

EXECUTIVE SUMMARY

UnitedHealth – LHC Transaction Review

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support statewide goals related to cost, equity, access, and quality. 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. On August 2, 2022 OHA received a completed [notice of material change transaction](#) from UnitedHealth Group, describing plans to acquire LHC Group.

Proposed Transaction

UnitedHealth Group, through its Optum subsidiary, is seeking to acquire LHC Group, a national provider of home health and hospice services. UnitedHealth Group is one of the largest companies in the United States, operating the largest health insurance company in the country (UnitedHealthcare), as well as rapidly expanding health care provider, pharmacy, and technology services through Optum. LHC Group is a for-profit hospice and home health company that operates 953 service locations in 37 states. The Federal Trade Commission has [requested additional information](#) about the transaction from UnitedHealth Group and LHC Group.

OHA's Review

OHA conducted a 30-day preliminary review of the proposed transaction. During the review, OHA analyzed the current performance of LHC locations in Oregon and assessed the likely impact of the transaction across four domains: cost, access, quality, and equity. OHA held a 14-day public comment period but received no public comment submissions.

Key Findings



Cost

OHA does not anticipate that this transaction will have a significant impact on health care costs in Oregon. The transaction will not increase consolidation among providers of hospice or home health services in the state. UnitedHealth Group does not own or operate existing home health or hospice agencies in Oregon, and the transaction will not involve any increase in the combined entity's share of the market for licensed home health or hospice services in Oregon. Medicare is the dominant payer for hospice and home health services and has set rates for payments.



Access

OHA does not expect the ownership change of LHC to reduce access to care for hospice and home health services in Oregon. LHC does not have a dominant position in most geographic markets, and most service areas have alternative providers, except for northeast Oregon. UnitedHealth Group has stated that it plans to maintain the availability of services and will continue to accept patients that do not have UnitedHealthcare insurance. OHA will monitor access for patients with different types of insurance, particularly in northeast Oregon.

EXECUTIVE SUMMARY



Quality

OHA has no significant concerns about quality impacts. UnitedHealth Group intends to implement value-based care models for LHC providers, which may result in better outcomes for patients. The Federal Trade Commission has requested information about this transaction related to staffing levels, and OHA will monitor the results of that investigation.



Equity

LHC patients generally reflect the demographics of the older adult residents in each hospice and home health agency's geographic service area. OHA identified broad equity concerns but does not have specific concerns about the impact of this transaction on health equity in Oregon. In follow-up reviews, OHA will monitor access to services for people in rural communities, outcomes for people of color, and equity-focused activities.

Conclusions and Decision

Based on preliminary review findings, **OHA approved this transaction on September 1, 2022.** (See [Review Order 003 – UnitedHealth-LHC](#) and [Review Summary Report](#).) OHA made this decision based on the following criteria:

- 1. The transaction is unlikely to substantially reduce access to affordable health care in Oregon.** The transaction will not impact the number of hospice or home health providers operating in Oregon and will not result in horizontal consolidation in the market for home health or hospice services. UnitedHealth Group has committed to continuing to maintain access to services and accepting patients with a variety of insurance types.
- 2. The transaction is not likely to substantially alter the delivery of health care in Oregon.** In most regions, patients have options for home health and hospice services. UnitedHealth Group has stated intentions to expand value-based care models, which may result in better quality of care for patients.

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 Key Findings. OHA will also assess whether UnitedHealth Group has kept to the commitments stated in its notice of transaction regarding cost, access, and quality of care.

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