

Health Care Market Oversight

# Transaction 033

# Pennant-Signature Medford 30-Day Review Report

October 14, 2024



# About this Report

This report summarizes analyses and findings from Oregon Health Authority’s preliminary (30-day) review of the proposed material change transaction of Willow Creek Healthcare, LLC, Avamere Home Health Care, LLC, and Signature Hospice Medford, LLC. It accompanies the Findings of Fact, Conclusions of Law, and Final Order (“Preliminary Review Order”) issued by Oregon Health Authority on October 14, 2024. For legal requirements related to the proposed transaction, please reference the [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](mailto:hcmo.info@oha.oregon.gov) or by phone at 503-385-5948. 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](mailto: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 do not harm people and communities in Oregon. 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

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, 030 Signature-Pennant Lincoln City, 031 Signature-Pennant Bend, and 032 Signature-Pennant Eugene/Albany). In this transaction, Willow Creek Healthcare, LLC (“Willow Creek”), owned by Pennant, plans to purchase the assets of Signature’s two locations in Medford, Avamere Home Health Care, LLC (“AHHC”) and Signature Hospice Medford, LLC (“Signature Hospice Medford”).

## 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 no public comments.

## 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. Patients of Pennant’s Riverside Home Health with Medicare Advantage coverage face relatively higher out-of-pocket costs.



### Access

OHA has concerns about access to care as a result of the transaction. The proposed transaction is not expected to change the level of services available to the community or the types of services offered to patients. However, the proposed transaction could result in disruptions in care for current patients or access issues for future patients based on their insurance type or plan.



## Quality

OHA has concerns about the entities steering patients to certain agencies. Statements made by the entities, if adhered to, would mitigate these concerns.



## Equity

OHA has concerns about equity for this transaction. Given the market share Pennant would acquire, it will be critically important that individuals with Medicaid coverage can continue to access home health and hospice services.

## Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction with conditions on October 14, 2024.** (See [order](#)). OHA approved the proposed transaction based on the following criteria:

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

The proposed sale of AHHC and Signature Hospice to Willow Creek is unlikely to alter the delivery of home health services in the region. The approval conditions are designed to mitigate some of the potential negative effects of the proposed transaction.

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 the 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.

The approval conditions require the entities to complete the proposed transaction consistent with the notice and in adherence to the representations made in the notice and subsequent filings. Additionally, for at least two years, Willow Creek Healthcare, LLC must continue accepting patients covered by the Medicare Advantage plans in effect since 2024 and previously accepted by the Avamere/Signature entities. For at least five years, Willow Creek Healthcare, LLC must continue accepting patients covered by Medicaid. Lastly, for at least five years, Willow Creek Healthcare, LLC must not engage in all-or-nothing contracting with payers.

## Introduction

In 2021, the Oregon Legislature passed [House Bill 2362](#), giving the Oregon Health Authority (OHA) the responsibility to review and decide whether some transactions involving health care entities should proceed. In March 2022, OHA launched the Health Care Market Oversight program (HCMO). This program 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 analyzing a given proposed transaction, OHA may approve, approve with conditions, or reject it.

The Health Care Market Oversight 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.

# Proposed Transaction

On August 23, 2024, OHA received a Notice of Material Change Transaction (“Notice”) from The Pennant Group, Inc. (“Pennant”) and The Signature Group, LLC (“Signature”) (Pennant and Signature are collectively referred to herein as the “Entities”). The Notice describes plans for Pennant to purchase Signature’s home health and hospice businesses. Pennant plans to complete the purchase of Signature’s home health and hospice agencies through six different transactions. In this proposed transaction, Pennant plans to purchase the assets of Avamere Home Health Care, LLC (“AHHC”) and Signature Hospice Medford, LLC (“Signature Hospice Medford”).

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. Preliminary reviews must be completed within 30 days of OHA’s confirmation of receipt of a complete notice, unless extended in accordance with applicable statutes and administrative rules. This report describes the transaction, OHA’s approach to the review, its findings, and OHA’s conclusions based on these findings.

## Parties to the Transaction

### Pennant

Pennant is a for-profit, publicly traded company incorporated in Delaware and based in Idaho.<sup>1</sup> Pennant is a holding company of independently operating subsidiaries located throughout the country. Pennant operates in 13 states including Oregon. Nationally and as of June 2024, Pennant operates 117 home health and hospice agencies and 54 senior living communities with 3,835 total units in their assisted living, independent living, and memory care facilities.<sup>2</sup> Pennant operates two home health and hospice agencies in Oregon: Connected Home Health and Hospice (“Connected Home”) in Portland and Riverside Home Health Care and Hospice (“Riverside”) in Medford and Grants Pass. Pennant’s revenue from their home health and hospice services and senior living services was approximately \$545 million in 2023.<sup>3</sup>

### Willow Creek Healthcare

Willow Creek Healthcare, LLC (“Willow Creek Healthcare”) is a limited liability company newly formed in Nevada specifically for this transaction. Willow Creek Healthcare is a wholly owned subsidiary of Cornerstone Healthcare (“Cornerstone”) which, in turn, is a subsidiary of Pennant. In this transaction, Willow Creek Healthcare will purchase AHHC and Signature Hospice Medford. Willow Creek Healthcare will operate AHHC and Signature Hospice Medford, with the entities becoming a subsidiary of Willow Creek Healthcare. Willow Creek Healthcare currently has no revenue.

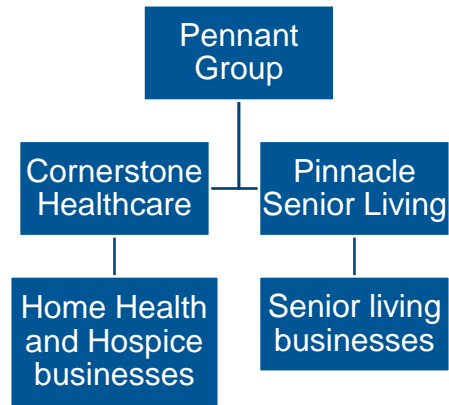
### Governance and Organizational Structure

The Ensign Group, Inc. (“Ensign”), a for-profit publicly traded company incorporated in Delaware, launched Pennant in 2019 as a spin-off company for all of its non-skilled nursing business lines. From the beginning, Pennant was a “publicly traded holding company comprised of Ensign’s home health and hospice agencies and substantially all of Ensign’s senior living and ancillary service businesses.”<sup>4</sup> Following the spin-off, Ensign continued operating as a holding company for post-acute service providers such as skilled nursing and assisted and independent living.

In December 2017 – more than a year before the spin-off – the Ensign was affiliated with 46 home health and hospice agencies and approximately 69% of their home health and hospice revenue came from Medicare. In the years leading up to the creation of Pennant, Ensign’s home health and hospice grew significantly. Revenue from home health and hospice grew 257% and the number of home health and hospice agencies grew by 188%.<sup>5</sup>

Currently, Pennant operates each home health and hospice agency independently and has no traditional corporate headquarters. Each of Pennant’s independent operating subsidiaries has its own management, employees, and assets.<sup>6</sup> Each agency is supported by Pennant’s “Service Center” which provides professional resources in their areas of expertise including human resources, legal, billing, and financial services. Pennant operates their home health and hospice businesses through Cornerstone and their senior living businesses under the name Pinnacle Senior Living. Pennant states the following regarding their organizational structure:

*“Pennant believes that healthcare is local, which means the best way to accomplish its mission of providing life-changing service is to empower local leaders to meet the needs of those they have the pleasure of serving, all while being supported with cutting-edge systems and resources. To this end, our home health and hospice agencies operate relatively independently and have no traditional corporate headquarters. Instead, they are supported by a “Service Center,” a world-class team of professional resources that advise on their respective areas of expertise. This allows on-site leaders and clinicians to focus squarely on day-to-day care and business issues in their individual agencies.”<sup>7</sup>*



