PRIVATE EQUITY'S INVESTMENTS IN PRIVATE DUTY NURSING

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PRIVATE EQUITY STAKEHOLDER PROJECT

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Private Equity Stakeholder Project (PESP) is a nonprofit organization with a mission to identify, engage, and connect stakeholders affected by private equity to engage investors and empower communities, working families, and others impacted by private equity investments.

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KEY POINTS

- Private duty nursing involves more individualized and continuous skilled nursing care than other types of home healthcare, and is a form of care that helps children and adults with complex medical needs and technology-dependence remain in the home.
- Private duty nursing agencies face ongoing challenges from persistent labor shortages and low Medicaid reimbursement rates in many states. Even within this context, private equity's investments illustrate that investors see opportunity to make money in private duty nursing.
- The private equity business model, which uses high levels of debt with the goal of generating outsized returns for investors, can lead to harmful cost cutting practices that can exacerbate the already demanding and low-wage environment for private duty nurses. This in turn can have impacts on patients and their families.
- The experiences of three Illinois-based parents of medically complex children and two private equity-owned companies that specialize in pediatric private duty nursing for children with complex medical needs are profiled in this report:
    - Team Select, which is currently owned by Court Square Capital, has been quietly undergoing debt-based expansion since 2017, rolling up home health agencies around the country.
    - Aveanna Healthcare, a publicly traded company that is majority-owned by Bain Capital and J.H. Whitney, is the largest provider of private duty nursing services in the United States. Aveanna has operated at a net loss over its past four fiscal years while struggling under a mountain of debt – making approximately $484 million in debt and interest payments during this time period and still burdened by $1.47 billion in debt.
- Most private duty nursing services for pediatric and adult patients with complex medical needs are paid for by Medicaid. Without guardrails in place, investor-owned and other for-profit home healthcare agencies can legally siphon Medicaid dollars away from patient care, as patients and their families struggle to find long-term, reliable, and quality nursing coverage.
- Cuts to Medicaid are not the path forward to improve access to quality care for the individuals and families who rely on private duty nursing. To counter waste, abuse, and fraud in Medicaid, states and the federal government must have appropriate accountability provisions and guardrails in place to ensure that Medicaid dollars are going where they need to go and are not being used to line investors' pockets instead of patient care. This will be more important than ever going into a future with substantial reductions in Medicaid funding.

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INTRODUCTION

What is private duty nursing?

This report focuses on private equity's investments and their impacts on a particular type of home healthcare called private duty nursing. Private duty nursing involves more individualized and continuous skilled nursing care than other types of home healthcare, and is a form of care that helps children and adults with complex medical needs and technology-dependence remain in the home.[1]

Access to private duty nursing services is a critical service for individuals with complex medical needs to be able to live at home (rather than in facilities), remain financially stable, and even attend school. Private duty nursing coverage also helps family caregivers to be able to remain in the workforce.[2]

As is the case for the larger home care sector, demanding work and pervasive low wages drive labor shortages, which present a significant challenge for families and patients who rely on private duty nursing.[3] According to The Arc, an advocacy group for people with intellectual and developmental disabilities, 50 to 70% of private duty nursing shifts around the country were going unfilled as of 2023.[4]

Under federal law, Medicaid is considered the "payer of last resort" for private duty nursing services. This means that individuals and families must exhaust other resources, such as private insurance, before submitting claims to Medicaid.[5]

However, much of the private duty nursing care received by medically complex children and individuals with intellectual and other disabilities is paid for by Medicaid. States use a variety of programs, including ones that waive certain federal Medicaid rules, to fund this type of care. For example, many states waive the way income is calculated when determining Medicaid eligibility for children with disabilities.[6]

According to *KFF*, nearly 70% of home care, which includes private duty nursing, is paid for by Medicaid.[7] Private insurance may cover private duty nursing services if deemed medically necessary, but what constitutes medically necessary care is determined by each insurance company.[8] This type of coverage is also typically capped at a certain number of limits or dollar amount.[9] Additionally, because private health insurance is usually tied to employment, this creates an access barrier for many people who cannot work and for pediatric patients whose parent caregivers may also struggle to remain in the workforce due to caregiving responsibilities. For all of these reasons, Medicaid often ends up being the payer for private duty nursing care for medically complex children and adults.

Medicaid reimbursements for home healthcare and private duty nursing services vary considerably from state to state, and even within states, provider reimbursement rates may vary based on whether the patient is receiving care under a fee-for-service arrangement or managed Medicaid plan.[10] Despite persistent labor shortages and low reimbursement rates, there is still money to be made by for-profit home health agencies, as evidenced by private equity firms' investment activity in this sector.

