KidsCare Oregon delivered 96% of the pediatric home health care services for youth enrolled in OHP within its PSA and 85% of services statewide.⁴

The proposed transaction is unlikely to affect access to care or service delivery in Oregon.

Given that Therapy2000 has no existing Oregon presence, this transaction will have no effect on state level market concentration of pediatric home health care services. The Entities have stated they have no intention of reducing staff levels, types or levels of available services, or geographic locations.⁵ OHA's conditions are designed to ensure the entities adhere to the statements made in the notice and subsequent filings to the state.

Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction with conditions on May 21, 2026.** (See [Preliminary Review Order](#)). OHA approved the proposed transaction based on the following criteria:

The material change is not likely to substantially alter the delivery of health care in Oregon.

KidsCare is the dominant provider in Oregon's pediatric home health care landscape. OHA estimates that KidsCare delivers approximately 81% of home-based occupational therapy, physical therapy, speech-language pathology, and private duty nursing episodes to Oregon children, and 95% of these services within their PSA.⁶ Therapy2000 currently has no presence in Oregon, and this acquisition will not result in any changes to market concentration. The entities state they have no intention of reducing staffing levels, type, scope, or volume of services, geographic availability, or contracted payers.⁷ Given KidsCare's importance as the primary access point for pediatric home health services in Oregon, particularly for youth enrolled in Medicaid, OHA has applied conditions to its approval of the proposed transaction to ensure continued access to care. The conditions:

1. Require the entities to adhere to commitments made in the notice and submissions to OHA
2. Require the entities to continue to participate in OHP for at least five years
3. Require the entities to make efforts to maintain contracts with Medicaid coordinated care organizations (CCOs) for at least five years
4. Require the entities to submit annual compliance reports describing compliance with conditions for five years.

As required by statute, OHA will conduct follow-up analyses one, two, and five years after the transaction is complete. OHA's monitoring will assess compliance with approval

conditions and whether the entity keeps the commitments included in the notice. More broadly, OHA will monitor changes to health care cost, quality, access, and health equity for people in Oregon.

Introduction

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.](#)

In the authorizing statute, the Oregon Legislature specified what types of proposed transactions are subject to review and the criteria OHA must use when analyzing a given proposed transaction. The Oregon Legislature also authorized OHA to decide the outcome of a proposed 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).

Transaction Notice Submission

On March 20, 2026, OHA accepted a complete [Notice of Material Change Transaction](#) (“notice”) from TMS-CJ Holdings, LLC (“Seller”), upstream owner of Therapy Management Services, LLC doing business as KidsCare Home Health (“KidsCare”), regarding the proposed acquisition of KidsCare by Therapy2000 Acquisition, LLC (“Buyer”), an indirect subsidiary of Therapy2000 Parent Holdings, L.P. (“Therapy2000”)

OHA reviewed the notice of material change transaction and determined, based on the facts in the notice, that the transaction is subject to review. The entities party to the transaction meet the revenue thresholds specified in [OAR 409-070-0015\(1\)](#) and the proposed transaction is otherwise covered by the program in accordance with [OAR 409-070-0010](#).

After receipt of the complete notice, OHA began a preliminary review of the proposed transaction. This report describes the transaction and summarizes OHA’s findings and conclusions from the preliminary review.

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On March 23, 2026, OHA posted a comment form to the [Transaction Notices and Reviews](#) page of the HCMO website and emailed subscribers to HCMO program updates to inform them about the opportunity to provide comment. OHA accepted comments via the form, phone, and by email to hcmo.info@oha.oregon.gov. OHA received 0 public comments.

Proposed Transaction

Buyer is proposing to acquire Seller’s subsidiaries, including KidsCare and KidsCare Home Health of Oregon LLC (“KidsCare Oregon”).