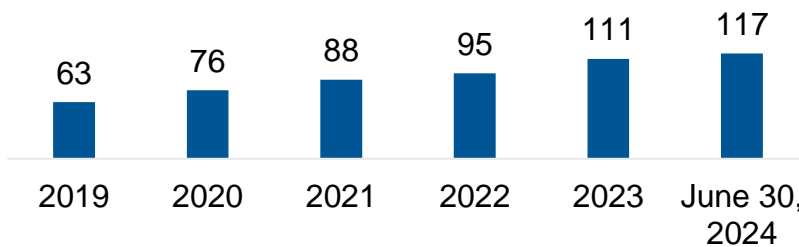
### Mergers and Acquisitions

Pennant states that its growth strategy includes three core elements:

- The company prioritizes development of local leaders to serve as CEOs of the provider organizations they acquire.
- Pennant seeks to address questions as to where they can add value to the marketplace, become an “employer of choice” and expand their census through careful examination of the health of the local market.
- Vetting the potential acquisition business.<sup>8</sup>

Since Ensign spun off Pennant in 2019, the number of Pennant’s home health and hospice agencies has almost doubled.<sup>9</sup>

The number of Pennant's home health and hospice agencies has **almost doubled** in its six year history



### Operations in Oregon

Pennant currently operates two home health and two hospice agencies in Oregon: Riverside and Connected Home. The Riverside agency has two locations as reflected in the table below.<sup>10</sup>



Name	Address	Number of employees	Home Health Average daily census	Hospice Average daily census
Riverside Home Health Care and Hospice	402 SE G St., Grants Pass, OR 97526	79	392	31
	606 Medford Center, Medford, OR 97504			
Connected Home Health and Hospice	7515 NE Ambassador Place, Ste C, Portland, OR 97220	58	203	26

Pennant does not own any skilled nursing facilities, rehabilitation facilities or senior living entities in Oregon.

### Signature

Signature, also known as Signature Health Care at Home, owns many home health and hospice agencies that operate in Oregon. In August 2024, Pennant acquired Signature’s home health and hospice agencies in Washington and Idaho.<sup>11</sup> Signature’s headquarters are in Wilsonville, Oregon. AHHC operates Signature’s Home Health businesses and Northwest Hospice, LLC (“Northwest Hospice”) operates Signature’s hospice business; both are subsidiaries of Signature. Signature’s annual revenue is around \$78 million.<sup>12</sup> See Appendix 1 for the full list of Signature’s businesses in Oregon.

In 2021, the U.S. Department of Health and Human Services, Office of the Inspector General published an audit and its findings about Signature’s Northwest Hospice, LLC. The audit report estimated that Northwest Hospice received at least \$3.9 million in unallowable Medicare reimbursement for hospice services over a two-year period.<sup>13</sup>

Pennant is proposing to buy most of Signature’s home health and hospice businesses in Oregon. Northwest Hospice is not included in the proposed transaction.

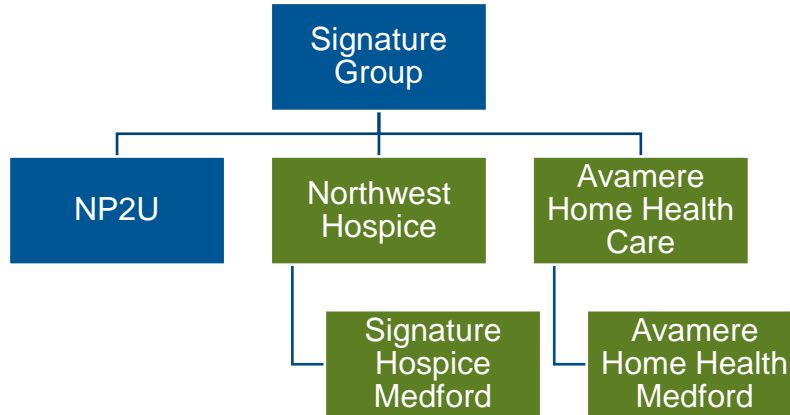
### Avamere Home Health Care

AHHC in Medford is a business owned by Signature that provides home health services to residents in the Central Point and Medford region. AHHC Medford currently serves 216 patients within a 60-mile radius of their Central Point address. AHHC Medford employs 43 full time/part time employees and 32 additional as-needed employees. The 2023 annual revenue from AHHC in Medford was over \$4.4 million.<sup>14</sup>

### Signature Hospice Medford

Signature Hospice Medford is a business owned by Signature that provides hospice services to residents in the Central Point and Medford region. Signature Hospice Medford currently serves 75 patients within a 60-mile radius of their Central Point address. Signature Hospice Medford employs 29 full time/part time employees and 6 additional as-needed employees. The 2023 annual revenue from Signature Hospice Medford was over \$4.8 million.<sup>15</sup>

Pre-transaction organizational chart



### Signature and Avamere Owners

Both Signature and AHHC are owned by K. Rickard Miller, Jr., Revocable Trust, Dillon Family Trust and Odermott Family Trust. The same entities also own NAIR, LLC, which owns and operates multiple skilled nursing facilities and rehabilitation facilities in Oregon. AHHC also owns and operates assisted living facilities and skilled nursing facilities in Oregon. See Appendix 1 for the list of skilled nursing and assisted living facilities that are owned by AHHC and NAIR in Oregon.

Signature, Avamere, NAIR organizational chart



## Transaction Terms

Pennant, through an [asset purchase agreement](#) (“the agreement”), is proposing to purchase the assets and operations of AHHC’s and Signature’s Medford home health and hospice agencies. The total purchase price for all six of Pennant’s proposed transactions is \$48 million before adjusting for closing indebtedness amount, census amount, and lease deposit.

The entities have no arrangement between each other for any discounts, rebates, or other refunds after the transaction concludes. Under the terms of the agreement, AHHC’s Medicare Provider Agreements, which allows entities to bill and receive payment from the Center for Medicare and Medicaid Services (CMS), will be transferred to Willow Creek

Healthcare as part of the deal. After the sale, AHHC will no longer own or operate the Medford home health or hospice agencies.

## Rationale for the Transaction

Signature stated that as its owners reached retirement age, they began considering a sale of some of their home health and hospice agencies. In 2019, Pennant bought two of Signature’s locations in Utah and Idaho, which began the working relationship between Signature and Pennant.<sup>16</sup> Pennant’s six proposed transactions are expected to contribute to a 13% boost in Pennant’s revenue with a 25% increase in home health admissions and a 3% increase in their hospice daily census.<sup>17</sup>

## Post-Transaction Plans

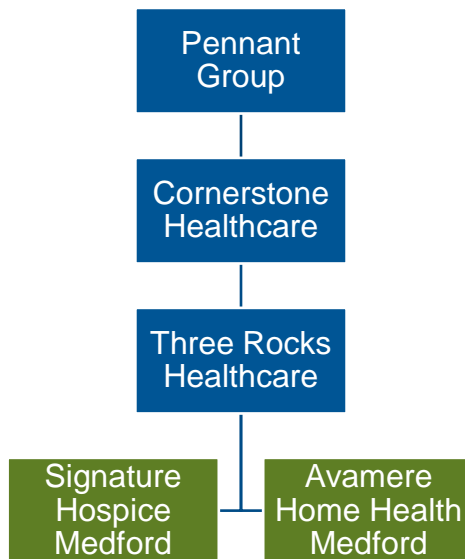
In the submitted Notice of Material Change Transaction Pennant stated:

*“The services offered at these agencies will remain the same. New policies and procedures will be implemented to further improve and enhance the services provided. In most cases, the leadership at the local agencies will remain the same, and current employee and operational structure will not be significantly altered.”<sup>18</sup>*

Pennant also stated its Service Center will provide support to AHHC, thereby enhancing AHHC’s financial stability. Additionally, nearby Pennant agencies support one another to improve the quality of care and financial stability of each agency in the area. Pennant states they will implement new operating models that will further improve quality of care.

