



December 10, 2024

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Dr. Hathi,

### **I. Introduction**

We are writing to alert the Oregon Health Authority (OHA) to what appears to be a failure on the part of Providence Health and Services to obtain authorization under the Health Care Market Oversight program (ORS 415.500 et seq.) for an acquisition, merger or joint venture. We are asking OHA to intervene in this process and prevent any further changes in the ownership, license or administration over Providence health care entities, including Home Health and Hospice agency licensures, while OHA reviews whether the proposed joint venture must go through the HCMO process. Providence asserts that they plan to transfer ownership of their Home Health and Hospice programs by the end of this month – far short of the time needed for comprehensive HCMO review.

### **II. Recent Filings with OHA**

Based upon information that we have obtained (attached), the following transactions are in process or have occurred:

- On October 22, 2024, Providence Health and Services, a health care entity as defined under ORS 415.500, formed multiple LLC's and began the process to transfer multiple home health agencies that operate here in Oregon ownership by that holding company.
- On November 8, 2024, Providence submitted to OHA notices for change of ownership (CHOW) as well as change of administrator. Attached as Exhibit A. According to those filings Providence intends to consolidate its agencies into a single entity on December 27, 2024.
- According to these same filings, Providence intends to change Ownership of that consolidated holding company two days later on December 29, 2024. That change of ownership will result in a 50% sale of those five Home Health and Hospice

agencies to Compassus Holdings. This entity is, in turn, owned by third party foreign investment fund.

As a result, it appears that this transaction that is subject to HCMO review is intended to occur within the next twenty days. However, according to the HCMO website, no filing has been made for expedited review of this transaction.

There is a compelling case that the proposed transaction requires HCMO approval and that Providence is seeking to sidestep that approval process or to create a sense of urgency by filing at the last minute for approval. Following, is an outline of the scope of transactions subject to HCMO approval, a description of the proposed transactions and an analysis as to why this transaction is subject to review.

### **III. Scope of HCMO Oversight**

ORS 415.501 (4) states: “An entity shall submit to the authority a notice of a material change transaction, other than a transaction described in subsection (3) of this section, in the form and manner prescribed by the authority, no less than 180 days before the date of the transaction and shall pay a fee prescribed in ORS 415.512.”

(6)(a) “Material change transaction” means:

(A) A transaction in which at least one party had average revenue of \$25 million or more in the preceding three fiscal years and another party:

- (i) Had an average revenue of at least \$10 million in the preceding three fiscal years; or
- (ii) In the case of a new entity, is projected to have at least \$10 million in revenue in the first full year of operation at normal levels of utilization or operation as prescribed by the authority by rule.

(B) If a transaction involves a health care entity in this state and an out-of-state entity, a transaction that otherwise qualifies as a material change transaction under this paragraph that may result in increases in the price of health care or limit access to health care services in this state.

In addition, OHA has by rule further defined covered transactions as follows:

OAR 409-070-0010 defines Covered Transactions

Pursuant to ORS 415.500(6) and (10) and subject to the materiality standards under OAR 409-070-0015, transactions that are subject to review under these rules are the following:

- (a) A merger or consolidation of a health care entity with another entity;
- (b) An acquisition of a health care entity by another entity;
- (c) A transaction to form a new contract, new clinical affiliation or new contracting affiliation between or among health care entities that will eliminate or significantly reduce essential services;
- (d) Formation of a corporate affiliation involving at least one health care entity; or
- (e) A transaction to form a new partnership, joint venture, accountable care organization, parent

organization or management services organization between or among health care entities that will:

(A) Eliminate or significantly reduce essential services;

(B) Consolidate or combine providers of essential services when contracting payment rates with payers, insurers, or coordinated care organizations; or

(C) Consolidate or combine insurers when establishing health benefit premiums.

(2) An acquisition of a health care entity occurs when:

(a) Another person acquires control of the health care entity including acquiring a controlling interest as described in OAR 409-070-0025;

(b) Another person acquires, directly or indirectly, voting control of more than fifty percent (50%) of any class of voting securities of the health care entity other than a domestic insurer as described in OAR 409-070-0025(1)(c);

(c) Another person acquires all or substantially all of the health care entity's assets and operations;

(d) Another person undertakes to provide the health care entity with comprehensive management services; or

(e) The health care entity merges tax identification numbers or corporate governance with another entity.