Entities Involved

KidsCare

KidsCare is a limited liability company headquartered in Texas which wholly owns subsidiaries in nine states: Colorado, Florida, Idaho, Maryland, Oregon, South Carolina, Texas, Washington DC, and Virginia.^{8,9}



KidsCare provides home health services including speech therapy, physical therapy, and occupational therapy to pediatric patients. KidsCare also provides private duty nursing in four states, including Oregon.¹⁰ KidsCare Oregon is based in Beaverton, Oregon and provides in-home services to patients in Clackamas, Columbia, Linn, Marion, Multnomah, Polk, Washington, and Yamhill counties.¹¹ As of November 2025, KidsCare Oregon had 91 staff, 53 of which are full-time employees. In 2025, KidsCare Oregon served over 1,000 patients.¹²

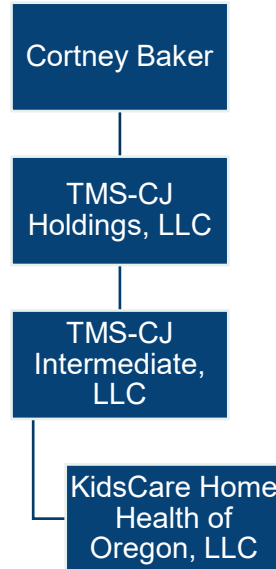
In the past five years, Seller acquired two home health agencies:¹³

- HomeCentris Home Health, LLC in December 2021. HomeCentris Home Health, LLC is based in Maryland with locations throughout Maryland, Virginia, and Pennsylvania.¹⁴
- Tendra Home Health in January 2022. Tendra Home Health is based in Florida.

Organizational Structure and Governance

Cortney Baker is the current CEO and sole owner of Seller. Seller wholly owns TMS-CJ Intermediate, LLC (“TMS-CJ Intermediate”), which in turn wholly owns Therapy Management Services, LLC formerly known as Therapy Management Services, Inc. and doing business as KidsCare. KidsCare Oregon is the subsidiary of Seller that operates the Oregon services of KidsCare.

A simplified organizational chart is included at right, see the transaction webpage for the [complete organizational chart](#) with all subsidiaries.



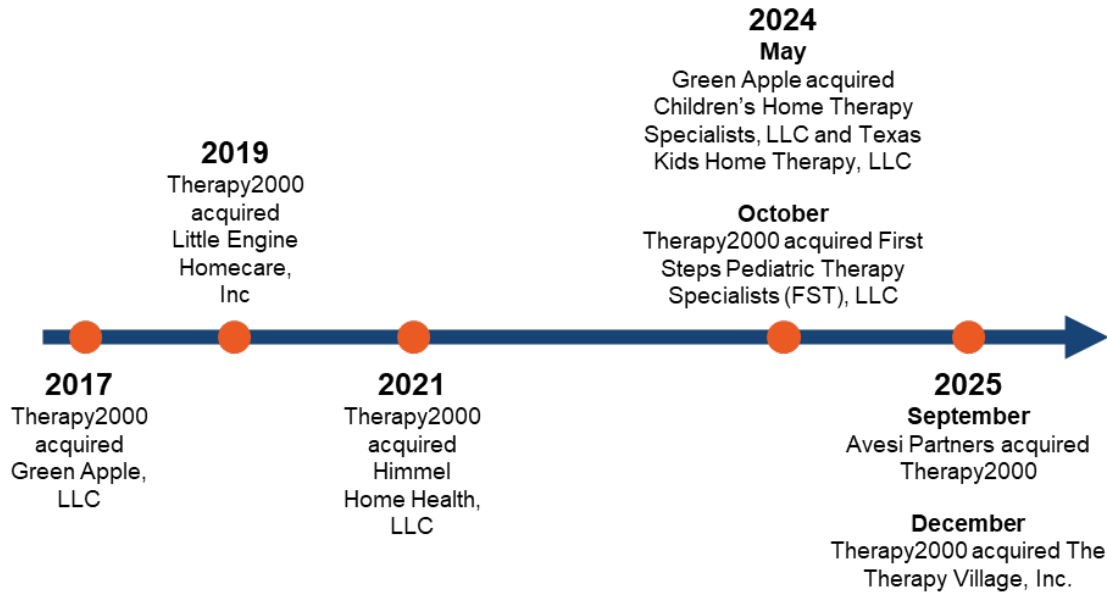
Therapy2000

Therapy2000 is headquartered in Texas and currently provides services solely in Texas.¹⁵ Therapy2000 has two clinical businesses, Therapy2000, LLC and Green Apple LLC (“Green Apple”). These businesses provide occupational and physical therapy, and speech language pathology services to pediatric patients at home. Neither business currently provides services in Oregon. Therapy2000, LLC and Green Apple operate 14 pediatric home health agencies in Texas.¹⁶ Therapy2000 employs over 1000 employees, 524 of which are full time.¹⁷



Therapy2000 has expanded in the past 10 years, acquiring a number of other pediatric home health agencies in Texas.¹⁸ The timeline below provides a list of acquisitions by Therapy2000’s subsidiary, JB 5x5 Holdings, Inc.