Pennant’s purchase of Signature’s home health and hospice agencies is one of their largest acquisitions to date.<sup>19</sup> Pennant has stated they will focus on integration of these agencies into their operating model in the next 6 months.<sup>20</sup>

Post-Transaction organizational chart



# Overview of Home Health & Hospice Care

## What is home health?

Home health includes a range of services to treat an illness, injury, or medical condition that are provided in a patient's place of residence. Services include skilled nursing care (such as medication management, pain management, injections or intravenous treatments, wound care and post-operative care), physical therapy, occupational therapy, speech therapy, and non-medical services such as social services or assistance with daily living.

Eligibility requirements for home health vary depending on insurance type. For Medicare, enrollees must need intermittent skilled care for an illness or injury and be "homebound," meaning they cannot leave their residence without considerable help. Patients in assisted living facilities (e.g., group homes and personal care homes) also qualify for home health.

## Who provides home health care?

CMS certifies home health agencies for all states and territories. Home health care services are provided by licensed medical professionals such as nurses, doctors, and technicians.

## How do payments work for home health care?

Medicare currently pays for most home health care services nationwide, and there are two options for individuals eligible for Medicare: Original Medicare and Medicare Advantage. In 2022, 55% of individuals in Oregon eligible for Medicare were enrolled in a Medicare Advantage plan.<sup>21</sup> Medicare Advantage plans pay for home health care services differently than Original Medicare.

For patients with Original Medicare, home health agencies receive payment from the federal government. To obtain payment from Original Medicare, home health agencies must submit a certification by a physician or other clinician that the patient is eligible for home health care along with an assessment of the patient's condition and service needs. The certification is valid for 60 days, after which another assessment is required. There is no limit to the number of continuous 60-day certifications for home health eligible patients.

Original Medicare currently reimburses home health providers on a predetermined national base amount for each 30-day period of care (reduced from 60 days as of January 2020).

### Home health & skilled nursing

The term "home health" is often used interchangeably with "skilled nursing care." While both offer similar services delivered by similar providers, there are some important distinctions:

**Home health** refers to 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.

**Skilled nursing** refers to 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).

Payments are adjusted based on patient severity (case mix) and geographic differences in wages. (Prior to 2020, the number of in-person therapy visits provided during the period of care was also factored into the payment adjustment.) Agencies may receive extra (“outlier”) payment for patients requiring unusually costly care.

Original Medicare does not require copayments or payments towards a deductible for home health services. Medicare Advantage plans, however, may require copayments depending on the plan.

For patients with Medicare Advantage, home health agencies receive payment from the applicable Medicare Advantage plan, which is a commercial insurer. Unlike Original Medicare, home health providers negotiate with Medicare Advantage plans to determine payment amounts. These payment amounts, however, are constrained by the fact that Medicare Advantage plans receive funding from the federal government at predetermined rates.

## What is hospice?

Hospice services focus on comfort and quality of life for people with serious medical conditions who are approaching the end of their lives. Rather than attempting to cure a medical condition or slow its progress, hospice care aims to reduce pain and suffering and provide comfort and support patients and their caregivers.

People covered by Medicare who have a terminal illness and a life expectancy of six months or less are eligible for Medicare’s hospice benefit. When opting for hospice care, a patient stops all curative treatment for their terminal illness and instead receive care intended to relieve pain and provide comfort and support as they near end of life.

Hospice care encompasses a range of supportive services, including physician and nursing services, pain management, physical or occupational therapy, medical social services, spiritual and grief counseling, and home maintenance support. Services align with a plan of care that is designed collaboratively with the patient and caregiver(s).

Hospice services can be provided in a person’s home, in other care settings (e.g., skilled nursing or assisted living facilities), in an inpatient hospital, or in a specially designated inpatient hospice facility. As a patient’s illness progresses, they may need to transition to or from any of these settings, but the hospice staff can continue to provide supportive care.

### Hospice & palliative care

The term “hospice” is often used interchangeably with “palliative care.” While both offer similar services delivered by similar providers, there are some important distinctions:

**Hospice care** 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.

**Palliative care** 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.

An episode of hospice care begins when a patient elects hospice care and ends when the patient passes away, is discharged to another kind of care facility, or opts out of hospice care.

Palliative care is billed and delivered similarly to hospice care and is often offered by licensed hospice facilities; however, it is not limited to patients with a 6-month life expectancy.

## Who provides hospice care?

Hospice care engages an interdisciplinary team to meet the needs of patients, including doctors, nurses, social workers, counselors, hospice aides, and pastoral care providers.

Hospice agencies must meet specific requirements to receive Original Medicare payments from the federal government, as outlined in [CMS regulations](#). The State of Oregon further licenses and regulates hospice agencies under [Oregon Revised Statutes \(ORS\) 443.850-443.869](#) and [Oregon Administrative Rules \(OAR\) Chapter 333, Division 035](#).

There are separate licensing and Medicare certification processes for agencies that provide home health care. Given the overlap in types of care and required staff qualifications, some hospice agencies choose to obtain both hospice and home health care licenses and offer both services to patients.

## How do payments work for hospice services?

Each year CMS sets reimbursement rates for hospice services for Original Medicare recipients. Rates are set nationally based on the intensity of services provided and adjusted to account for regional differences in staffing costs. CMS publishes their annual wage index adjustments for rural and urban regions across the country.<sup>22</sup>

Original Medicare pays a daily rate for each patient enrolled in hospice care. CMS also sets a per-person cap on annual payments; the proposed cap for fiscal year 2023 is \$33,494.<sup>23</sup> The daily rate varies based on level of care and services provided:

**Table 3: CMS daily rates for hospice services**

Level of Care	Payment*	Requirements
Routine Home Care	First 60 days (high RHC rate): \$218 per day Subsequent days (low RHC rate): \$172 per day	Paid each day patient is in routine hospice care, regardless of service delivery
Continuous Home Care	\$65 per hour, maximum of \$1,565 per day	Provided only in crisis to keep patient at home; must deliver 8 hours of services each 24-hour period
Inpatient Respite Care	\$508 per day	Paid a maximum of consecutive 5 days, additional days paid at RHC rate; patient must be at a certified

Level of Care	Payment*	Requirements
		inpatient hospice facility, hospital, or skilled nursing facility
General Inpatient Care	\$1,145 per day	Patient must receive care at a certified inpatient hospice facility, hospital, or skilled nursing facility

\* FY2024 CMS Hospice Payment rates<sup>24</sup>

With Original Medicare, patients pay a coinsurance (maximum of \$5) for drugs received in the home and 5% of inpatient respite care days (taken when caregivers require a rest from ongoing home care).

Patients without Medicare can have hospice services covered by Oregon’s Medicaid program or commercial health insurance. Benefit coverage for the patient and reimbursement rates to providers may vary by commercial plan but are likely indexed to the Medicare rate.

## Findings & Potential Impacts

OHA compiled available data and information to understand and examine the potential impacts of the transaction across four domains: access, cost, quality, and equity. To assess the potential impacts of the proposed transaction on Oregon residents' equitable access to affordable care, OHA considered the following:

- Transaction terms
- Market characteristics
- Statements by entities
- Publicly available data, research, and reports on home health and hospice services.