#### **IV. Proposed Transaction**

In its November 6, 2024 filing for Change of Ownership (CHOW) for its Home Health and Hospice Agencies, Providence provided the following summary of current licenses and its proposed final licensees:

Agency Type	License No.	Current Licensee and DBA Name	Proposed Licensee and DBA Name
Home Health	13-1392	Providence Health & Services – Oregon d/b/a Providence Home Health	CP Portland OR HH, LLC d/b/a Providence at Home with Compassus Home Health
Home Health	13-140734	Providence Health & Services – Oregon d/b/a Providence Medford Home Care	CP Medford OR HH, LLC d/b/a Providence at Home with Compassus Home Health, Southern Oregon
Home Health	13-1363	Providence Health & Services – Oregon d/b/a Providence Benedictine Home Health	CP Benedictine OR HH, LLC d/b/a Providence at Home with Compassus Home Health, Mid-Willamette Valley
Home Health	13-0051	Providence Health & Services – Washington d/b/a Providence St. Mary Home Health	CP St. Mary WA HH, LLC d/b/a Providence at Home with Compassus Home Health, Walla Walla
Hospice	16-1033	Providence Health & Services – Oregon d/b/a Providence Hospice	CP Portland OR Hospice, LLC d/b/a Providence at Home with Compassus Hospice Care
Hospice	16-1043	Providence Health & Services – Oregon d/b/a Providence Medford Hospice	CP Medford OR Hospice, LLC d/b/a Providence at Home with Compassus Hospice Care, Southern Oregon

Under the proposed multistep transaction, first on December 27, 2024, each of the agencies would go from ownership by Providence to ownership by separate LLC’s which are the sole whole owners of each agency; second, these LLC’s would be consolidated under a Statewide holding company (CP OR Holdings LLC), third, the Statewide holding company would then be held in turn by a larger multi-state holding company, Compassus Providence Holdings, LLC and which will initially be wholly owned by Providence Health and Services.

However, two days later, 50% ownership of this larger holding company Compassus Providence Holdings LLC will then be sold or otherwise transferred to FC Compassus LLC and Providence Health & Services (50%) as of December 29, 2024

These can be no doubt that these proposed transactions are subject to HCMO review:

1. This is a merger, consolidation, or acquisition of a health care entity by another entity

The proposed transaction reflects a merger or consolidation of multiple separately licensed agencies. In addition, the aggregated CP OR Holdings LLC and Compassus Providence Holdings LLC are health care entities that are being consolidated or acquired.

2. This transaction will result in a new contract among health care entities that will eliminate or significantly reduce essential services.

ONA has been notified that the result of this acquisition will be a reduction in the availability of essential services for pediatric home health services or the range of available essential services within these Home Health agencies. Specifically, OHA should inquire as to whether there will be a reduction in pediatric home health services, as has been reported to our members.

3. This transaction will form a new joint venture between health care entities that will eliminate or significantly reduce essential services.

Once again, it has been reported to ONA that this transaction will result in a reduction of essential services, such as pediatric home health services in the Portland metropolitan area.

It is clear that the transactions outlined in the recent filings are subject to HCMO review under one or more of the elements of the HCMO covered transactions. Because one or more of the defined types of covered transactions are implicated by what is publicly available under this multistep corporate transaction, OHA approval is required.

#### **V. Request for Suspension of Transaction**

OHA has authority to suspend this transaction pending the submission of HCMO application. ORS 415.501(10) authorizes the authority to “suspend a proposed material change transaction if necessary to conduct an examination and complete an analysis of whether the transaction is consistent with subsection (9) of this section and the criteria adopted by rule under subsection (2) of this section.” We are requesting that the Authority take that step to allow time for the Authority to determine whether this transaction satisfies the statutory criteria.

Please contact me as soon as possible with an update as to whether the Agency will be acting on this request.

Sincerely,



Thomas Doyle  
General Counsel  
Oregon Nurses Association