In September 2025, Therapy2000 was purchased by Avesi Partners, a private equity company.¹⁹ Therapy2000 stated that, following their acquisition by Avesi Partners, there have been no material changes to compensation or payer mix, and no changes to the Electronic Medical Record (EMR) technology stack.²⁰ In addition, Therapy2000 stated that they have continued investing in recruitment, training and retention of staff, as well as increasing their total patient count by 8% since the acquisition.²¹



Organizational Structure and Governance

Buyer is a holding company for various operating companies including the two clinical operating companies, Therapy2000, LLC and Green Apple.²² Both companies are responsible for their own clinical operations and clinical decision making. Governance of the companies relates to non-clinical matters.²³

A simplified organizational chart is included below, see the transaction webpage for a [complete organizational chart](#) of Therapy2000 with its upstream owners and subsidiaries.



Rationale for the Transaction

The entities stated that the transaction will provide more capital to KidsCare and the increased capital will support KidsCare's growth and expansion of services. This transaction is the result of a competitive auction hosted by Seller seeking an infusion of capital. Seller determined that Buyer was best aligned with KidsCare's goal to grow sustainably and maintain commitment to high-quality patient care.²⁴

Transaction Terms

Buyer and Seller, including Cortney Baker as the beneficiary of the transaction, entered into a Membership Interest Purchase Agreement ("Agreement") to consummate the transaction. After the closure of the transaction, Buyer will have acquired 100% of the membership interests in TMS-CJ Intermediate in exchange for cash and equity in Therapy2000. As a result of this equity, Buyer will own 95.2% of KidsCare with Seller retaining the remaining 4.8%.²⁵

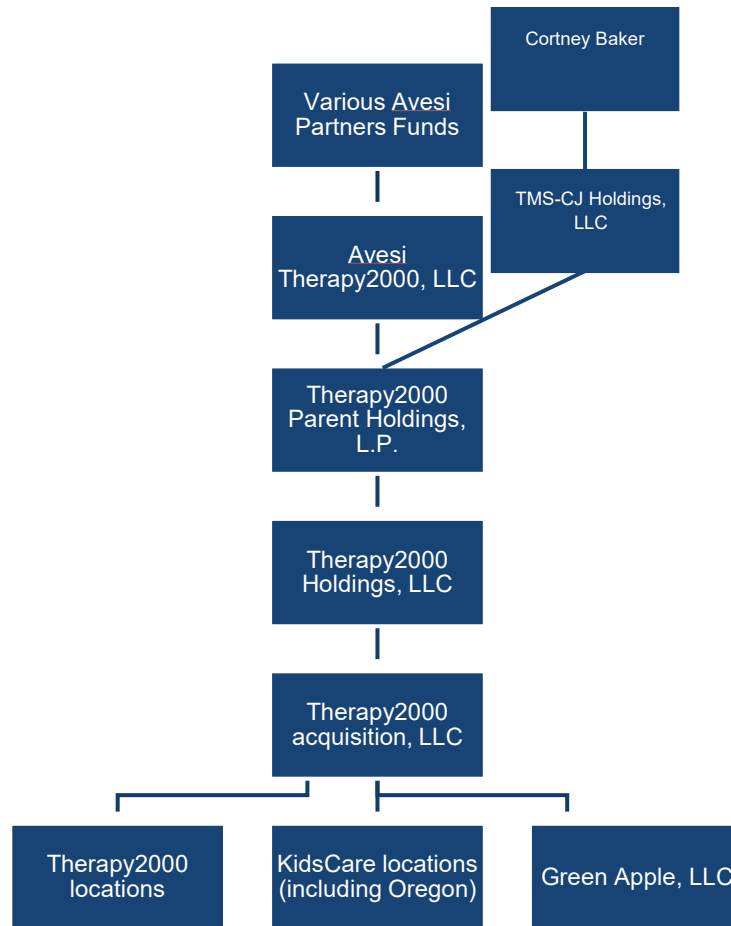
Post-Transaction Plans

The entities stated they do not expect the transaction to result in any changes to staffing, employee benefits, the types of services offered, or to payer contracts or payer mix.²⁶ The entities have stated the infusion of capital will allow KidsCare to be able to serve more patients by hiring more staff and serving more patients.²⁷