### Service Area

Both AHHC and Signature Hospice Medford are located in Central Point, Oregon, which is north of Medford. Both entities serve a 60-mile radius, which includes the cities of Ashland, Grants Pass, and more. Pennant's two Riverside Home Health Care and Hospice locations are nearby in Grants Pass and Medford. The maps below show the zip codes within the primary service areas (PSAs) for Avamere/Signature's home health and hospice locations (see [PSA Definition section](#) for details).<sup>i</sup>

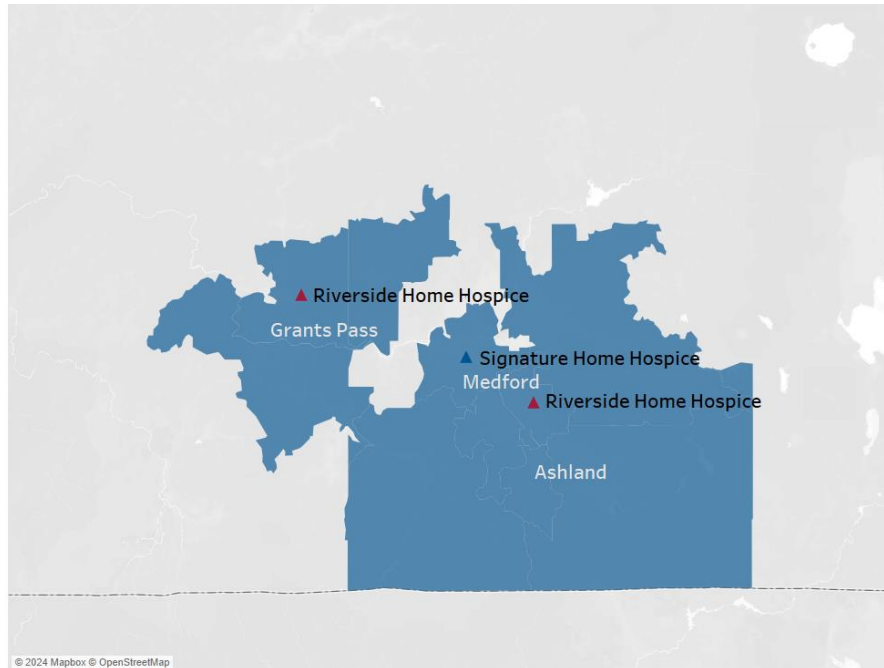
Primary service area for Avamere Home Health Medford



<sup>i</sup> The two Pennant Riverside locations bill as one location.



## Primary service area for Signature Hospice Medford



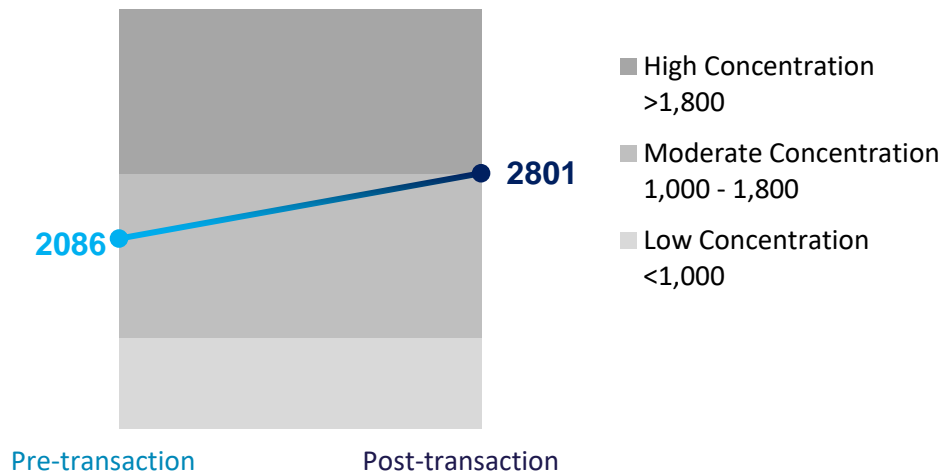
## Market Share & Consolidation

### Home Health

The current home health care market is **highly consolidated** in the primary service area around Central Point and Medford. The Herfindahl-Hirschman Index (HHI), which is a measure of market consolidation, is 2,086. AHHC in Medford has approximately 14% of the market and Pennant’s Riverside Home Health has more than 26% of the market.

If the proposed transaction goes through, Pennant will possess 40% of the market and become the largest provider of home health services in the region. The HHI would increase more than 700 points.

**Pre-transaction HHI** shows that the home health care market in Medford is moderately concentrated; **post-transaction**, HHI would increase by more than 700 points and result in high consolidation.

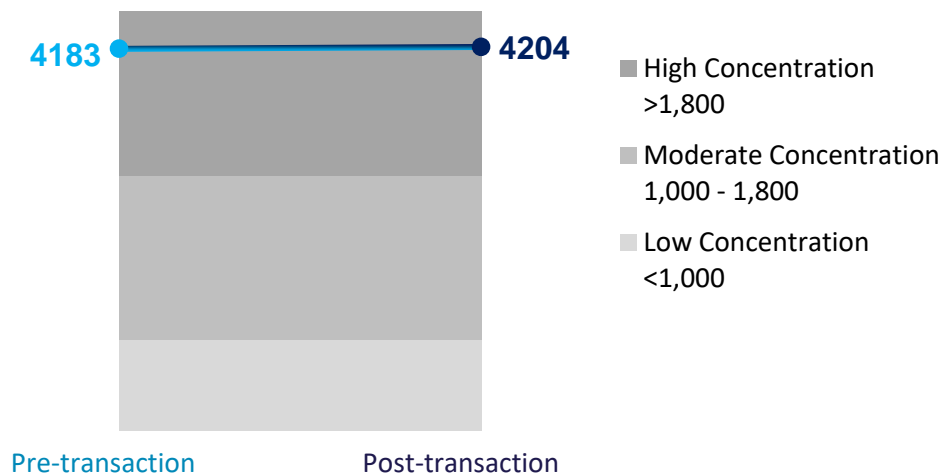


### Hospice

The current hospice market is **highly consolidated** in the primary service area around Central Point and Medford. The HHI is 4,183. Signature Hospice Medford has approximately 23% of the market, but Pennant’s Riverside agency provides very few hospice services relative to competitors.

If the proposed transaction goes through, the HHI changes very little – 21 points - meaning consolidation is not materially increasing for the hospice market.

**Pre-transaction HHI** shows that the hospice care market in Medford is highly concentrated; **post-transaction**, HHI would increase by 21 points, which is not a significant increase.



### Other Considerations

The Health Care Market Oversight Program is currently reviewing an unrelated proposed transaction involving [UnitedHealth Group Incorporated \(UHG\) and Amedisys, Inc.’s](#) home

health and hospice services. The proposed transaction involving Pennant and Avamere is separate from the UHG and Amedisys business deal. However, both transactions would affect the market concentration, depending on the region. Amedisys has a very small share of the Medford market, so the UHG and Amedisys proposed transaction would not materially affect this specific Pennant-Signature transaction. See the [other Pennant-Signature preliminary review reports](#) for more information regarding how the UHG and Amedisys transaction affects consolidation in other parts of the state.

Lastly, the HHI presented in this section is based on 2022 data. Data from the entities show that Pennant's Riverside agency has since increased their number of hospice patients, which may affect the market's current level of consolidation.

**OHA has concerns about the impact of the transaction on consolidation.**

Currently, the home health market in the Medford area is highly consolidated, and the proposed transaction would result in a very large increase in the entity's market share. The hospice market is already highly consolidated but would not materially change because of the transaction.

## Access

### Home Health

AHHC in Medford currently serves 216 patients who reside in a 60-mile radius of the agency's location in Central Point, Oregon. Pennant's Riverside Home Health Care currently serves 392 patients who reside in Josephine, Douglas, and Jackson Counties.

Both AHHC and Pennant's Medford agencies currently accept patients with many different types of Medicare Advantage plans.

### Hospice

Signature Hospice Medford currently serves 75 patients who reside in a 60-mile radius of the agency's location in Central Point, Oregon. Pennant's Riverside Hospice agency currently serves 31 patients.

### Potential Impacts

Pennant states that "no changes to health care services or access to care are anticipated in connection with the proposed transaction" and "the services offered...will remain the same."<sup>25</sup>

Pennant also states that after the proposed deal closes, Pennant would add a commercial payer that currently does not have a contract with AHHC. Such an addition would expand access to care, but only for those individuals with that specific health insurance.

The entities state that the home health agency will accept patients of all payer types such as Medicare, the Oregon Health Plan (Medicaid), and commercial insurance. The entities state "Once the change of ownership is complete, the buyer will roll the existing seller payers' contracts onto new paper with new ownership demographics to allow the agency to continue to provide patient care." This means Pennant will create new contractual relationships with the payors with which Avamere currently has a relationship.

