

Health Care Market Oversight (HCMO) Program Notice of Material Change Transaction

The applicant must complete and submit this notice of proposed material change transaction to hcmo.info@dhsosha.state.or.us.

One important role of the Health Care Market Oversight Program is to notify the community and people living in Oregon when entities propose a material change transaction. This document will be published and serve as the public notice. Contact program staff with any questions or to request technical assistance at hcmo.info@dhsosha.state.or.us.

Note: if any entity involved in the proposed transaction has associated National Provider Identifiers (NPIs), complete and submit the NPI form.

I. General Information about the Transaction and Entities

1. Name, title, organization, and email address of the individual completing this form on behalf of the applicant.

Name	Elliot Blask
Title	Vice President
Organization	Falcon Hospice GP, LLC
Email Address	eblask@cdr-inc.com

2. What type of material change transaction is the applicant proposing¹?

Merger Contract Other (specify) _____
 Acquisition Affiliation

3. What is the proposed effective date of the material change transaction?

The transaction will close following receipt of regulatory approvals. All regulatory approvals either have already been received or are expected to be issued by July 15, 2022.

¹ Please see OAR 409-070-0010 for definitions of transactions subject to review.

4. Briefly describe the applicant completing this notice.

Provide a brief description of the notifying organization's ownership, governance, and operational structure. If the applicant is a provider, identify provider type (e.g., hospital, physician group, etc.), number of licensed beds, ownership type (e.g., corporation, partnership, limited liability corporation, etc.), service lines and service area(s). If the applicant is not a provider, describe the applicant's business. Include the mailing address, website(s), and Federal Tax ID(s) of the applicant.

The applicant completing this notice is Falcon Hospice, L.P. (federal tax ID 88-2413634; mailing address 3350 Riverwood Parkway SE, Suite 1400 Atlanta GA 30339; no website) ("Falcon Hospice"). The general partner of Falcon Hospice is Falcon Hospice GP, LLC ("Falcon Hospice GP") (federal tax ID 88-2441825; mailing address 375 Park Avenue, New York, NY 10152; no website). The sole limited partner of Falcon Hospice is CD&R Falcon Holdings, L.P. (federal tax ID 98-1663328; mailing address 375 Park Avenue, New York, NY 10152; no website) ("Falcon Holdings"), a Cayman exempted limited partnership, whose limited partners include investment fund entities of Clayton, Dubilier & Rice, LLC (federal tax ID 27-1189848; mailing address 375 Park Avenue, New York, NY 10152; website <https://www.cdr-inc.com/>) ("CD&R"). CD&R is a private equity firm founded in New York in 1978 that invests in market-leading businesses in various sectors, often crafting partnerships with sellers who retain significant ongoing ownership. As of December 2020, CD&R has 34 portfolio companies with a total revenue of \$60 billion.

We will collectively refer herein to these entities as the "CD&R entities." The CD&R entities are not providers. +

5. Briefly describe all other entities involved in the proposed transaction.

Provide a brief description of the other organization's or organizations' ownership, governance, and operational structure, including but not limited to provider type (hospital, physician group, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s). Include the mailing address, website(s), and Federal Tax ID(s) of entities involved in the proposed transaction.

The two Oregon hospices subject to this transaction (the "Kindred Hospices") are Odyssey Healthcare Operating A, LP d/b/a Kindred Hospice - Lake Oswego (federal tax ID 75-2752908; mailing address 4500 Kruse Way Suite 100, Lake Oswego Oregon 97035-2562; website <https://www.kindredhospice.com/locations/kindred-hospice-lake-oswego/>; Oregon license number 16-1000) serving Clackamas County with an average daily census of 52.9 patients over the last two years; and Odyssey Healthcare Operating A, LP d/b/a Kindred Hospice - Salem (federal tax ID 75-2752908; mailing address 698 12th Street SE Suite 230, Salem OR 97301-4010; website <https://www.kindredhospice.com/locations/kindred-hospice-salem/>; Oregon license number 16-1001) serving Marion County with an average daily census of 34.8 patients over the last two years. The Kindred Hospices are owned by KAH Hospice Company, Inc., a Delaware corporation (federal tax ID 87-2028583; mailing address 3350 Riverwood Parkway SE, Suite 1400 Atlanta GA 30339; no website) ("KAH Hospice"). KAH Hospice is owned by Gentiva Health Services, Inc. (federal tax ID 36-4335801; mailing address 3350 Riverwood Parkway SE, Suite 1400 Atlanta GA 30339; website <https://www.kindredathome.com/>) ("Gentiva"). Gentiva is owned by Humana Inc. (federal tax ID 61-0647538; mailing address 500 W Main Street Louisville, KY 40202; website <https://www.humana.com/>) ("Humana").

6. Briefly describe the nature and objectives of the proposed material change transaction, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of health care services) and whether any changes in health care services are anticipated in connection with the proposed transaction.