After being acquired by Avesi Partners, Therapy2000 continued to invest in recruiting, training and retention of staff, and increased total patient census by 8%.²⁸ The entities stated that they expect to implement the same investments in staffing at KidsCare with the same goals of increasing patient census and increasing the number of staff employed.²⁹

Following the close of the transaction, KidsCare will be a wholly owned subsidiary of Buyer. KidsCare's current owners will hold an indirect ownership interest in KidsCare, totaling approximately 4.8%.³⁰ In addition, the current management team of KidsCare will remain involved in the post-closing operation of the business and its future performance.³¹ Cortney Baker, the current CEO of KidsCare, will become a member of the Board of Directors of Therapy2000 in an advisory role.³² Erik Baker, the current President of KidsCare, will continue in his role following the close of the transaction.³³

A simplified post transaction organizational chart is included below, the [full organizational chart](#) is posted on the transaction webpage.



Private equity in pediatric home care services

About pediatric home health care

Pediatric home health care involves the delivery of medical care in the home for children with complex medical conditions or developmental disabilities. Pediatric home health care services include private duty nursing, rehabilitation support from speech-language pathologists, physical therapists, and occupational therapists, care coordination, and other care-related tasks.³⁴ Private duty nursing involves skilled nursing care for medically complex children that helps them remain in the home.³⁵ Conditions that benefit from pediatric home health care services include chronic illnesses and disabilities that require medication administration, medical device management, home activities of daily living and therapy, children with behavioral needs, and other conditions that require home health care.

Pediatric home health care is a guaranteed medical benefit through multiple federal laws that ensure children can receive care at home. These federal laws affirm that both governmental (Medicaid) and commercial payers cover home health services for children.³⁶ Although these services must be offered, there are barriers to accessing home health services for some children due to limited private insurance coverage, limitations of who can access Medicaid, and limitations on the prices or number of services that are

deemed medically necessary.³⁷ Medicaid pays for nearly 70% of home care, which includes private duty nursing.³⁸ Medicaid and commercial insurance can both establish criteria for the scope of a medically necessary benefit that pays for private duty nursing. The criteria vary from state to state, but establishing scope may limit the amount of services or care children receive, which may limit access to care.³⁹

Family caregivers are generally involved in the care of their children. If services are limited or children are unable to access health care services at home, family caregivers may be required to deliver unpaid necessary care without proper training.⁴⁰ Unpaid family care can lead to lost wages and the inability to be employed because of the time it takes to be a caregiver. A study estimated that lost earnings for family caregiving was approximately \$18,000/ family in 2016-2017.⁴¹ The study found that families with the most foregone employment were already of lower income, Hispanic background, and paying more than \$5,000 a year in their child's out-of-pocket costs for care.⁴² In addition, another study found that Hispanic children were less likely to receive home health care compared with other children. The study showed that families were more likely to provide their own healthcare if they were Hispanic, lived below the federal poverty level, and the child had no parent who had finished high school.⁴³ Providing unpaid care can impact a family's financial burden and also impact the family's physical and mental well-being.⁴⁴ In addition, insufficient home health care can worsen health inequities that minority populations experience.⁴⁵

Many studies have shown insufficient access to pediatric home health care in the country. Access barriers include insufficient number of private duty nursing hours for patients, provider turnover or no-showing shifts, or a gap in the number of hours granted and the numbers of hours received for families.⁴⁶ Many provider agencies attribute workforce shortages to the reason why fewer nursing hours can be provided to families.

Private Equity in Private Duty Nursing

Private equity has been increasingly targeting home health agencies and private duty nursing agencies for investment and acquisition despite claims of low reimbursement and workforce shortages. One reason for the acquisitions may be because the market is generally spread out without one agency holding significant market dominance; this gives investors the ability to acquire more agencies to create economies of scale and decrease expenses.⁴⁷

In addition, the demand for home health care is increasing as health insurance payers prefer home-based care because it is cheaper than care provided in hospitals or nursing facilities. Also, patients generally prefer care at home if it is available.⁴⁸

In order to create profits for investors, private equity companies need to manage expenses, including labor costs, through low pay, poor benefits, and fewer hours.⁴⁹

What is a private equity firm?

[Private equity firms](#) invest in private companies (i.e., companies that are not publicly traded) and seek to generate high returns on investments. The goal of a private equity firm is to generate profits for investors, typically within 3-7 years.