Given the significant market share Pennant would acquire in the home health market with the proposed transaction, it will be critically important for Pennant to continue accepting patients with Medicare, Medicaid, and commercial insurance. Moreover, it will be critically important for Pennant to continue accepting Medicare Advantage plans.

For those patients currently receiving home health or hospice services from Avamere, the ownership transition may result in disruptions or delays in their services.

### Entity statements about access

The entity does not anticipate that the transaction will negatively affect access. In the notice, they stated:

*No changes in health care services or access to care are anticipated in connection with the proposed transaction. The objective of the proposed transaction is to continue providing locally operated health care services to the communities who are served by these agencies.*

**OHA has concerns about reductions in access to or delays in care resulting from this transaction.**

The proposed transaction is not expected to change the level of services available to the community or the types of services offered to patients. However, the proposed transaction could result in disruptions in care for current patients or access issues for future patients based on their insurance type or plan.

# Cost

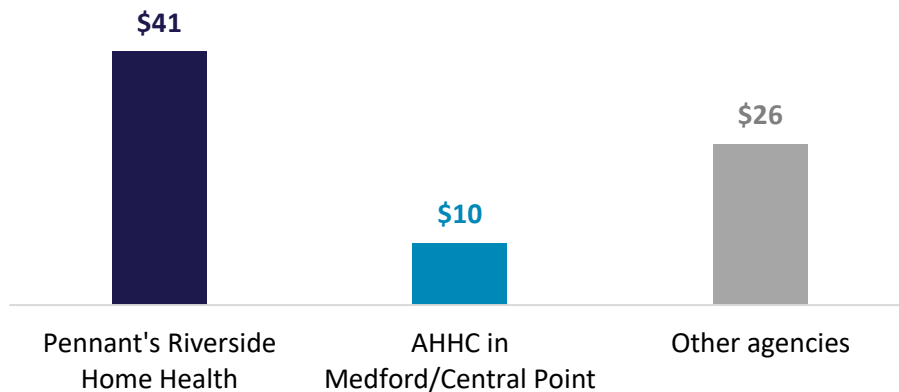
## Home Health

Home health agencies in Oregon receive most of their revenue from Medicare Advantage plans. However, in the Medford region, Original Medicare is the largest source of revenue for home health agencies, followed by Medicare Advantage plans. Medicaid, including Coordinated Care Organizations, and commercial plans comprise a relatively small percentage of home health agencies' revenues.

Some Medicare Advantage plans require patients to pay for a share of the costs of home health services. These are out-of-pocket costs that the patient, not the Medicare Advantage plan, pays. Original Medicare, however, covers all of the costs associated with home health services. Patients enrolled in Medicare Advantage plans may face more out-of-pocket costs than patients with Original Medicare when accessing home health services.

From 2017 through 2022, patients with Medicare Advantage who received services from Pennant's Riverside Home Health agency in Medford faced higher out-of-pocket costs, as compared to patients who received services from AHHC in Medford. Patients' out-of-pocket costs for home health are also higher for Pennant, relative to other home health agencies in the Medford area.

Patients of **Pennant** home health services have higher average out-of-pocket spending per episode from 2017-2022 (Medicare Advantage)



## Potential Impacts

### Home Health

Because Original Medicare is the dominant payer for home health services in Medford, most patients will see no change in their health care costs. However, for those patients with a Medicare Advantage plan that requires patients to pay for some of the home health care, costs could increase. Medicare Advantage plans vary in how much, if any, costs

patients are required to pay. Patients are able to change their Medicare Advantage plan annually, which may mitigate some of the effects of the potential cost-sharing increases.

### **Hospice**

Original Medicare is the source of payments for the vast majority of hospice services for Pennant, Signature Hospice, and the other hospice agencies in the Medford area. Because Original Medicare uses pre-established payment rates and are not subject to negotiation, a hospice agency's market share does not directly affect the reimbursement level from the Medicare program for hospice services.

### **Entity statements about cost**

The entity does not anticipate that the transaction will negatively affect health care costs or spending. In the notice, they stated:

*For those patients who qualify for the Medicare and Medicaid home health and hospice benefits, virtually all patient costs are covered. For those patients covered by commercial insurances, patients are still responsible for standard premiums, deductibles, and co-pays, which will not change due to this transaction. As such, this transaction will not directly affect costs for current or future patients, as current patients will be notified of the transaction and have the option to remain on service with their current provider and continue to receive care. Finally, as set forth above concerning access to care, with the buyer-applicants' (Pennant) dedicated community education, increased early access to care, world-class care rendering, and the robust staff training we provide, costs will be reduced as patients will avoid more costly acute settings, thereby benefitting the public good.*

### **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, patients of Pennant's Riverside Home Health with Medicare Advantage coverage face relatively higher out-of-pocket costs.

## Quality

To assess quality, OHA utilized existing CMS quality reporting for patient outcomes, clinical quality, and patient experience.

### Current Performance

#### Home Health

CMS tracks and reports quality metrics for home health and hospice agencies through the Home Health Outcome and Assessment Information Set (OASIS) and the Home Health Consumer Assessment of Health Care Providers and Systems (HHCAPHS) survey. HHCAPHS is a national survey that asks patients about their recent experiences with home health. The table below shows the most recent data from July 2024.

AHHC in Medford performs slightly better than Pennant’s Riverside Home Health Care across a range of metrics. AHHC in Medford scores better than the Oregon statewide average on 18 of 29 measures, while Pennant’s home health agency scores better than statewide average in only 12 of 29 measures.

The table below shows a sample of the measures. Data highlighted in red shows which scores were worse than the Oregon average, while data highlighted in green shows which scores were better the Oregon average. Appendix 2 has the full list of quality measures and scores.

Data from the Home Health Care Consumer Assessment of Healthcare Providers & Systems (HHCAPHS)				
Quality Measure	Riverside Home Health	Avamere Home Health Medford	OR Average	National Average
How often the home health team gave care in a professional way	86%	89%	88%	88%
How well did the home health team communicate with patients	85%	87%	86%	85%
Did the home health team discuss medicines, pain, and home safety with patients	81%	77%	80%	82%
How do patients rate the overall care from the home health agency	80%	86%	83%	85%
Would patients recommend the home health agency to friends and family	75%	82%	78%	78%

#### Hospice

Hospice agencies that receive payment from Medicare are required to report to Medicare on the quality of care they provide. However, hospice quality data from Pennant’s Riverside hospice agency is not available. Signature Hospice in Medford scores similarly



to the statewide average. Of the 11 published metrics, Signature Hospice in Medford scores above the statewide average in five measures, and below the statewide average in four. Their overall hospice care index score is 9.0, slightly below the statewide average of 9.1.

The table below shows a sample of the measures. Data highlighted in red shows which scores were worse than the Oregon average, while data highlighted in green shows which scores were better the Oregon average. Appendix 2 has the full list of quality measures and scores.

Item	Signature Hospice Medford	OR Average	National average
<b>Family Caregiver Experience Survey</b>			
Communication with family	79%	80%	81%
Getting timely help	70%	75%	77%
Treating patient with respect	91%	91%	90%
Emotional and spiritual support	93%	91%	90%
Help for pain and symptoms	77%	73%	74%
Training family to care for patient	77%	73%	75%
Rating of this hospice	83%	80%	81%
Willing to recommend this hospice	84%	85%	84%
Family caregiver survey rating stars (out of 5)	4	NA	NA
<b>Hospice Quality of Patient Care Metrics</b>			
Patients who got an assessment of all 7 HIS quality measures at the beginning of hospice care to meet the HIS Comprehensive Assessment Measure requirements	98.2%	94.8%	91.7%
Percentage of patients who received visits from a registered nurse or medical social worker on at least 2 of the final 3 days of their life	48%	47.6%	47.9%
Hospice Care Index score (0-10)	9	9.1	8.8

### Potential Impacts

In their notice, Pennant states that their home health and hospice model creates regional learning collaboratives where agencies work together to improve their quality scores. There are certain quality measures that Avamere/Signature outperforms Pennant and vice versa. Pennant believes that using their learning collaborative model will improve the quality scores of Avamere/Signature in Medford.