This proposed transaction will allow partnership with the CD&R entities to maintain patient care at the Kindred Hospices while optimizing the efficiency of shared operations. This transaction is solely between out-of-state entities, and there will be no changes to the Kindred Hospices' locations and no reduction in the number or quality of staff or services. The Kindred Hospices will continue to be accredited through the Accreditation Commission for Health Care and will continue to provide the same high-quality services to those in their service areas.

Specifically, as the result of a Stock Purchase Agreement and Plan of Merger entered into on April 20, 2022, Falcon Holdings will purchase 60% of the shares of KAH Hospice (the indirect owner of the Kindred Hospices) that are owned by Gentiva (which is owned by Humana). Upon consummation of the transaction, Falcon Holdings and Gentiva will own 60% and 40%, respectively, of Falcon Hospice and Falcon Hospice GP. Falcon Hospice will in turn own 100% of KAH Hospice. KAH Hospice is the parent to 441 subsidiary hospice, community care, and palliative care agencies in 36 states, including the two Kindred Hospices in Oregon. The Kindred Hospices have had an aggregate average annual revenue during the last three fiscal years of less than \$6 million. In connection with the transaction, Humana will receive cash proceeds of approximately \$2.8 billion.



II. Impact from the Proposed Transaction

7. Explain how the proposed transaction is unlikely to substantially reduce access to affordable health care in Oregon.

The transaction is not expected to have any impact on the price of or access to health care services within Oregon, as the transaction will not involve any change to the Kindred Hospices (including, e.g., name, federal tax ID number, direct ownership or governance, management or leadership, Kindred Hospices' contracts with Oregon coordinated care organizations, or operations generally).

The Kindred Hospices will continue to provide the same high-quality, compassionate end-of-life care to Oregonians residing in their service areas.

8. Explain how the proposed transaction will improve health outcomes for residents of this state or will benefit the public good by achieving at least one of the following:
- (i) reducing the growth in patient costs. (If the transaction will not reduce the growth in patient costs, explain why the proposed transaction is in the best interest of the public.)
 - (ii) increasing access to services in medically underserved areas.
 - (iii) rectifying historical and contemporary factors contributing to health inequities or access to services.

The proposed transaction will rectify contemporary factors contributing to access to services by resulting in a corporate ownership structure and investments that ensure adequate resources are necessary for the Kindred Hospices to continue to operate with the same high quality staffing and services.

Following the transaction, the Kindred Hospices will continue providing compassionate hospice care for Oregon residents in the same manner as prior to the transaction. The mission of Kindred Hospices is to provide hope and preserve dignity for each patient and family member they serve--delivery on this mission will not change after the transaction. Kindred Hospices are also expected to continue serving Medicare and Medicaid beneficiaries. Currently, Kindred Hospices serve annually an average of 598 Medicare beneficiaries and 21 Medicaid beneficiaries. The Kindred Hospices also have a charity care policy and service approximately 9 patients under such policy.

The transaction, occurring solely between two out-of-state entities and 10 entity levels above the Kindred Hospices, is not expected to have any negative impact on patient costs, patient access, equity or quality of health care in Oregon.



9. Will the proposed transaction result in a decrease in competition? If yes, describe any anticompetitive effects that may result from the proposed transaction, and if those effects are outweighed by the benefits of the proposed transaction in increasing or maintaining services to underserved populations.

No, the proposed transaction will not result in a decrease in competition.

The CD&R entities are not "health care entities" as defined under OAR 409-70(15) (other than potentially pursuant to subsection (g) of such definition), and no combination, consolidation, or other reduction in the Kindred Hospices' services is anticipated as a result of the transaction. The transaction is expected to have no effect on competition in the State of Oregon. The payor mix of the Kindred Hospices is 95% Medicare; therefore, there are no anticipated rate increases by payors, nor any anticipated increases to the costs to Oregon patients.

10. Indicate the date and nature of any applications, forms, notices, or other materials you have submitted regarding the proposed material change to any other state or federal agency. *Indicate the date and nature of any other applications, forms, notices, or other materials provided to other state or federal agencies relative to the proposed material change, including but not limited to the Oregon Department of Consumer and Business Services, Oregon Public Health Division, Oregon Department of Justice, U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application), Federal Trade Commission, and U.S. Department of Justice.*

See Exhibit B for a schedule of forms, notices, and filings with state or federal agencies.

11. Will the proposed material change transaction change control of a public benefit corporation or religious corporation?

No. The proposed material change transaction will not change control of a public benefit corporation or religious corporation.

III. Signature

Certification and attestation are not required. The electronic signature below should be the name entered in Question #1 and an individual who can sign on behalf of the applicant.

Electronic Signature Elliot Blask Digitally signed by Elliot Blask
Date: 2022.06.09 13:20:32
-04'00' Date 06/09/2022