Private equity firms have been investing in home healthcare agencies, including ones that offer or specialize in private duty nursing, for well over a decade.[11] As this report will show, private equity's presence in private duty nursing sector comes with risks and negative impacts. While affiliating with large private equity-owned chains may offer home health agencies scale and resources to compete in an increasingly difficult landscape of vertically integrated insurance companies, labor shortages, and low Medicaid reimbursement, private equity's debt-based financial strategies and pressures to produce outsized returns may lead to harmful cost cutting practices that can exacerbate the already demanding and low-wage environment for private duty nurses. This in turn can have impacts on patients and their families.

Overview of report

This report explores recent trends in private equity's investment activity within the home healthcare sector and provides a select list of private equity-backed companies that either exclusively offer private duty nursing or offer it as a segment in a larger business. It then provides case studies of two private equity-owned companies that specialize in pediatric private duty nursing for children with complex medical needs – Team Select Home Care, currently owned by Court Square Capital and Aveanna Healthcare, a publicly traded company that is majority owned by private equity firms Bain Capital Management and J.H. Whitney. These case studies, alongside the shared experiences of three Illinois parents whose children receive private duty nursing care, help to illustrate the financial strategies and associated risks that accompany private equity ownership. The report concludes with policy recommendations to address the risks and negative impacts of private equity's presence in private duty nursing.

PRIVATE EQUITY'S INCURSION INTO PRIVATE DUTY NURSING

Why does private equity invest in home healthcare?*

**Note that private duty nursing is only a segment of the larger home healthcare industry, but larger home health sector characteristics and investment trends generally apply to this subsector.*

Private equity investors see opportunity in the home healthcare sector for a number of reasons. First, the industry remains fragmented which means that investors can use a roll-up strategy to consolidate many smaller home health agencies into larger chains. This allows firms to sell their investments down the road at much higher multiples and contributes to market consolidation.[12] The private duty nursing market, specifically, is very fragmented, and merger and acquisition activity saw a significant increase from 2020 through 2023, according to market research company, Grandview Research.[13]

Additionally, there is high demand for home healthcare services due to a population that is both aging[14] and defined by high rates of chronic disease[15] and disability.[16] Payers are also generating demand, as home-based care can achieve cost savings because it is typically cheaper than care provided in facilities, like hospitals and nursing homes. And personal preferences also drive some of this demand; many of the people in need of nursing care prefer to remain in their homes.[17]

Private equity investment trends and market share in home health and private duty nursing

While private equity investment activity in home health has fluctuated in recent years due to a number of factors including the COVID-19 pandemic, labor shortages, and more recently, rising interest rates,[18] firms have consistently invested in this space[19] and play an outsized role. A 2023 report from the American Antitrust Institute and Americans for Financial Reform (AFR) found that despite accounting for about six percent of total ownership in U.S. home healthcare, "a significant proportion of private equity home healthcare is concentrated in the hands of just a few firms." [20] A more recent report from AFR estimates that private equity accounts for roughly 10% of the home health and home care sector.[21]

In the pediatric private duty nursing market, private equity-backed Aveanna Healthcare is the largest private duty nursing company in the U.S, [22] offering private duty nursing services across 27 states.[23] Other key private equity-owned companies with considerable market share include Care Options for Kids and Pediatric Home Service.[24] **Table 1** provides a list of select private equity-owned home healthcare companies that specialize in or have a segment focused on private duty nursing and includes the states where these companies operate and estimated number of employees. Collectively these companies employ at least 175,200 workers across the U.S.[25]

Early in 2025, analysts and industry experts expected that private equity investments in home care would ramp up following a temporary lull due to high interest rates.[26] However, continued uncertainty around interest rates, and new uncertainties around immigration policy and Medicaid funding, have led some investors to hold off on investment activity for now, according to *Modern Healthcare*.[27] An April 2025 report from Capstone Partners characterized the biggest risk to the home care industry as "stroke of the pen" risk, referring to legislative and policy changes that impact funding streams, such as Medicaid.[28]

Recent private equity acquisitions in private duty nursing

Even with these headwinds, a number of private equity-owned home health companies offering private duty nursing have announced or closed acquisitions in the first half of 2025, including:

- Abound Health, owned by multiple private equity investors, acquired New Jersey-based Star Pediatric Home Care Agency in February 2025.[29]
- Aveanna Healthcare, majority-owned by Bain Capital and J.H. Whitney, announced the acquisition of Thrive Skilled Pediatric Care in April 2025. Thrive previously had backing from private equity firm, Summit Partners.[30] Thrive has operations across seven states, and so this acquisition will grow Aveanna's already expansive footprint. [31]
- In April, Avid Health at Home, owned by Havencrest Capital Management, announced acquisitions of Home Care Angels (IL) and Private Duty Home Healthcare (MI).[32]
- In April 2025, Waud Capital Partners announced the creation of a new home health platform company, Altocare, formed from the acquisition of MedTec Healthcare (IL) and its merger with Senior Helpers.[33]

Private equity's business model generates risks in private duty nursing

Private equity business strategies are an amplification of the typical profit-seeking strategies seen in healthcare. This is because private equity's business model typically uses more debt than other types of for-profit businesses, and the fact that much of its financial strategies can more easily remain in the shadows.