Other Signature Hospice entities in Oregon reported a large percentage of their patients living in assisted living facilities (ALF) or skilled nursing facilities (SNF). Signature Hospice

and Avamere assisted living and skilled nursing facilities currently have the same owner. It is likely that the patients living in an Avamere ALF or SNF receive hospice services from Signature Hospice. In addition, Avamere has a SNF in Medford.

Pennant has stated that post-acquisition of Signature Hospice, the referral relationship between Avamere assisted living and Pennant will remain the same as Signature and Avamere's current referral relationship. A concern with this transaction is Pennant's ability to steer Avamere assisted living and skilled nursing patients to choose Pennant hospice or home health. Medicare-eligible hospice patients can often choose from a variety of hospice providers. An entity steering patients to a specific hospice provider because of the facility they live in would decrease patients' ability to choose providers.

### **Entity statements about quality**

The entity states in their notice:

*Regardless of whether our patients' home health needs are complex or simple, our experienced, skilled professionals create a carefully crafted treatment plan with a focus on achieving the very best patient outcomes. Accessibility to a timely home health or hospice provider of the patient's choice is critical to providing the most appropriate type of care and individualized care to best meet the patient's and family's needs, thereby improving patient outcomes. Buyer-applicants' extensive experience, expertise, and passion for home health and hospice services will result in high-quality care that meets or exceeds the national and state standards and regulations.*

### **OHA has concerns about quality of care for this transaction.**

AHHC in Medford performs overall slightly better than statewide average and Pennant's Riverside Home Health and Hospice agency on a range of quality measures. AHHC in Medford also performs better than Pennant's Riverside agency across a range of patient satisfaction measures. However, given the increase in market share, OHA has concerns about the entities steering patients to certain agencies. Statements made by the entities, if adhered to, would mitigate these concerns.

## Equity

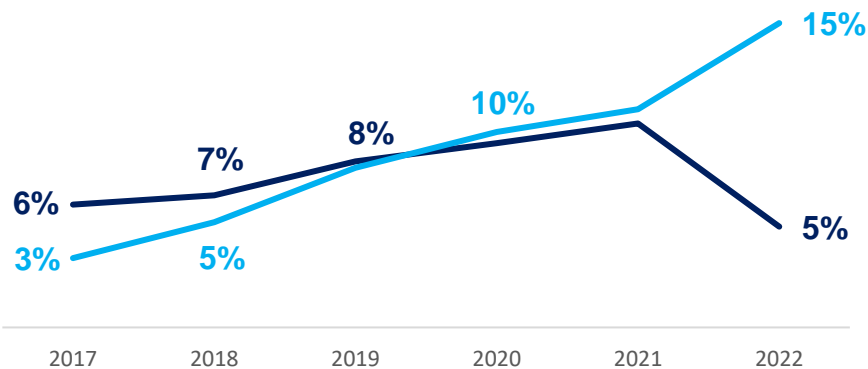
Analyses in the equity domain explore how the transaction may affect the entity's ability to assess for and equitably meet the needs of the population it serves. Consolidation and ownership changes in health care can disproportionately impact availability of health services for populations who already experience health inequities, including people of color, low-income communities, and residents of rural areas. Policy changes regarding payer mix can limit access for patients who are uninsured, underinsured, or insured by government programs like Medicaid and Medicare that reimburse for services at lower rates.

### Current Performance

At both Pennant's Riverside agencies and AHHC, the percentage of home health episodes whose primary payer is Medicaid, also known as the Oregon Health Plan, is relatively small but has generally increased since 2017.

In 2017, only 3% of home health episodes provided by AHHC in Medford were paid by Medicaid, compared to 15% in 2022. Pennant's Riverside Home Health's percent of home health episodes paid by Medicaid increased from 6% to 10% between 2017 and 2021, but in 2022 fell to a mere 5%. Overall, Medicare Advantage has remained the largest payer of home health episodes, followed by Original Medicare, Medicaid, and commercial insurance.

The percent of home health episodes paid by Medicaid has steadily increased for **AHHC in Medford**, but fell significantly for **Pennant's Riverside** in 2022



The increase in the percentage of home health episodes paid by Medicaid at AHHC in Medford may be due to the COVID-19 Public Health Emergency that paused disenrollments from Medicaid until the end of the Public Health Emergency. Oregon began the process to re-assess Medicaid eligibility in May 2025 which may have an impact on the percentage of episodes being paid by Medicaid in the future.

## Potential Impacts

The entities committed to continuing serving patients with Medicaid coverage, along with patients covered by Medicare and commercial insurance. Additionally, Pennant commits to ensuring that all populations served by AHHC in Medford have access to services through the company's charity care program.

It will be critically important that individuals with Medicaid coverage continue to be able to access home health and hospice services.

## Entity statements about equity

The entity does not anticipate that the transaction will negatively affect the availability of services by changing or limiting the types of insurance accepted. In the notice, they stated:

*The proposed transaction will not result in the newly acquired entity no longer accepting patients with certain types of coverage, such as Medicare, Medicaid, or commercial insurance plans. Once the change of ownership is complete, the buyer will roll the existing seller payers' contracts onto new paper with new ownership demographics to allow the agency to continue to provide patient care.*

## **OHA has concerns about equity for this transaction.**

Given the market share Pennant is acquiring in the Medford area, it will be critically important that individuals with Medicaid coverage can continue to access home health and hospice services.

## Public Comments

OHA received no public comments related to the transaction between Pennant and Avamere/Signature in Medford.

# Conclusions

Based on preliminary review findings, **OHA approved the transaction with conditions on October 14, 2024.** See [Findings of Fact, Conclusions of Law, and Final Order in the Matter of Proposed Material Change Transaction of Willow Creek Healthcare, LLC, Avamere Home Health Care, LLC, and Signature Hospice Medford, LLC](#), dated October 14, 2024.

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

The approval criteria are specified in administrative rules for the Health Care Market Oversight Program and are consistent with Oregon law. Below is a summary of the main reasons, based on the findings described in this report, why OHA considers the criterion satisfied.

## Approval Criteria

### Unlikely to substantially alter the delivery of health care in Oregon

The proposed sale of AHHC in Medford and Signature Hospice to Willow Creek Healthcare is unlikely to alter the delivery of home health care. The proposed transaction relates to transactions #028 through #032, which relate to the sale of home health and hospice agencies.

## Approval conditions

OHA's approval of this transaction is conditional and requires the entities to comply with certain conditions. These conditions focus on maintaining access to health care services and mitigating concerns regarding potential increases in costs. For legal requirements related to the conditions, please refer to the [Order](#). OHA's approval conditions are summarized as follows:

1. The transacting parties shall complete the Transaction consistent with the Notice of Material Change Transaction ("notice"), and as conditionally approved by OHA.
2. The transacting parties shall adhere to the representations made in the notice and subsequent filings with OHA.
3. For a period of at least two (2) years, the Pennant/Willow Creek entity must continue accepting patients covered by Medicare Advantage plans in effect since 2024 and previously accepted by Avamere Home Health Care, LLC and Signature Hospice Medford, LLC. Locations of the entity must continue to participate in all Medicare Advantage networks in the same network status or tier as prior to the transaction.
4. For a period of at least five (5) years, the Pennant/Willow Creek entity must continue accepting patients covered by Medicaid, including Oregon Health Plan coverage by any coordinated care organization, regardless of status as dually covered in Medicare and Medicaid.

5. For a period of at least five (5) years, unless requested by a Payer, the Pennant/Willow Creek entity, the applicable subsidiary, or corporate parent must not expressly or implicitly condition the participation of or impose any contract terms, including prices or other conditions, with any payer. This includes:
  - a. Engaging a payer in all-or-nothing contracting by expressly or impliedly requiring the payer to maintain a contract with all affiliates of Pennant in order to have a contract with a single affiliate of Pennant; and
  - b. Explicitly or implicitly penalizing a payer for contracting with third-party home health or hospice agencies, including setting significantly higher than existing contract prices or out-of-network fees for any or all of Pennant affiliate locations.

