

## EXECUTIVE SUMMARY

# 030 Pennant –Signature Lincoln City Transaction Review

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.

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## Proposed Transaction

The Pennant Group, Inc. (“Pennant”), parent group of affiliated home health, hospice, and senior living companies, proposes to purchase assets of certain home health and hospice agencies owned by The Signature Group, LLC (“Signature”). This transaction is associated with five other OHA transaction reviews (028 Signature-Pennant NP2U, 029 Signature-Pennant Tigard, 031 Signature-Pennant Bend, 032 Signature-Pennant Eugene/Albany, 033 Signature-Pennant Medford). In this transaction, Three Rocks Healthcare, LLC (“Three Rocks”), owned by Pennant, plans to purchase the assets of Signature’s two locations in Lincoln City: Signature Coastal Home Health, LLC (“Signature Coastal”) and Signature Hospice Oregon Coast, LLC (“Signature Hospice”)

## 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 four domains: cost, access, quality, and equity. Upon request by OHA, Pennant and Signature (collectively, the “entities”), provided additional information on referral relationships between entities and corporate relationships of other entities that are not otherwise specified in the transaction documents. OHA held a public comment period and received one public comment submission.

## Key Findings



### Cost

OHA has concerns about price/cost increases resulting from the transaction. The vast majority of the entities’ revenue come from Medicare Advantage plans and Original Medicare, which to some degree limits any price/cost effects from the proposed transaction. However, the dominant market share could result in the use of all-or-nothing contracting with payers.

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### Access

The proposed transaction is not expected to change the level of services available to the community or the types of services offered to patients, as long as the entities continue to accept patients with Medicaid and Medicare Advantage plans.



### Quality

Signature Coastal performs better than average in most quality metrics. However, it generally performs worse than the statewide average in patient satisfaction surveys.



### Equity

Given the market share, it will be critically important that Pennant fulfills their commitment to continue serving patients covered by Medicaid, Original Medicare, Medicare Advantage, and commercial payers.

## Conclusions and Decision

OHA [approved the transaction with conditions](#) on October 14, 2024.

OHA will monitor the impact of the transaction by conducting follow up analyses one year, two years, and five years after the business deal is completed. During these reviews, OHA will analyze any impact of the transaction on quality of care, access to care, affordability, and health equity, specifically following up on concerns or observations noted in the Findings & Potential Impacts section of the Review Summary Report. OHA will also assess whether the parties to the transaction have kept to the commitments stated in the notice of transaction regarding cost, access, and quality of care.