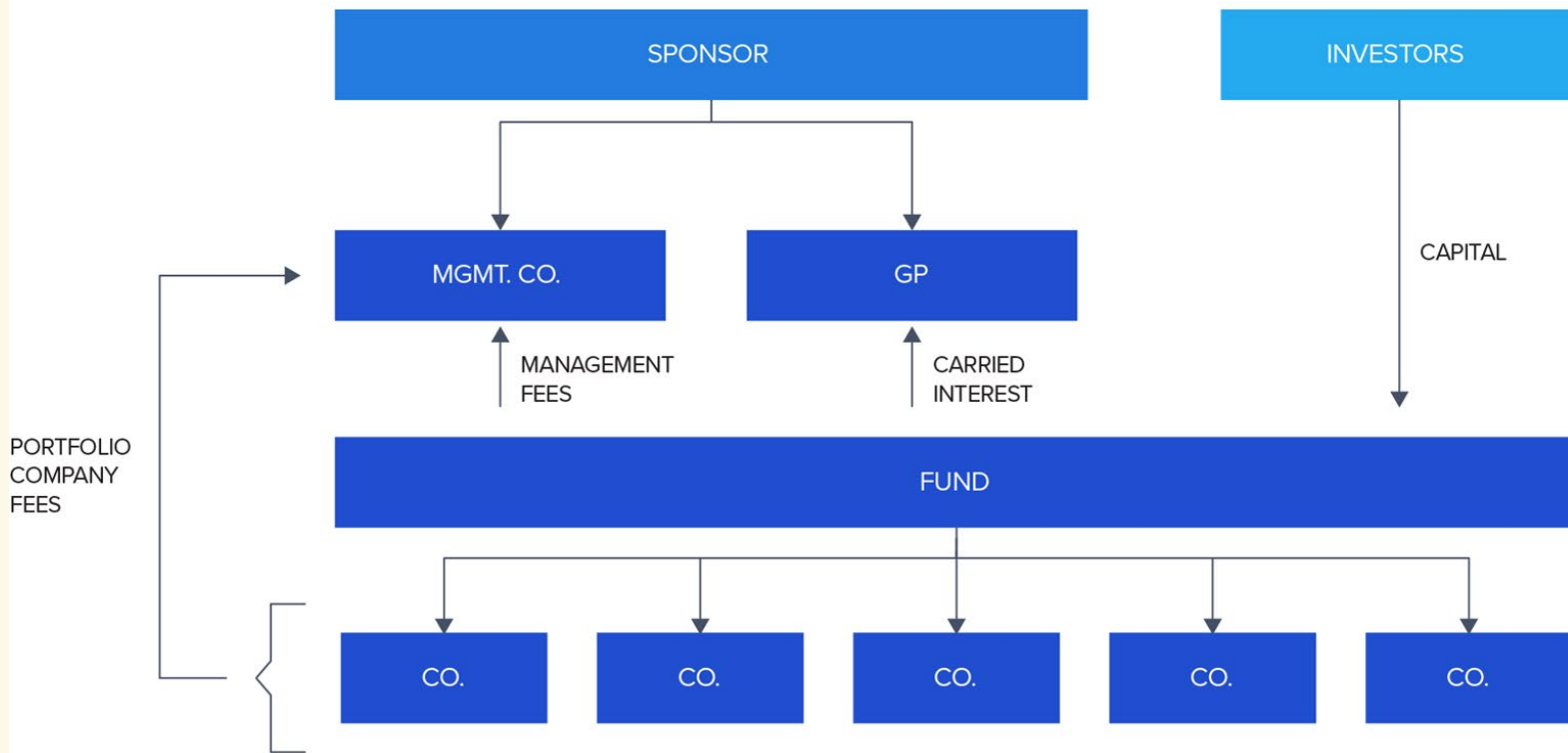




# COMPASSUS AND PRIVATE EQUITY

## Organization Structure of an LP or LLC Closed-End Investment Vehicle



# Deal Flow

## Acquisition

Portfolio company is acquired.