Turnover in staffing can harm patients as new staff need to be trained for the child's specific needs. In addition, without proper nursing care, families may be required to provide care to their child, affecting quality of life for families.⁵⁰

One report of a private equity-owned private duty nursing agency found multiple safety violations and staff describing that the company's pressure to generate profits jeopardized the quality of care.⁵¹ The report found that 90% of bonuses were tied to earnings growth, patient care hours and cash collection, while patient satisfaction and clinical outcomes together comprised only 10%.⁵² Advocates have cited concerns about staffing and quality of care following private equity acquisitions.⁵³

Findings & Potential Impacts

OHA compiled and analyzed data and information to understand and examine the potential impacts of the transaction across various domains including access, cost, quality, and equity in alignment with preliminary review criteria. To assess the potential impacts of the proposed transaction on Oregon residents, OHA used data from Oregon's All Payer All Claims (APAC) health insurance claims database to analyze cost, utilization, and provider concentration within the pediatric home health market in Oregon. For more information on OHA's analysis, see **Appendix A: OHA's Review**. The below sections summarize OHA's findings from the preliminary review.

Key Findings

KidsCare is the leading provider of pediatric home health care services in Oregon, while Therapy2000 has no local presence.

KidsCare has a dominant share of the pediatric home health care market in Oregon.

In 2025, KidsCare delivered home health care services (occupational therapy, physical therapy, speech-language pathology, and/or private duty nursing) to 1,066 children in Oregon.⁵⁴

The pediatric home health care market in Oregon is highly concentrated with few providers specializing in care specifically for children. OHA estimates that the statewide pediatric home health care market has a Herfindahl-Hirschman Index (HHI) of over 6,700, making it extremely concentrated. Per federal guidelines, markets with an HHI of over 1,800 are considered highly concentrated,⁵⁵ which means there may not be enough competition between providers to maintain care quality or limit price increases.

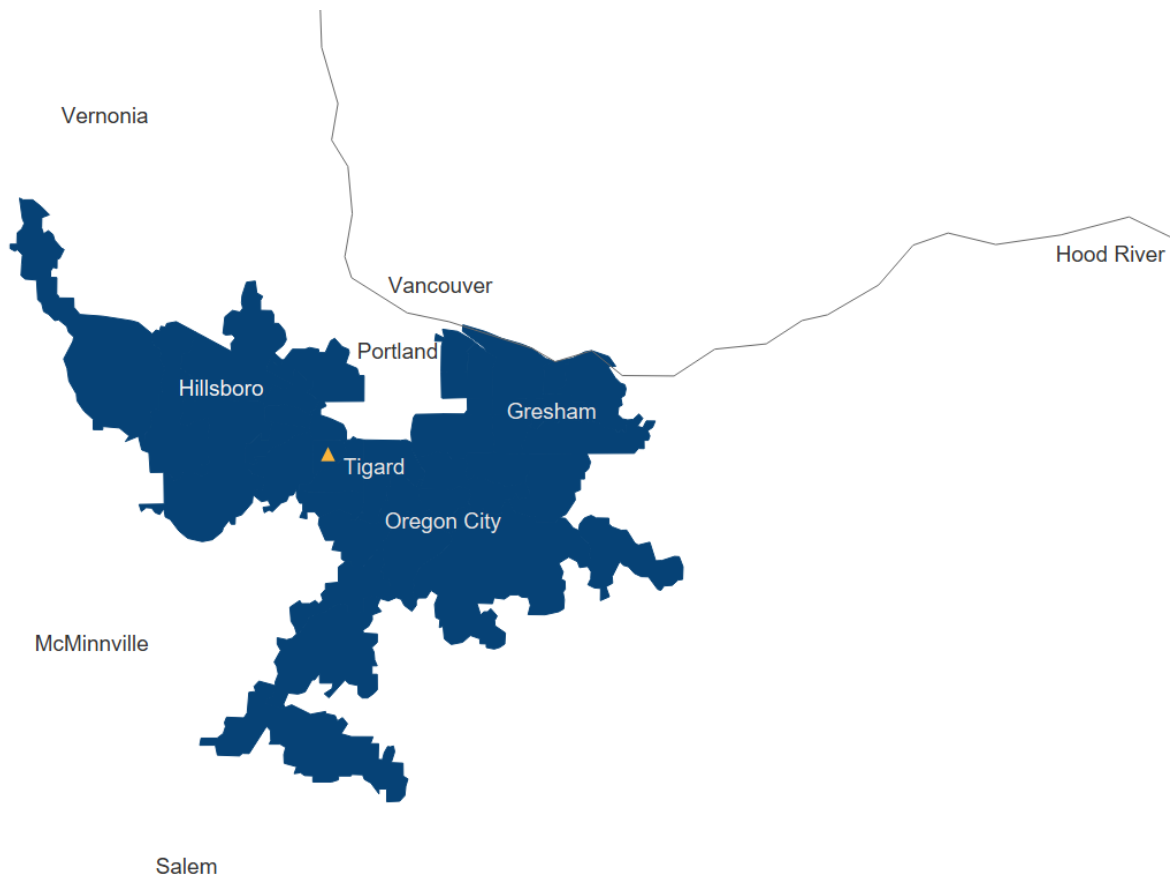
KidsCare provided 81% of all pediatric home health episodes rendered statewide and was the only provider in Oregon focused exclusively on care for children.⁵⁶ Within its primary service area (PSA), 95% of all home health episodes rendered to Oregon children between 2021 and 2024 were delivered by KidsCare Oregon, making it the market leader by a significant margin.⁵⁷ (See Appendix A for PSA methodology.)