Private equity-owned companies are less regulated than publicly traded companies. They do not need to make the same financial disclosures to the Securities and Exchange Commission or to their investors. That means that critical financial information about their business is often inaccessible. Sometimes, private equity firms are invested in publicly traded companies, such as is the case with Aveanna Healthcare, which is profiled in this report. Cases like Aveanna's provide us a rare window onto the type of information that is usually in the shadows for private equity-owned holdings.

The typical private equity business model involves saddling the companies they own with debt. This occurs in the original buyout where 60-90% of the private equity firm's acquisition of the company may be financed by debt (known as a leveraged buyout), as well as later in the lifecycle of ownership, such as using debt to fund expansion and even investor payouts. The private equity firms are not on the hook for the debt—the debt is secured by their companies. This creates a moral hazard issue where private equity firms might direct the companies they own to take financial risks (such as taking on excessive debt) because the firms will not be on the hook.

This means that a private equity firm can generate returns on an investment even if the company ends up in financial distress or bankruptcy. In other words, private equity firms take on little risk but get to make outsized returns.[34]

Excessive debt levels may not only harm a healthcare company's finances and ability to grow sustainably but can also have detrimental impacts on workers and the patients for whom they care. That is because debt service obligations can lead to harmful cost cutting tactics. Labor is typically the biggest expense for healthcare providers, and so staffing is often impacted by cost-cutting strategies. This can look like low wages and understaffing, wage and hour violations, relying on temporary and per diem staff over full-time workers, providing skimpy benefits, and not investing in adequate resources to vet and train healthcare workers.

In the context of private duty nursing, companies that pay low wages and offer poor benefits and hours will have a harder time recruiting and retaining nurses, which in turn can have very real impacts on patients and their families. Without adequate nursing coverage, patient care can suffer, especially when the patient does not have caregivers who can fill in the gaps. This can lead to patients requiring expensive and extensive hospitalizations or needing to live in nursing facilities.[35]

For parents of medically complex children, lack of nursing coverage can lead to one or both parents needing to leave the workforce or change their career paths, which in turn impacts the financial stability of the household. Lack of nursing coverage

can also result in high stress levels for patients and their families, impacting the quality of life for everyone in the household.[36]

Profit-driven cost cutting has larger-scale impacts. Private equity's business model that focuses on outsized returns by using high levels of debt can result in some private duty nursing agencies using Medicaid dollars to make debt payments and line their own pockets at the expense of staffing and patient care. These practices can exacerbate already pervasive staffing shortages in the home health sector, and are a legal form of siphoning taxpayer dollars away from healthcare to subsidize profits and pay debt.

The case studies that follow highlight private equity's financial strategies and their risks and impacts at two specific private equity-owned companies that specialize in pediatric private duty nursing: Team Select Home Care and Aveanna Healthcare. The report also includes a section on parent experiences, based on interviews with three Illinois-based parents of medically complex children who have received nursing coverage from Team Select and/or Aveanna.

Table 1: Select list of private equity-owned private duty nursing companies[1]

Company	PE Firm(s)	Employees	States where it operates
Aveanna Healthcare (NAS: AVAH)	Bain Capital; J.H. Whitney (collectively hold 67% of shares in the company as of 3/31/2025)[37]	33,500	PDS segment: WA, OR, CA, NV, AZ, CO, TX, OK, NE, SD, IA, MN, MI, WI, IL, IN, LA, FL, GA, SC, NC, VA, PA, NY, CT, MA, DE, NJ Overall: AL, AZ, CA, CT, DE, FL, GA, IA, ID, IL, LA, MA, MD, ME, MI, MN, NC, NE, NJ, NM, NY, OK, OR, PA, SC, SD, TN, TX, VA, WA, WI, WY
Angels of Care Pediatric Home Health	Nautic Partners; previously owned by Varsity Healthcare Partners	2,000+	CO, AZ, TX, FL, SC, NC, PA
BrightSpring (NAS: BTSG)	KKR controls 54.2% of shares.[38]	37,000 FTE employees	All 50 states
MGA Home Healthcare	Flexpoint Ford	1,312 (2025)	AZ, CO, NC, TN, TX, WA
Amazing Care Home Health Services	Bow River Capital, PNC Erieview Capital, BPEA Private Equity, ICP Group	116 (2022)	CO, TX, UT
AccentCare	Advent International	30,000	CA, IL, OH
Avid Health at Home	Havencrest Capital Management	200+	IL, NC, MI
Care Options for Kids	Webster Capital Partner, HLM Venture Partners	2,100 (2023)	PDN services offered in CO, DE, FL, NV, NJ, PA, TX
Team Select Home Care	Court Square Capital Partners, Tenex Capital Management (minority investor)	5,000+	AZ, CA, CO, FL, GA, IL, IN, MO, NH, NC, OR, PA, TX, WA[39]
Elara Caring	Blue Wolf Capital Partners, Kelso & Company	26,000	Skilled home health operations in TX, OK, LA, AR, KS, MO, IA, IL, IN, MI, OH, CT, MA, RI