## **Post-Transaction Monitoring**

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 whether the Entity keeps the commitments included in the notice, including commitments that the home health care agency will continue serving patients with Medicare, Medicaid, and commercial insurance plans. More broadly, OHA will monitor changes to cost, quality, access and equity, and may also assess other measures relevant to each domain.

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

# Acronyms & Glossary

## Acronyms & Abbreviations

APAC	Oregon's All Payer All Claims database
AHHC	Avamere Home Health Care
CMS	Centers for Medicare and Medicaid Services
HCMO	Health Care Market Oversight
HHCAHPS	Home Health Consumer Assessment of Health Care Providers and Systems
OASIS	Home Health Outcome and Assessment Information Set
OHA	Oregon Health Authority
OHP	Oregon Health Plan
PSA	Primary Service Area
UHG	UnitedHealth Group

## Glossary

**Competition:** A situation in a market in which firms or sellers independently strive to attract buyers for their products or services by varying prices, product characteristics, promotion strategies, and distribution channels.

**Concentration:** A measure of the degree of competition in the market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms.

**Consolidation:** The combination of two or business units or companies into a single, larger organization. Consolidation may occur through a merger, acquisition, joint venture, affiliation agreement, etc.

**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.



## OHA's Review

OHA performed a preliminary review of the 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.<sup>26</sup> 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 and the entities involved. 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 home health and hospice services.

## Requests for Information

In addition to the information provided in the notice, OHA made three information requests of the entities to clarify and supplement the notice, to which Pennant responded. Through these requests, OHA sought more information about referral relationships between the entities' affiliates and other relevant information.

## Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On August 23, 2024 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](mailto:hcmo.info@oha.oregon.gov).

## Analysis

OHA's analysis assessed the current state of the entities involved in the transaction, related industry trends, and the likely impact of the proposed transaction on the delivery of home health and hospice care in Oregon. The table below describes the types of analysis OHA typically performs in each domain.

## Data Sources

### 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. Information about APAC is available on OHA’s [website](#).

### CMS Home Health Consumer Assessment of Health Care Providers and Systems (HCAHPS) Data

The Center for Medicare and Medicaid Services HCAHPS data measure the experience of people receiving home health care services from agencies that are Medicare-certified. The survey asks patients about their home health providers’ communication about health care, quality of care, and whether they would recommend the home health agency. Additional information about HCAHPS can be found on the CMS [website](#).

### CMS Outcome and Assessment Information Set (OASIS)

The Center for Medicare and Medicaid Services OASIS is a group of standard data elements that home health agencies collect and submit to CMS. The data are patient specific. Additional information about the information set can be found on the CMS [website](#).

Domain	Analysis
Cost	<p>Analyses under the cost domain explore how the transaction may affect the prices consumers and payers (e.g., insurers, employers, and governments) pay for home health and hospice care services in Oregon and overall spending on these services for Oregonians. Prices and spending for services may be affected by the degree of competition between providers offering similar services within a service area.</p> <p>For this review, OHA analyzed the payer mix of the entities, which is the percent of service episodes that are paid by which type of payer (e.g., Original Medicare, Medicare Advantage, Oregon Health Plan, or commercial). The analysis also presented the average out-of-pocket spending amounts that patients face.</p>
Access	<p>Analyses under the access domain explore how the transaction may affect the range of services available in the market, types of providers and provider-patient ratios, characteristics of the patient population, and any barriers to access, including transportation burdens and limitations by insurance type.</p> <p>Consolidation and change of ownership in the health care market can impact the range and type of services offered in the service area. Changes in population demographics can alter demand for some services and shifts in the labor market can impact availability of specific</p>

Domain	Analysis
	<p>provider types, potentially affecting the financial viability and profitability of offering certain health care services in a region.</p> <p>For this review, OHA used the number of services provided - quantified by the number of patient episodes - for each entity and regional competitors. OHA also used statements made by the entities in the notice regarding the number of patients served.</p>
Quality	<p>Analyses in the quality domain explore how the transaction may affect patient outcomes and the experience of care. Consolidations and ownership changes in health care can impact clinical practice, including staffing ratios, time spent or number of visits with patients, timeliness of care, and the patient's experience of care, all of which can have adverse effects on patient outcomes. Analyses in the quality domain consider current indicators of quality and assess potential impacts of the transaction on quality of care.</p> <p>For this review, OHA used data from CMS showing the quality of the entities' home health and hospice services across a range of measures and relative to the Oregon statewide average.</p>
Equity	<p>Analyses in the equity domain explore how the transaction may affect the Entity's ability to assess for and equitably meet the needs of the population it serves. Consolidations and ownership changes in health care can disproportionately impact availability of health services for populations who already experience health inequities, including people of color, low-income families, and residents of rural areas. Equity-focused analysis considers the entities' ability to serve a patient population that is representative of the community in which they operate. OHA also looks for evidence that the Entity is actively identifying and addressing inequities in access to or quality of care across their patient population.</p> <p>For this review, OHA looked at the proportion of patients who are covered by the Oregon Health Plan and the degree to which the proposed transaction could disrupt care for patients currently receiving home health or hospice services.</p>

# Reporting Methodology

## 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 home health and hospice services in 2017-2022 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>.

## PSA Definition

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%.

## Home Health and Hospice Claims Identification

### Methodology

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

## Home Health and Hospice Episode Definition

### Methodology

OHA's PSA and market analyses use 'episodes' of home health and home hospice care for the unit of measurement. Instances of home health agency care are considered to be one episode if the same home health agency provides care to the same patient for any period of time without a gap in care longer than 30 days. Instances of care with gaps longer than 30 days are considered separate episodes. Instances of home hospice care are considered to be one episode if the same home hospice agency provides 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 are considered separate episodes.

# Appendix 1: List of Avamere, NAIR, and Signature facilities

## **Avamere owned assisted living and skilled nursing facilities in Oregon:**

- Avamere at Sandy, 17727 SE Langensand Road, Sandy, OR 97055
- Arbor at Avamere Court, 450 Clagget Court N., Keizer, OR 97303
- Avamere at Bethany, 16360 NW Avamere Court, Portland, OR 97229
- Avamere at Cascadia Village, 39495 Cascadia Village Drive, Sandy, OR 97055
- Avamere at Oak Park, 1400 NE Rocky Ridge Drive, Roseburg, OR 97470
- Avamere at Albany, 2800 14th Avenue SE, Albany, OR 97322
- Avamere at Sherwood, 16500 Century Drive, Sherwood, OR 97140
- Avamere at St. Helens, 2400 Gable Road, St. Helens, OR 97051
- Avamere at Hillsboro, 2000 SE 30th Avenue, Hillsboro, OR 97123
- The Stafford, 1200 Overlook Drive, Lake Oswego, OR 97034
- Avamere at Newberg, 7300 Foothills Drive, Newberg, OR 97132
- Suzanne Elise Assisted Living Community, 101 Forest Drive, Seaside, OR 97138
- Avamere at Seaside, 2500 S. Roosevelt Drive, Seaside, OR 97128
- Avamere Rehabilitation of Eugene, 2360 Chambers St., Eugene, OR 97405
- Avamere Rehabilitation of Coos Bay, 2625 Coos Bay Blvd., Coos Bay, OR 97420
- Avamere Rehabilitation of Clackamas, 220 E. Hereford, Gladstone, OR 97027
- Avamere Rehabilitation of Junction City, 530 Birth Street, Junction City, OR 97448
- Avamere Rehabilitation of Lebanon, 350 S. 8th, Lebanon, OR 97355
- Avamere Rehabilitation of Oregon City, 1400 Division, Oregon City, OR 97045
- Avamere Rehabilitation of King City, 16485 SW Pacific Highway, Portland, OR 97224
- Avamere Rehabilitation of Newport, 835 SW 11th Avenue, Newport, OR 97365
- Avamere Rehabilitation of Hillsboro, 650 SE Oak Street, Hillsboro, OR 97123
- Avamere Riverpark of Eugene, 425 Alexander Loop, Eugene, OR 97401
- Avamere Crestview of Portland, 6530 SW 30th Avenue, Portland, OR 97239
- Avamere at Waterford, 760 Spring Street, Medford, Oregon
- Avamere at Three Fountains, 625 Stevens Street, Medford, Oregon 97504
- Avamere Transitional Care at Sunnyside, 4515 Sunnyside Road SE, Salem, OR 97302
- Avamere Court at Keizer, 5210 River Road N., Keizer, OR 97303
- The Pearl at Kruse Way, 4550 Carman Drive, Lake Oswego, OR 97035