KidsCare Oregon is the largest provider of home health services to children within the PSA and serves 95% of this market



The blue area in the map below represents the zip codes in which 75% of the patients of KidsCare reside. This PSA encompasses zip codes around Gresham, Hillsboro, Oregon City, and Tigard.

Primary Service Area (PSA) for KidsCare Oregon



KidsCare is an essential access point for Oregon children enrolled in Medicaid who need home health care services.

Almost all (97%) of KidsCare’s services are for youth enrolled in OHP. KidsCare’s share of the Medicaid market for pediatric home health services is similar to its share across all payers. Between 2021 and 2024, KidsCare delivered 85% of home health care episodes for pediatric OHP members statewide and 96% of episodes for OHP members within its

PSA.⁵⁸ In addition, the overwhelming share of KidsCare's billing revenue is attributable to Medicaid.⁵⁹

KidsCare Home Health's primary source of revenue is from **Medicaid** with a small percentage coming from **commercial payers**.



Within KidsCare's Medicaid patient population, about two-thirds are members of a Coordinated Care Organization (CCO), compared to one-third enrolled in the state's fee-for-service OHP plan. Fee-for-service services are reimbursed at a set rate established by the State of Oregon, while providers have somewhat more leeway in negotiating reimbursement rates with CCOs. KidsCare's significant market share gives it considerable power in negotiating reimbursement rates with CCOs. It will be important for KidsCare to continue participating in the Medicaid program at a fair rate in order to maintain affordable access to these services.

Therapy2000 is absent from the Oregon market.

Therapy2000 serves pediatric patients exclusively in Texas with no Oregon staffing, patients, or other presence.⁶⁰

The proposed transaction is unlikely to affect access to care or service delivery in Oregon.

The transaction will not result in any changes in market share.

Because Therapy2000 currently does not serve any Oregonians this transaction will have no impact on the level of concentration in the pediatric home health market.

Although there will be no further market concentration as a result of this transaction since Therapy2000 currently has no Oregon presence, the significant level of concentration that already existed prior to the transaction means it will be important for KidsCare to continue to provide accessible and affordable services in Oregon after the close of the transaction.

The entities explicitly state that they have no plans to reduce existing KidsCare access points, staffing levels, or services.

The notice includes the following statements from the entities:

- They do not intend to reduce the type, scope, or volume of services currently offered by KidsCare Oregon, either now or in the future.
- They do not intend to reduce any clinical, administrative, or other staffing types at KidsCare Oregon.

- They do not intend to change any currently accepted insurance plans, nor do they anticipate an increase in consumer out-of-pocket costs for services provided after the transaction closes.
- After the transaction closes, KidsCare Oregon “would be able to expand its service offerings and scale up administrative support for its Oregon clinicians as a result of the transaction.”⁶¹

KidsCare’s Oregon business is comprised primarily of Medicaid patients; OHA does have a concern that any material changes to KidsCare’s access points or Medicaid provider participation status could result in a meaningful reduction in access for Oregon Health Plan members. OHA’s approval conditions are designed to mitigate this concern by requiring Entities to continue provider relationships with the Oregon Health Plan and Coordinated Care Organizations (CCOs) for at least five years.

