

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

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Date Mailed: October 14, 2024

**STATE OF OREGON  
OREGON HEALTH AUTHORITY  
HEALTH POLICY AND ANALYTICS DIVISION**

In the Matter of the Proposed )  
Material Change Transaction of )  
**Willamette Healthcare, LLC, Avamere Home** )  
**Health Care, LLC and Signature Hospice** )  
**Eugene, LLC** )  
Proposed Findings of Fact, Conclusions of  
Law, and Order  
Transaction ID: 032

This Order resolves the Notice of Material Change Transaction (the “Notice”) filed by Willamette Healthcare, LLC (“Willamette”) with respect to its proposed acquisition of Avamere Home Health Care, LLC (“AHHC”) and Signature Hospice Eugene, LLC (“Signature Hospice”) (the “Transaction”). (Willamette, AHHC, and Signature Hospice are sometimes referred to collectively as the “Entities.”) The Entities filed the Notice with the Oregon Health Authority (“OHA”) under the Health Care Market Oversight Program pursuant to Oregon Revised Statutes (ORS) 415.500 through 415.900 and Oregon Administrative Rules (OAR) 409-070-0000 through 409-070-0085.

On August 23, 2024, OHA confirmed receipt of a complete Notice of Material Change Transaction in compliance with OAR 409-070-0030 and 0045. Pursuant to ORS 415.501(5) and OAR 409-070-0055, OHA timely conducted a preliminary review of the proposed transaction. OHA’s review analyzed the potential impact of the Transaction in four domains: cost, access, quality, and equity. The analysis followed guidelines and methods set out in the Health Care Market Oversight Analytic Framework (see <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf>), which is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085. OHA’s analysis is posted to the HCMO website at <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx> and is incorporated herein by reference. A public comment period was open from August 23, 2024, to October 14, 2024. OHA received no public comments.

Now, therefore, upon due consideration of the circumstances, including the Notice of Material Change Transaction, documentation filed in support of the Notice of Material Change Transaction, databases maintained by OHA, websites of the Entities, press reports, academic research articles, and other publicly available reports, OHA enters the following Proposed Findings of Fact, Conclusions of Law, and Order.

## FINDINGS OF FACT

### OHA FINDS that:

1. On or about July 5, 2024, Willamette filed the Notice with OHA.
2. On or about July 17, 2024, OHA notified Willamette that the Notice was incomplete, provided guidance about submission requirements, and requested supplemental information to help inform its review of the Transaction.
3. On or about August 23, 2024, OHA notified Willamette that it received a complete Notice. OHA commenced the preliminary review period pursuant to OAR 409-070-0055.
4. OHA accepted public comments on the Transaction from August 23, 2024, through October 14, 2024. OHA received no public comments.
5. The Pennant Group, Inc. is a Delaware for-profit, publicly traded corporation that operates as a holding company of independent operating subsidiaries that provide healthcare services, focusing on home health, hospice care, and senior living communities. Pennant operates in 13 states, including Oregon, and operates 117 home health and hospice agencies and 54 senior living communities. Pennant's total 2023 revenues were approximately \$545 million.
6. The Pennant Group, Inc. currently owns two affiliate home health operations and two affiliate hospice operations in Oregon, which operate under the names Rogue River Healthcare, LLC and Connected Healthcare, Inc.
7. Willamette is a Nevada limited liability company and a wholly owned subsidiary of Cornerstone Healthcare, Inc., a Nevada corporation. Cornerstone Healthcare, Inc. is a wholly owned subsidiary of Pennant.
8. Signature Group, LLC ("Signature") is an Oregon limited liability company that owns home health and hospice agencies operating in Oregon. Signature's total 2023 revenues were approximately \$78 million.
9. Avamere Home Health Care, LLC is an Oregon limited liability company and wholly owned direct subsidiary of Signature Group, LLC.
10. Signature Hospice Eugene, LLC is an Oregon limited liability company and wholly owned indirect subsidiary of Signature Group, LLC.
11. On July 5, 2024, certain subsidiaries of Pennant and certain subsidiaries of Signature entered into an Asset Purchase Agreement (the "Agreement") with the intent of Pennant's subsidiaries purchasing the agencies and operations of certain home health and hospice agencies owned by Signature's subsidiaries. This Agreement is separated into six different transactions, each of which underwent a separate review by OHA. In addition to the present transaction, the remaining five reviews are labelled as 028 Signature-Pennant NP2U, 029 Signature-Pennant Tigard, 030 Signature-Pennant Lincoln City, 031 Signature-Pennant Bend, and 033 Signature-Pennant Medford.
12. The current home health care market is highly consolidated in the primary service area of Eugene and Albany. The Transaction does not materially change the Herfindahl-Hirschman Index (HHI) of the home health market as Pennant does not have a large market presence in this service area.

13. The Entities state that once the Transaction closes, Willamette will “roll the existing seller payers’ contracts onto new paper with new ownership demographics to allow the agency to continue to provide patient care.”
14. The Entities state that the “objective of the proposed transaction is to continue providing locally operated health care services to the communities who are served by these agencies.”
15. The Entities receive most of their revenue from Medicare Advantage plans and Original Medicare which uses rates that are set by the federal government. Medicaid and commercial plans comprise a small percentage of the entities’ revenue.

### **CONCLUSIONS OF LAW**

1. The Notice is supported by the required documentation and meets the requirements of the Health Care Market Oversight Program rules for approval with respect to acquisitions of health care Entities pursuant to ORS 415.500 through 415.900 and OAR 409-070-0000 through 409-070-0085.
2. OHA finds that:
  - a. The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon.
    - i. None of the entities involved in the transaction have significant market share for services provided in Oregon, nor is the transaction likely to result in significant changes to market concentration. The transaction is unlikely to increase consolidation, decrease access, or increase costs in Oregon.

### **ORDER**

Based on the foregoing Findings of Fact and Conclusions of Law it is hereby ORDERED that:

1. The transaction is hereby APPROVED upon the basis of the information contained in the Notice of Material Change Transaction to date.
2. The Entities shall notify OHA within one (1) business day following completion of the Transaction by email to [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov).

This Order will be posted to the Health Care Market Oversight Program website at <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>.

OHA will conduct follow-up reviews to assess the impact of the transaction in accordance with ORS 415.501(10). OHA will publish findings from follow-up reviews. Per OAR 409-070-0080, OHA may require the Entities to provide any information, reports, analyses, and documentation needed to monitor and assess the impact of the Transaction.

### **NOTICE OF RIGHT TO REQUEST A HEARING**

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), ORS 415.019, and OAR 137-070-0075. You are entitled to be represented by an attorney at the hearing.

Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within fifteen (15) days from the date this Final Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

[hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov)

or

Health Care Market Oversight Program  
421 SW Oak St  
Suite 850  
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing, and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

Dated this 14 day of October, 2024



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Sarah Bartelmann, MPH  
Health Care Market Oversight Program Manager  
Oregon Health Authority

**NOTICE TO ACTIVE DUTY SERVICEMEMBERS.** Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 00-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.