PE firm may have company raise debt to repay their investment.

## Operating

PE company makes operational changes to increase profitability.

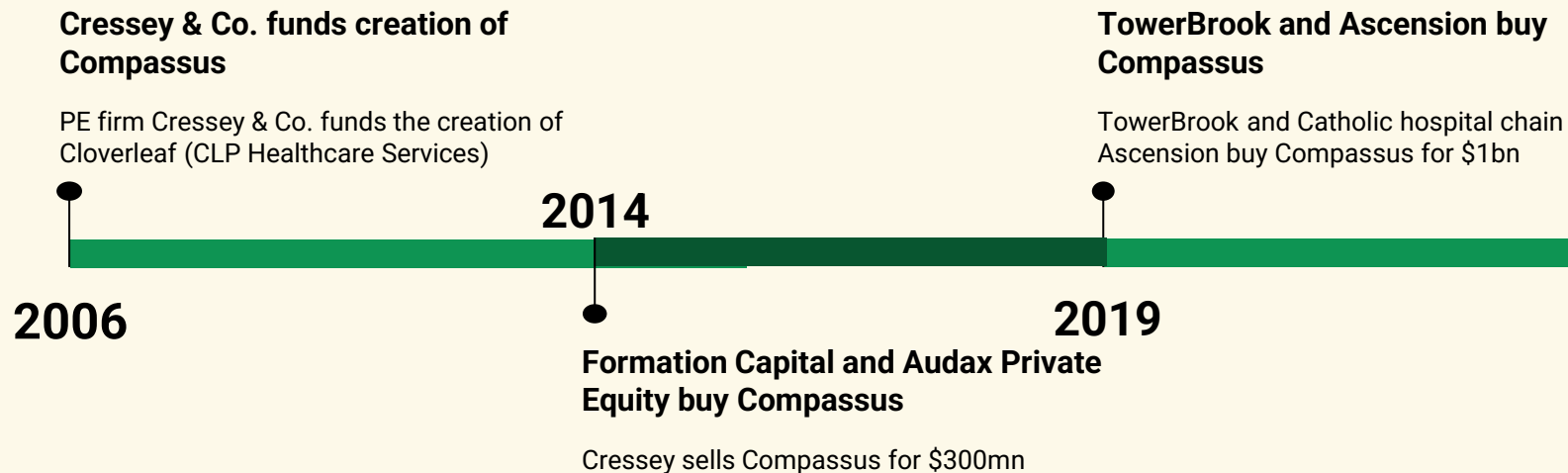
Portfolio company pays monitoring fee to private equity firm

## Exit

Near to close of fund, PE firm seeks to realize their investment.

Exits via IPO, sale to private party, sale to other PE fund, or by converting equity to debt.

## Compassus is on its third private equity owner



# PE ownership makes bankruptcy 2x more likely

NEWS INDUSTRY NEWS

## Firms owned by PE more likely to default, says Moody's



# AFT (and labor) have had success with private equity managers

Press Release

## New AFT Pension Report Calls Out Private Equity Firms' Labor Practices

*Report Will Guide Investment Decisions of AFT Trustees Who Oversee Pension Funds with Over \$3 Trillion in Assets Under Management*



**CalPERS:** Adopted portfolio-wide labor principles in 2023

**NEW YORK STATE COMMON RETIREMENT FUND  
RESPONSIBLE WORKFORCE MANAGEMENT POLICY  
AND PRINCIPLES**


# COMPASSUS

October 22, 2024 03:30 PM

## Providence, Compassus form home care joint venture

DIANE EASTABROOK [X](#) [in](#) [✉](#)