Company	PE Firm(s)	Employees	States where it operates
Abound Health	Aspect Investors, M2O, WSC & Company, Trilogy Search Partners, Relay Investments, The Cambria Group, Endurance Search Partners, Housatonic Partners, Peterson Partners	3,000	NJ (pediatric home care); NJ and PA (I/DD services)
Honor Health Network	Webster Equity Partners	15,000+	CO, GA, IN, PA, MD, NJ, NY, MA, D.C.
Pediatric Home Service	InTandem Capital Partners	467 (2023)	TX, LA, MS, FL, KS, NE, IA, MN, WI, IN, PA, NJ, DE, MO, KY, OH
Compassus	Ascension Capital, Towerbrook Capital Partners	6,000+	Home health locations in AK, WA, MT, NM, TX, OK, WI, OH, AL, FL, KS, KY, TN, IN, MI, SC, VA
Centria Healthcare	Thomas H. Lee Partners	~6,000	OR, CA, AZ, NM, TX, GA, NC, VA, MD, IN, MI, MA
Care Advantage	Searchlight Capital Partners	3,000 (2021)	VA
Comfort Keepers	The Halifax Group, Sentinel Capital Partners	2000+	AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, VA, WA, WI

1 This is a select list of PE-owned home healthcare companies that focus on, or have a business segment with, private duty nursing. Some have a pediatric focus and others do not. Employee numbers were taken from company websites, SEC filings, and LinkedIn profiles where available; otherwise PitchBook was used. For some companies the reported employee numbers seem low – this may be because some of the employees are contractors, or the company uses a franchise business model, or simply because the available numbers are not up to date. For companies that offer multiple business segments, the state column includes the states where the private duty nursing segment has operations if that information was available; otherwise it contains the states where the company has operations for all of its segments.

CASE STUDIES

Team Select Home Care – Court Square Capital

Team Select Home Care is a home healthcare company focused on care provision for medically complex children. In addition to employing nurses, it also has a segment dedicated to training, certifying, and employing parents and legal guardians as paid caregivers for their children.[40] At the time of this writing, Team Select operates across 15 states.[41]

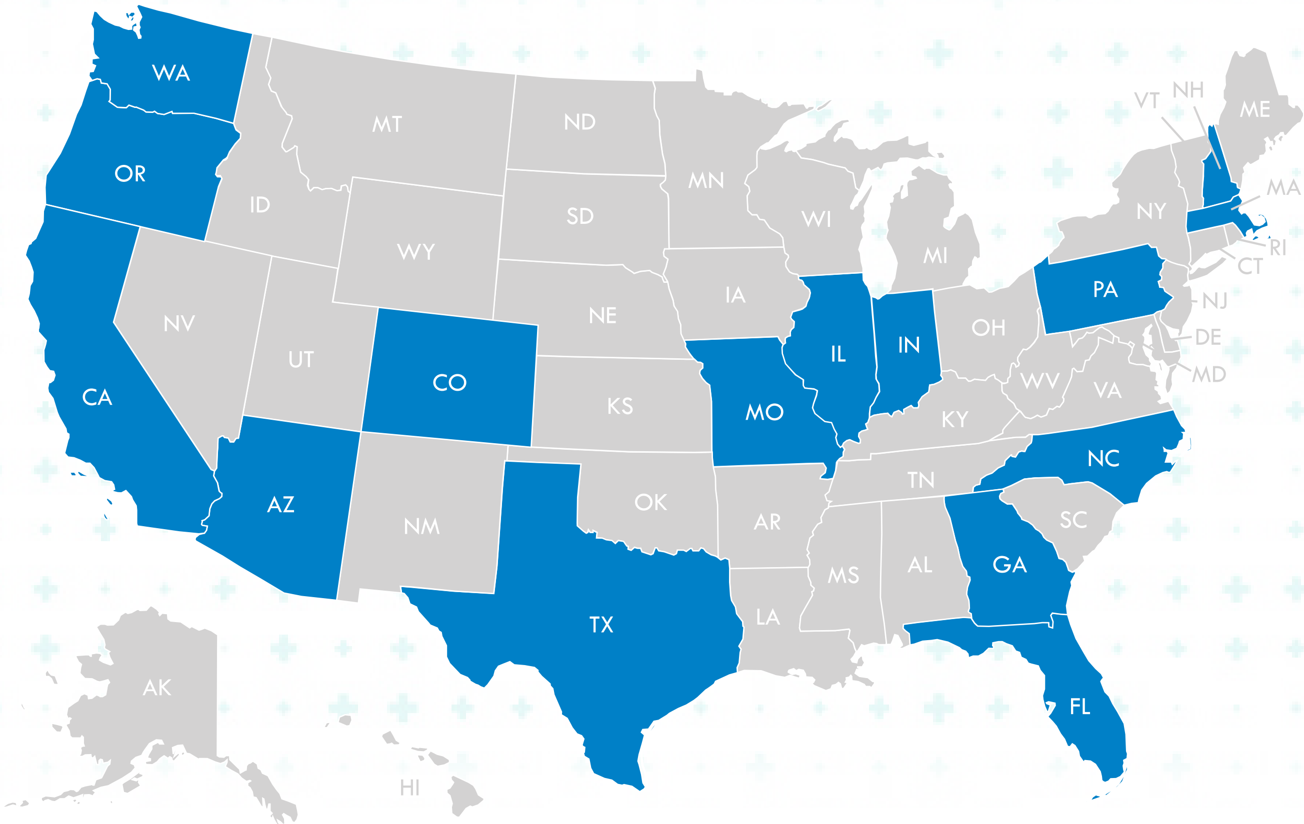
Private equity firm Tenex Capital Management acquired Team Select in 2017. At the time, the company operated seven branches across Arizona, Colorado, Missouri, and Oklahoma.[42] During Tenex's ownership, the company exited Oklahoma[43] while continuing to expand to other states. In May 2023, private equity firm Court Square Capital acquired the company, which had by then grown its operations to 11 states and served 7,000 patients.[44] Tenex Capital remained a minority investor in the company.[45]