Conclusions

Approval Criteria

The approval criteria are specified in administrative rules for the HCMO program and are consistent with Oregon law. Below is a summary of the primary reason, based on the findings described in this report, why OHA considers the criterion satisfied.

The material change transaction is not likely to substantially alter the delivery of health care in Oregon.

While KidsCare Oregon has a dominant share of the pediatric home health care market in Oregon, Therapy2000 has no presence, and this transaction will not result in any further market concentration. Entities have stated that they do not have plans to reduce staffing levels, geographic availability, type, or scope of services. Given KidsCare Oregon’s existing market share and their importance as an access point for youth enrolled in Medicaid, the transaction does have the potential to negatively impact access to care if any reductions are made in service availability or Medicaid participation. OHA’s conditions are designed to ensure the entities adhere to the statements made in the notice and subsequent filings to date.

Approval Conditions

A summary list of conditions for approval of the proposed transaction are as follows:

1. Entities must not materially modify the definitive agreements underlying the terms of this proposed transaction without first obtaining the consent of OHA.
2. For a period of five years, the following conditions apply:
 - a. The entities must comply with the representations they made in the Notice and all filings to date.
 - b. Therapy2000 shall maintain active enrollment in the Oregon Health Plan, Oregon’s Medicaid program.

- c. Therapy2000 shall make good faith efforts to maintain provider status with those Oregon Coordinated Care Organizations (“CCOs”) that KidsCare has been contracted.

- 3. Therapy2000 must submit an annual report to OHA, verified under oath, demonstrating their compliance with the conditions described in 2b and 2c. The report must also provide current staffing capacity numbers and updates on any payer contracts that KidsCare held as of the date the Notice was submitted.

The full list of conditions with additional details is available in the [Preliminary Review Order](#).

Based on preliminary review findings, **OHA approved the transaction with conditions on May 21, 2026**. See Findings of Fact, Conclusions of Law, and [Preliminary Review Order](#), dated May 21, 2026.

The transaction was approved per ORS 415.501(6)(b) and OAR 409-070-0055(2)(d), because OHA determined the transaction is unlikely to substantially reduce access to affordable health care in Oregon.

Follow-Up Reviews

As required by statute, OHA will conduct follow-up analyses one, two, and five years after the transaction is complete. OHA’s monitoring will assess compliance with approval conditions and whether the entity keeps the commitments included in the notice. More broadly, OHA will monitor changes to health care cost, quality, access and health equity for people in Oregon.

As part of the required monitoring activities, OHA may request additional information from the entities. OHA will publish findings and conclusions from follow-up analyses to the HCMO website.

Acronyms & Glossary

Acronyms & Abbreviations

APAC	All Payer All Claims
CCO	Coordinated Care Organization
CEO	Chief Executive Officer
EMR	Electronic Medical Records
HCMO	Health Care Market Oversight
HHI	Herfindahl-Hirschman Index
OAR	Oregon Administrative Rule
OHA	Oregon Health Authority
OHP	Oregon Health Plan

ORS	Oregon Revised Statute
LLC	Limited Liability Company
PSA	Primary Service Area

Appendix A: OHA’s Review

OHA performed a preliminary review of the proposed transaction to assess its potential impact on Oregon’s health care delivery system. The review explored impacts in four areas (domains): cost, access, quality, and equity. OHA’s analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.⁶² The framework is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085.

Background Research and Literature Review

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction, the entities involved, and the pediatric home health care market. OHA consulted publicly available sources, including press releases and media reports; Securities & Exchange Commission (SEC) filings; business filings with the Secretary of State in Oregon and other states; entity websites; state agency, professional association, and third-party entity reports; reports commissioned by local, state, and federal government; and other relevant governmental communications. OHA also considered articles and research reports about pediatric home health care delivery and the role of private equity.

Request for Information

OHA issued one request for information (RFI) to inform its preliminary review on March 20, 2026, to which the entities responded between March 23 and April 21, 2026 (see response documents posted on the [transaction webpage](#)). Through this RFI, OHA sought more information about Therapy2000’s acquisition by Avesi Partners in late 2025, planned changes or expansion of services or locations, KidsCare’s current and expected future staffing models, and KidsCare’s utilization and revenue data from the past three years.