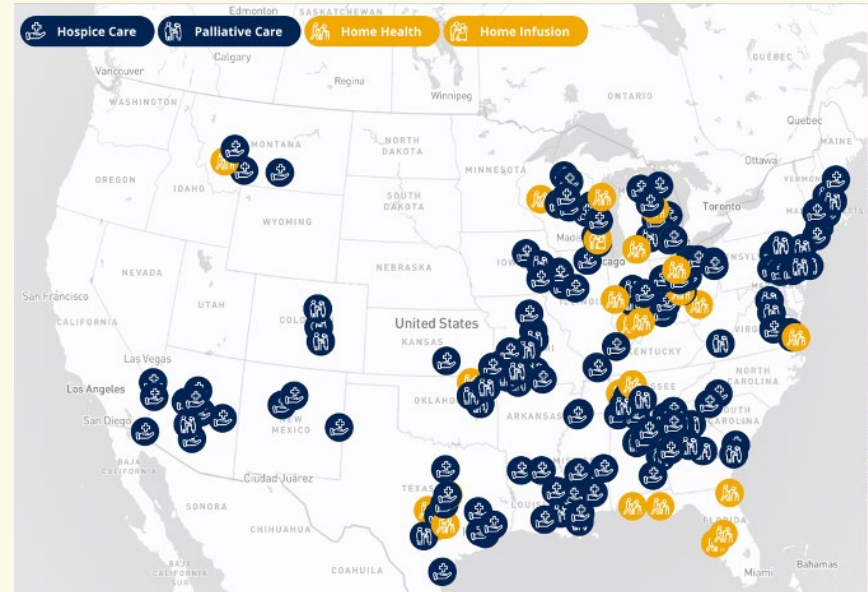
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# OVERVIEW

- For-profit, Tennessee-based provider of hospice and home care services
- Owned by Ascension Health and TowerBrook, a private equity firm
- Operates at over 270 sites in 30 states.
- In its joint venture with Providence, Compassus is set to operate at over 40 additional locations in AK, CA, OR, WA, and TX



# BAD OPERATOR

Compassus is riddled with legal issues dealing with Medicare violations, sexual harassment, pregnancy discrimination, age discrimination, and racism.

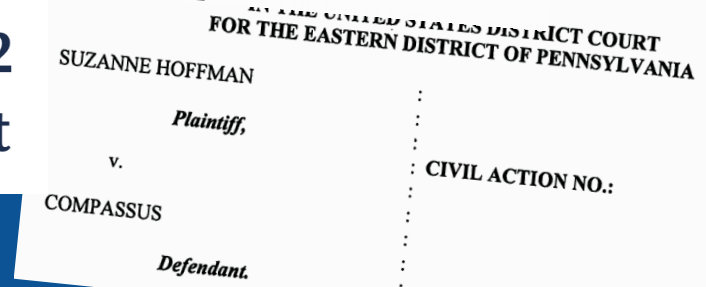
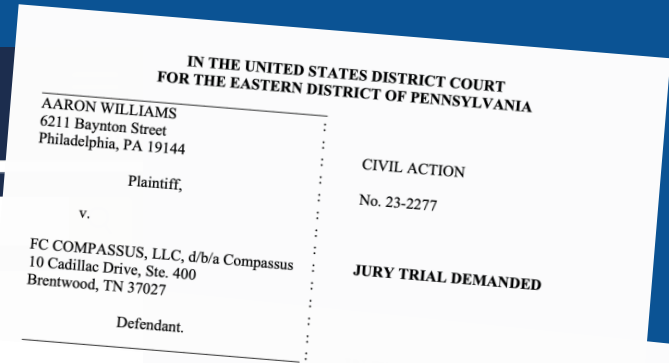


United States  
Attorney's Office  
Northern District of Alabama

Search

PRESS RELEASE

## Hospice Operator Agrees To Pay \$3.92 Million To Settle False Claims Lawsuit





- **2014:** Parent company fined almost \$4M to settle allegations that they billed Medicare for hospice patients that were ineligible to receive the care that Compassus billed for.
- **2016:** Sued for failing to take action against sexual harassment of a staffer
- **2016:** Sued by an employee who was terminated for refusing to admit patients ineligible for coverage under Medicare
- **2017:** Sued for pregnancy discrimination
- **2018:** Sued for age discrimination
- **2021:** Sued for race discrimination after a Compassus supervisor appeared in blackface at a Halloween party.
- **2023:** Sued by a former employee who claimed he was fired after raising issues related to racial discrimination and indicating that he was pursuing an EEOC complaint.