Court Square Capital advertises itself as a middle market private equity firm that invests in consolidators, scalability, and growth.[46] Its past and current portfolio of investments includes restaurants, tech and telecom, retailers, and more. It currently has three healthcare companies in its portfolio.[47]

Team Select's quiet expansion

Since 2017, Team Select has been quietly undergoing debt-based expansion,[48] rolling up home health

Figure 1: States where Team Select operates



agencies around the country under the Team Select brand. However, it appears the company has not issued press releases or announcements for such acquisitions until very recently, making it challenging to identify which agencies have been purchased.

Using PitchBook, CMS's Home Health Agency All Owners Database, and a handful of other sources such as company posts on social media sites, PESP has identified the following acquisitions made by Team Select during the course of its private equity ownership. These acquisitions are divided into two categories – those that occurred while under Tenex Capital Management's ownership (2017 to May 2023) and those that occurred while under Court Square Capital's majority ownership (May 2023 to present).

2017 to May 2023

- Laguna Home Health Services (California)[49] – November 2018[50]
- MyLife (Illinois) – July 2020[51]
- Vivicare Health Partners (Texas) – November 2020[52]
- Lincoln Healthcare (Pennsylvania)– December 2020[53]
- CR&RA Investments, LLC (Florida)[54] and Integrity Health Services Orlando, LLC (Florida) – March 2021[55]
- 24 -Seven Home Health LLC (California) – October 2021[56]
- J&K Staffing Solutions, LLC (New Hampshire)[57] – November 2021[58]

May 2023 to present

- Together Homecare (Indiana) – May 2023[59]
- Healthy Home First Home Health Agency, LLC (Florida) – August 2023[60]
- Harbor Health Solutions (Washington & Oregon) - March 2024[61]
- PHH+ (North Carolina) – November 2024[62]

It is possible that Team Select has made other acquisitions that are not accounted for above, and that some of the dates are not reflective of when

acquisitions closed. One example from a parent experience, whose full account is shared in a later section of this report, demonstrates how this can play out.

In the fall of 2019, the parent was in the process of selecting a home health agency for her son after moving to Illinois. She and her partner decided on an agency called MyLife because they wanted a small agency experience. Within a few months, the email signatures from staff she communicated with indicated the agency was now Team Select. She later noticed that as far back as October 2019, Team Select was mentioned in the email signature, which read, "My Life Home Health, a Team Select Company." The only public indication of the acquisition that PESP was able to locate was a Facebook post made nine months later in July 2020.[63]

Unclear ownership and multiple brands are not unique to Team Select, and can, in fact, be common for private equity-owned platform companies that are rolling-up smaller providers, a tactic that former FTC Chair Lina Khan has called "stealth consolidation."[64] A **recent PESP report** on private equity's investments in intellectual and developmental disabilities (IDD) found the regional market concentration achieved by some private equity-owned IDD companies was obscured by complex ownership structures and disparate branding.