Analytic Methods

Home Health Claims Analysis

OHA’s identification of home health service areas and analysis of market share are based on home health agency claims data from APAC. To find relevant claims for these uses, OHA utilized [bill type codes](#) for home health services. All analyses in this report are based on claims incurred by Oregon residents and rendered by or billed to Oregon providers.

OHA’s market analyses use ‘episodes’ of home health and home hospice care for the unit of measurement. Instances of home health or home hospice care are considered one episode if the same home hospice or home health agency (as defined by NPI) provides

care to the same patient for any time period without a gap in care longer than 60 days. Instances of care with gaps longer than 60 days are considered separate episodes.

For this transaction, analysis was limited to episodes incurred by Oregon residents who were younger than 18 years of age at the start of the episode.

Service Area Methodology

To define the Primary Service Area (PSA) for this transaction, OHA followed four steps:

1. Summarize the claims rendered by or billed to the provider(s) involved in the transaction during the study period by patient zip code and episode count. OHA uses National Provider Identifiers (NPIs) to identify relevant claims for each provider in the transaction. OHA typically defines a transaction PSA using the claims rendered by or billed to the provider(s) being acquired.
2. Rank the patient zip codes in descending order of episode count (volume).
3. Identify contiguous zip codes that account for at least 75% of the provider's total episodes. This identifies the contiguous, volume-driven PSA.
 - a. To do this, OHA starts with the provider's office zip code and adds other zip codes to the map based on volume rank only if they are contiguous to the provider's office zip code. When an NPI is associated with more than one address, OHA uses the zip code of the primary practice address listed for the NPI in the [NPPES NPI Registry](#) as the starting zip code.
 - b. Zip codes that are not immediately contiguous with the provider's office location may be permanently excluded from the PSA or only temporarily excluded until interim zip codes are added that fill in the geographical gap. Adding a new zip code that then pulls in previously excluded zip codes can result in a PSA volume over 75%.
4. Add zip codes that are fully encompassed by the zip codes identified in step 3. This may result in a PSA volume over 75%.

Market Share and Consolidation

Consolidation, or concentration, is a measure of the degree of competition in a market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms. When a transaction involves health care entities offering similar products or services (a "horizontal" transaction), the level of concentration in the market and the change in concentration resulting from the transaction is useful as an initial screen for potential anticompetitive effects.

OHA measured market concentration using the Herfindahl-Hirschman Index (HHI), a measure commonly used by federal and state antitrust enforcement agencies.

HHI is calculated as follows:

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

Where S1 is market share (in percentage points) of firm 1 and n is the total number of competitors in the market. By summing the squared values of market shares, the HHI

gives greater weight to firms with larger market shares. For this analysis, OHA measured market shares as a percentage of pediatric home health and hospice episodes rendered between 2021 and 2024 for residents of Oregon zip codes within the entity’s primary service area.

Transactions occurring in concentrated markets and those involving a significant change in concentration are more likely to have adverse effects on competition and lead to price increases. For horizontal transactions under preliminary review, HCMO will use the HHI thresholds specified in the U.S. Department of Justice and Federal Trade Commission Horizontal Merger Guidelines summarized in the table below.

HHI Thresholds:

Post-transaction HHI	Concentration Level
Greater than 1,800	Highly concentrated
Between 1,000 and 1,800	Moderately concentrated
Less than 1,000	Low concentration

Post-transaction	HHI Change	Level of Concern
HHI greater than 1,800	More than 100	High (if both). Presumed to substantially lessen competition or tend to create a monopoly.
Market share greater than 30%	More than 100	High (if both). Presumed to substantially lessen competition or tend to create a monopoly.

U.S. Department of Justice and the Federal Trade Commission, Horizontal Merger Guidelines, December 18, 2023, available at <https://www.justice.gov/d9/2023-12/2023%20Merger%20Guidelines.pdf>.

Data Sources

All Payers All Claims

[The Oregon All Payer All Claims Database](#) (APAC) houses administrative health care data for Oregon’s insured populations. It includes medical and pharmacy claims, non-claims payment summaries, member enrollment data, billed premium information and provider information for Oregonians who are insured through certain commercial insurance, Medicaid and Medicare. Information about APAC is available on OHA’s. The APAC study period for this review was based on claims for services rendered between 2019 and 2024. OHA’s analysis is based on claims for services rendered to residents of Oregon based on the state of their home address at the time of service as reported to APAC by providers with locations in Oregon.

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