**Judge: Iowa hospice program  
told worker to 'let people die'**  
CLARK KAUFFMAN Iowa Capital Dispatch Mar 5, 2024

2024: Former hospice worker accused Compassus management of instructing her to “let patients die.”

- A judge determined that the worker’s managers had: “told her to **make certain patients a lower priority in the hopes that the patients would die before (the worker) was able to provide service to the patients.**”
- Judge granted unemployment benefits: working conditions were **intolerable and detrimental.**”



# FOR-PROFIT HOSPICE CARE

lowa incident is in line with what often occurs in for-profit hospice care:

Studies show that patients at for-profit hospice companies see doctors and nurse practitioners less often than patients at non-profit hospitals.

## **NOT-FOR-PROFIT HOSPICES OUTPERFORM FOR-PROFIT HOSPICES IN CARE EXPERIENCES, STUDY FINDS**

ANALYSIS | BY [CHRISTOPHER CHENEY](#) | FEBRUARY 27, 2023

### Press Release

Major Disparities Between For-Profit and Nonprofit Hospice Detailed in National Survey



# PRIVATE EQUITY- OWNED HOSPICE CARE

Furthermore, private-equity-owned hospice companies are associated with poor patient outcomes:

Studies show that a focus on profit maximization leads to fewer visits to hospice patients and inappropriate use of lesser-trained staff to care for patients.

PATIENTS FOR PROFIT: HOW PRIVATE EQUITY HIJACKED HEALTH CARE

**Hospices Have Become Big Business for Private Equity Firms, Raising Concerns About End-of-Life Care**

• REPORT [Hospice Care](#) [Medicare](#) [Private Equity](#)

**Preying on the Dying:  
Private Equity Gets Rich in  
Hospice Care**

# POLITICAL CONTRIBUTIONS

Compassus has a political action committee, FC Compassus LLC PAC

## WHAT COMPASSUS SAYS

“Our PAC influences Medicare public policy and ignites positive changes in Congress... The PAC supports representatives from both sides of the aisle who are aligned with our goal to extend high-quality, compassionate care to more patients and families in need.”

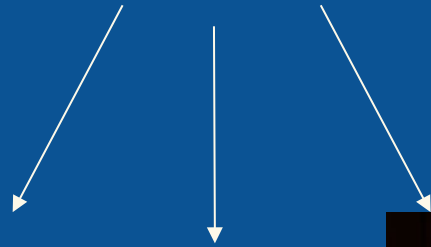
## REALITY

The majority of the PAC’s spending has gone to Republican candidates and PACs. In 2020, the PAC contributed \$26,000 to individual candidates, and 73% of that went to Republicans.





Compassus CEO  
Mike Asselta has  
made  
contributions to  
right-wing  
extremists who  
oppose ACA and  
the expansion of  
Medicaid.



# TOWERBROOK LOBBYING

NY, CA, OH, and MA all require procurement lobbyists to register with the state. Disclosures available on the CA Secretary of State's website make clear that TowerBrook is actively seeking allocations from CalPERS for its latest fund.

Towerbrook investors include:

- CalPERS – \$400mn
- MassPRIM – \$150mn
- New York State Common – \$200mn
- Indiana Public Retirement System – \$75mn
- Kansas Public Employees Retirement System – \$75mn
- San Francisco Employee's Retirement System – \$50mn
- State of Wisconsin Investment Board – \$50mn
- OhioSTRS – \$75mn
- Washington State Investment Board – \$450mn

# UNIONIZATION

Hard to confirm!

Compassus recently stated in an FAQ doc that they have experience with represented workers through one of their recent joint ventures.

This may be true, and there are some leads we are following, but we have not been able to confirm anything because Compassus is not listed as the employer in the NLRB database when it comes to joint ventures.

Either way, Compassus does not have extensive experience managing or bargaining with represented workers, as these ventures are all relatively recent.