History of debt

Team Select has a history of taking on debt to finance its acquisition activities. According to PitchBook, the company made seven acquisition-related financing transactions between Tenex Capital's Management's 2017 leveraged buyout and Court Square Capital's buyout in 2023.[65] In addition to acquisition-related financing, the company has also taken on millions of dollars in loans from private lenders, including Midcap Financial which is an affiliate of private equity firm Apollo Global Management.[66] In June 2024, it reportedly executed a $203.11 million dividend recapitalization.[67]

Dividend recapitalizations are deals whereby a private equity firm directs its portfolio company to take on new debt and use the proceeds to pay the private equity owner a cash payout. These transactions can unnecessarily load healthcare providers with debt. While the private equity firm in these situations makes money, the provider often does not receive proceeds from the loan and still must pay it back, leaving it more vulnerable to market conditions and with fewer resources to support operations as it makes its debt service payments.[68]

Court Square has a history of using debt loaded onto its healthcare companies to finance payouts to itself; in 2020 it executed a $120 million dividend recapitalization at a healthcare company it owned called Golden State Medical Supply (GSMS), a distributor of generic pharmaceuticals. This dividend recapitalization occurred in a context in which the company had collected tens of millions of dollars supplying drugs like hydroxychloroquine to the US Government.[69]

Team Select's debt-based growth and shareholder payout strategies, which are typical of private equity ownership, divert cash away from operations to debt service payments, reducing the cash available for staffing and other critical aspects of business.

Team Select's lobbying and policy advocacy

Team Select has a strong lobbying presence across the states where it has operations. The company's Vice President of Government Relations, Bill Sczepanski, is on the boards or involved with multiple state-level home care and home health trade groups, including in **Missouri Alliance for Care at Home**, **Illinois Homecare & Hospice Council**, and **California Association for Health Services at Home**. Team Select has been an active industry voice in favor of the creation and expansion of paid family caregiver programs throughout the U.S.,[70] not only lobbying policymakers but also providing educational resources to patient advocates and caregivers about the various state programs.[71] One of the parents whose experience is outlined in the next section is employed by Team Select in Illinois to care for her medically complex child.

Parent experiences

PESP spoke with three parents in Illinois who currently or formerly received nursing coverage from Team Select Home Care for their medically complex children. One parent also received coverage from Aveanna (profiled later in this report) before switching to Team Select.

Illinois has increased its Medicaid rates for pediatric private duty nursing on multiple occasions in recent years. Current Medicaid reimbursement rates can be viewed **here**. Illinois also has multiple paid family caregiver programs, including one that allows parents with RN or LPN licenses to care for their minor children, and a parent CNA program that was legislated in 2024 for parents of children and adults who receive home nursing.[72]

All three parents have had to change jobs or leave behind careers because of inadequate nursing coverage. One of the parents earned her CNA license so she can participate in the new program. A second one became a registered nurse and is now a paid nurse for her child and employed by Team Select.

LAUREN

Lauren and her partner live in a western suburb of Illinois with their son Henry, who is medically complex and needs nursing at home and at school. The family moved to Illinois in 2019 when he was almost three years old.

Lauren says that they began interviewing with several different nursing agencies in October 2019 after they moved to Illinois. These providers had been vetted or recommended by Illinois Division of Specialized Care for Children (DSCC), which runs the Medically Fragile, Technology Dependent (MFTD) HCBS waiver program in the state. "I believe we did Maxim, King's Way and MyLife. And at that time, Team Select was MyLife. It's funny because the reason we actually went with MyLife was because it was small. We didn't like Maxim because they were this big national thing...We also wanted things to be kept tight. We wanted to be able to speak to people who actually knew who our son was, knew what his condition was. We wanted the nurses to feel comfortable."

"So that is the reason we went with MyLife. We liked their outlook. They had started off as nurses themselves and they saw a gap in home health and wanted to fill that gap. They seemed very honest; they seemed very willing to work with us. They understood our issues. And immediately after we signed with them, the families in Illinois settled a lawsuit, increasing the reimbursement rates by an average of about $10/hour. And so we were hopeful that that value would be passed on to our nurses."

It turns out that Team Select's acquisition of MyLife was already underway at this time. While the company did not announce the acquisition until July 2020, Lauren later noticed that emails from a MyLife employee in October 2019 included "MyLife, a Team Select company" in the email signature. By early 2020, a different employee's email signature had the Team Select logo.

In 2020, when it became clear that MyLife had indeed been acquired by Team Select, she was frustrated. It felt like she and her partner had been misguided during their vetting process with the different agencies they were considering, as they had been open about their desire to have a small agency experience.

After their primary nurse became injured and was out for an extended period, they only had one other nurse who was on for only two days a week. Henry could not attend school during this time because the school contract was with Team Select, and Team Select could not find a replacement nurse.

Lauren also spoke about how many parents took on the work of recruiting nurses themselves, who they would then send to Team Select or whatever agency they were contracted with. She learned from other families "that if you're having trouble getting staffed, you'll have more luck if you self-recruit because you can provide many more details and enticements. I can put up a picture of my child who is absolutely adorable."

After doing the intensive work of self-recruiting a nurse for Team Select and then training the nurse over the summer of 2021, Lauren experienced an incredibly stressful situation.