## **NAIR LLC owned assisted living and skilled nursing facilities in Oregon:**

- Avamere at Park Place, 8445 SW Hemlock Street, Tigard, OR 97223
- Avamere at Chestnut Lane, 1219 NE 6th Street, Gresham, OR 97030
- Avamere at Hermiston. 980 W. Highland Avenue, Hermiston, OR 97838
- Bend Transitional Care, 900 NE 27th Street, Bend, OR 97701
- Avamere Rehabilitation of Beaverton, 11850 SW Allen Blvd., Beaverton, OR 97005
- South Salem Transitional Care, 3445 Boone Road SE, Salem, OR 97317
- Laurelhurst Village, 3060 SE Stark Street, Portland, OR 97214

## **Signature owned home health and hospice agencies in Oregon**

- NP2U, 7632 SW Durham Road, Suite 105, Tigard, OR 97224
- Northwest Hospice, 7632 SW Durham Road, Suite 130, Tigard, OR 97224
- Avamere Home Health Care, 7632 SW Durham Road, Suite 100, Tigard, OR 97224
- Signature Home Health Bend, 454 NE Revere Avenue, Bend, Oregon
- Signature Hospice Bend, 454 NE Revere Avenue, Bend, Oregon
- Avamere Home Health Care, 1200 Executive Parkway, Suite 400, Eugene, OR 97401
- Signature Hospice Eugene, 1200 Executive Parkway, Suite 400, Eugene, OR 97401
- Avamere Home Health Care, 834 South Front Street, Central Point, OR
- Signature Hospice Medford, 834 South Front Street, Central Point, OR
- Signature Coastal, 798 SE Highway 101, Lincoln City, Oregon
- Signature Hospice Oregon Coast, 796 SE Highway 101, Lincoln City, Oregon



## Appendix 2: Quality Measures

### Home Health

Quality Measures	Riverside Home Health	Avamere Home Health Medford	OR Average	National Average
<b>Measures from the Home Health Outcome and Assessment Information Set (OASIS)</b>				
Quality Rating	3 stars	3.5 stars	NA	3-3.5
How often patients' breathing improved	84.6%	89.7%	<b>91.1%</b>	88.8%
How often patients have pressure ulcers/pressure injuries that are new or worsened (lower percentages are better)	0.1%	0%	<b>0.4%</b>	0.3%
How often the home health team began their patients' care in a timely manner	97.1%	97.9%	<b>91.5%</b>	96.1%
How often patients got better at taking their drugs correctly by mouth	77.7%	92.6%	<b>88%</b>	84.9%
How often the home health team determined whether patients received a flu shot for the current flu season	51.3%	55.9%	<b>68.9%</b>	72.6%
How often patients experience one or more falls with major injury (lower percentages are better)	0.8%	0.4%	<b>1.4%</b>	0.9%
How often home health patients had to be admitted to the hospital (lower percentages are better)	11.2%	13.2%	<b>12.4%</b>	14.1%
<b>Data from the HCAHPS survey</b>				
How well did the home health team communicate with patients	85%	87%	<b>86%</b>	85%
Did the home health team discuss medicines, pain, and home safety with patients	81%	77%	<b>80%</b>	82%
How do patients rate the overall care from the home health agency	80%	86%	<b>83%</b>	85%
Would patients recommend the home health agency to friends and family	75%	82%	<b>78%</b>	78%

Quality Measures	Riverside home health	Avamere Home Health Medford	OR Average	National Average
Quality Rating	3 stars	4 stars	NA	3-3.5
How often patients got better at walking or moving around	87.3%	92.9%	87.4%	86.7%
How often patients got better at getting in and out of bed	82.9%	94.2%	88%	87.6%
How often patients got better at bathing	85.4%	93.7%	89.7%	88.5%
How often a patient's functional abilities were assessed at admission and discharge and functional goals were included in their care plan	96.3%	97.3%	98.9%	98.6%
How often patients' breathing improved	84.6%	89.7%	91.1%	88.8%
How often patients have pressure ulcers/pressure injuries that are new or worsened (lower percentages are better)	0.1%	0%	0.4%	0.3%
How often the home health team began their patients' care in a timely manner	97.1%	97.9%	91.5%	96.1%
How often patients got better at taking their drugs correctly by mouth	77.7%	92.6%	88%	84.9%
How often the home health team determined whether patients received a flu shot for the current flu season	51.3%	55.9%	68.9%	72.6%
How often physician-recommended actions to address medication issues were completed timely	96.8%	99.8%	95.5%	94.9%
How often patients experience one or more falls with major injury (lower percentages are better)	0.8%	0.4%	1.4%	0.9%
How often home health patients had to be admitted to the hospital (lower percentages are better)	11.2%	13.2%	12.4%	14.1%

How often patients receiving home health care needed any urgent, unplanned care in the hospital emergency room- without being admitted to the hospital (lower percentages are better)	15.7%	12.6%	16.1%	11.9%
How often patients remained in the community after discharge from home health	86.4%	82%	NA	76.6%
How often patients were readmitted to the hospital for a potentially preventable condition after discharge from home health (lower percentages are better)	3.4%	3.8%	NA	3.9%
How often patients were admitted to the hospital for a potentially preventable condition while receiving home health care (lower percentages are better)	9.2%	11.2%	NA	10%
How much Medicare spends on an episode of care at this agency, compared to Medicare spending across all agencies nationally.	0.89	0.94	NA	1.0

<b>Data from the Home Health Care Consumer Assessment of Healthcare Providers &amp; Systems (HCAHPS)</b>				
<b>Quality Measure</b>	<b>Riverside Home Health</b>	<b>Avamere Home Health Medford</b>	<b>OR Average</b>	<b>National Average</b>
How often the home health team gave care in a professional way	86%	89%	88%	88%
How well did the home health team communicate with patients	85%	87%	86%	85%
Did the home health team discuss medicines, pain, and home safety with patients	81%	77%	80%	82%
How do patients rate the overall care from the home health agency	80%	86%	83%	85%
Would patients recommend the home health agency to friends and family	75%	82%	78%	78%

## Hospice

Note: Riverside hospice quality data is not available

Item	Signature Hospice Medford	OR Average	National average
<b>Family Caregiver Experience Survey</b>			
Communication with family	79%	80%	81%
Getting timely help	70%	75%	77%
Treating patient with respect	91%	91%	90%
Emotional and spiritual support	93%	91%	90%
Help for pain and symptoms	77%	73%	74%
Training family to care for patient	77%	73%	75%
Rating of this hospice	83%	80%	81%
Willing to recommend this hospice	84%	85%	84%
Family caregiver survey rating stars (out of 5)	4	NA	NA
<b>Hospice Quality of Patient Care Metrics</b>			
Patients who got an assessment of all 7 HIS quality measures at the beginning of hospice care to meet the HIS Comprehensive Assessment Measure requirements	98.2%	94.8%	91.7%
Percentage of patients who received visits from a registered nurse or medical social worker on at least 2 of the final 3 days of their life	48%	47.6%	47.9%
Hospice Care Index score (0-10)	9	9.1	8.8

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