"Team Select took that nurse off Henry's case three days before he was supposed to start school. We had trained her all summer. In August, three days before, Team Select calls and tells us that their nurse is no longer on our case. 'But by the way we have another nurse who wants to work for you'...I actually had a breakdown. Because they waited until so soon before my son had to start school. And now he couldn't go to school and we had to train this new nurse. And we needed the former nurse to help train the new nurse. So his school start got delayed by about a month. To me it was just like this betrayal and this panic. It was sprung on us at the last minute. That was very traumatic for me to go through that. That was the beginning of the end."

In 2022, the family left Team Select and started working with Continuum Pediatric Nursing. Overall, Lauren has been more satisfied with Continuum. However, reliable nursing coverage continues to be a problem for the family because of persistent labor shortages in home healthcare. Lauren explained that there was a period where it did not matter if they had had private insurance or Medicaid because of the severity of the labor shortage for home health nurses.

Lauren had to leave her lucrative career to help provide care for her son. She recently became a CNA so she can serve as a paid family caregiver under a new parent CNA program in Illinois.

—

Lauren and Henry are pseudonyms. Lauren was granted anonymity to speak freely.

CARRIE

Carrie and her husband live in a western suburb of Illinois with their five children. Their youngest child, Emily, is ventilator dependent after a rare complication from a virus. Carrie explains, "[The virus] paralyzed her breathing muscles. Now she's eight years old and thankfully she's made a lot of gains. She can walk, she can talk. But she's still ventilator dependent and because of that, we get quite a few nursing hours covered by the state with Medicaid."

Carrie's family has worked exclusively with MyLife, which became Team Select in 2020, since Emily first started needing nursing. For a brief period, the family's private insurance covered nursing coverage, but the majority of Emily's nursing has been covered by Medicaid. While Carrie's experience with Team Select has been overall positive because of the nurses they have provided, her family has struggled at some points with receiving the nursing coverage they needed. "Really the nurses that are in our home are essential for our overall wellbeing.... We've been without nursing. And it's really taken a toll—like I got shingles. The wellbeing of our whole family and Emily really suffered."

In Illinois, parents with nursing licenses can be hired as paid family caregivers for their child, and so Carrie ultimately decided to switch careers and get a nursing degree. "I wasn't always a nurse. I've only been a nurse for three years. I went back to school because our lives changed, and we needed to adapt a little." She is now employed by Team Select to care for Emily.

There was a school year that Carrie accompanied Emily to school almost every school day as her nurse because Team Select could not provide a nurse. If Carrie had not gone with Emily, her daughter would have missed out on her first grade year. Carrie shared, "That time was just crazy on our family. Because Emily is the youngest of four. It's so hard to balance the needs of your special needs child, plus her three big sisters. We try to make it so that the big sisters don't resent the little one. To just try to go to her siblings' dance or sport events with a ventilator dependent child is enough of a struggle."

Carrie explained that because of their family situation where she can now be one of Emily's nurses, the family does not have a full time nurse for Emily. "It's kind of a different model than what we've had in the past and what most cases have. And I think that's because I can kind of serve as the case manager for our house. I can be like the central point of contact where in other homes, a full time nurse is really required to keep that child as healthy as possible."

One of the challenges that Carrie has faced with Team Select is with wages. "Trying to negotiate higher wages for our nurses has been a struggle. A year and a half ago I had to threaten to leave to go to another agency for them to give us a raise when the state of Illinois increased the Medicaid reimbursement rates. And then from there, I also negotiated that they would get a higher rate for attending school hours with my daughter, because the school district is paying them on top of Medicaid for those school hours."

Until June, Carrie was making $35/hour as a registered nurse (RN) for Team Select. Outside of the school year she works 60 hours and so receives overtime pay ($52.50/hour) for 20 of her hours. Carrie explained that she also negotiated a higher rate of $38/hour for the other nurses on Emily's case, since they do not work overtime.

The current Medicaid reimbursement rate in Illinois for pediatric private duty nursing is $57.78/hour for registered nurses, and $48.15/hour for Licensed Practical Nurses (LPNs), meaning that Carrie's regular hourly rate was 61% of the Medicaid fee-for-service rate prior to June. Carrie also receives a monthly student loan reimbursement from Team Select each month equivalent to about $430.

Carrie shared that she had been proactively communicating with Team Select about the latest Medicaid raise. "I've been emailing. I've had all my nurses email." She asked them to cc her on their emails, so that they can all get a raise and be paid the same rate. "I feel like that kind of tactic is kind of required for this organization. [Team Select is] not just going to give us extra money even though the state is paying them more." Team Select agreed to increase the rates in June. The hourly rate for herself and other registered nurses on her case was increased to $40/hour beginning June 1, 2025 and when school starts up again, the school rate will be $42/hour.

Carrie emphasized how much her family values the nurses that Team Select has provided their family. "There's one that we have that has been with us for the full six years. And I'm not sure it's because of Team Select...I think it's because Emily is just so great, " she says with a smile. "The older children, they really look up to the nurses. We've got some really great nurses that are family, and really a big part of our life."

Carrie and Julia are pseudonyms, and some identifying details have been changed. Carrie was granted anonymity to speak freely.

APRIL

April lives in a mid-sized town west of Chicago with her husband and her eight year old son, Chase. Chase has needed private duty nursing services since he was four months old. The first agency they used was Preferred Pediatric Home Health Care, which Aveanna bought out in 2020. Before the buyout, April said she knew the majority of the office staff by name and when she called, staff were quick to know who she was and the details of Chase's case. After the buyout, she noticed the office schedulers and recruiters kept changing, although her case manager, who was always very involved and supportive, remained the same.

During this time, the family had private insurance and had always been fully staffed. Then Covid hit and they lost all of their nurses. Her husband had to quit his job to stay home with Chase. They were finally able to get a nurse full time and another that came three days a week, but never regained the staffing they had prior to Covid.

Her family switched from Aveanna to Team Select Home Care in 2022 at the recommendation of a friend. However, she continued to experience issues around insufficient nursing coverage. She is afraid to switch back to a different agency because she does not want to risk losing the coverage she does have.

April says she has been happy with the majority of the nurses from both Aveanna and Team Select, and noted how being a nurse in home healthcare is a calling, as they do not get paid enough. She believes it is important that agencies are paying their nurses fairly, especially in light of the recent Medicaid rate increase in Illinois, stating, "To me, that money should go right to the nurse."

"We need care for our son. Our son is G-tube, he's trach now, he's on a vent at night, he's eight years old but he doesn't walk…we need *care*. My husband works full time. I work from home full time. I used to work out of the home but we didn't have reliable nursing coverage. So I took a huge, huge pay cut to be at home because I didn't have reliable care."

After a three-month hospital stay for her son, and due to the unreliable care coverage beforehand, April decided to find a work from home job that came with the aforementioned pay cut so she could be at home with him. Her son no longer had private insurance as his primary coverage, and now was fully covered by Medicaid.

April has faced challenges when communicating with Team Select around nursing schedules and coverage. The family had an LPN from Team Select that was assigned to her son for the past few years who April said was excellent. The nurse decided to go back to school to become a registered nurse, and was scheduled to begin classes in January 2025. In October 2024, April started calling Team Select to get a coverage plan in place. However, the weeks went on and the company did not secure steady coverage. Since January, she has struggled with the fill-in nurses assigned. Some of them are great nurses, but they are temporary, and she has to spend hours of her own time training them to care for her child's specific needs only for them to cover just a handful of shifts. Many weeks, she has to provide coverage to her son while working from home, which is immensely difficult and only possible because she has a flexible job and understanding supervisor.

She shared how she still did not have her nursing schedule for the following month, even though it was two days away. "I have no idea what my nursing schedule is. I have called on it three different times. I was told last week that they just needed to finalize something and that they'd get it to me. I still don't have it."

Aveanna Healthcare – Bain Capital & J.H. Whitney

Private equity-backed Aveanna Healthcare Holdings, Inc. is a debt-laden home healthcare company employing 33,500 people[73] across 36 states.[74] It is majority owned by private equity firms Bain Capital and J.H. Whitney Capital Partners which together hold approximately 67% of shares in the company.[75]

The two firms founded Aveanna in 2017 through a partnership when they merged two home-based pediatric healthcare companies—Epic Health Services and PSA Healthcare.[76] The newly formed company underwent a period of rapid debt-funded growth via acquisitions[77] before the company went public in April 2021.[78] Because Aveanna is publicly traded, we have a window into its finances and business strategies that is not typically available for most private equity-owned companies. As such, this case study will include insightful financial information about Aveanna that is not accessible for Team Select.

Aveanna is the largest provider of private duty nursing services in the United States, serving pediatric patients with medically complex diagnoses and disabilities who need high levels of assistance from caregivers. 30% of its private duty patients are over the age of 18, many of whom began receiving services from Aveanna as minors.[79]

Through its acquisitions, Aveanna's service offerings have expanded beyond pediatric home nursing to include home health and hospice services for adults, as well as a medical solutions segment which supplies durable medical equipment and supplies to a subset of its patients.

Despite its expansion into new service offerings, Aveanna's private duty segment continues to be the main engine of its business, providing 81 percent of the company's consolidated revenues[80] and serving 38,200 patients across 27 states.[81] A May 2025 presentation to investors touted the "untapped PDN demand with only a fraction of children and adults getting needed care," family caregiver program expansion, and "expanding insurance coverage for Medicaid beneficiaries" as market opportunities for the company as it seeks continued growth.[82]

Aveanna's debt-funded growth amidst antitrust scrutiny & patient care issues

When Epic and PSA merged to create Aveanna,[83] the merger was financed with $900 million in debt.[84] The press release announcing the merger claimed that Aveanna was now the "largest pediatric home healthcare company in the nation."[85]

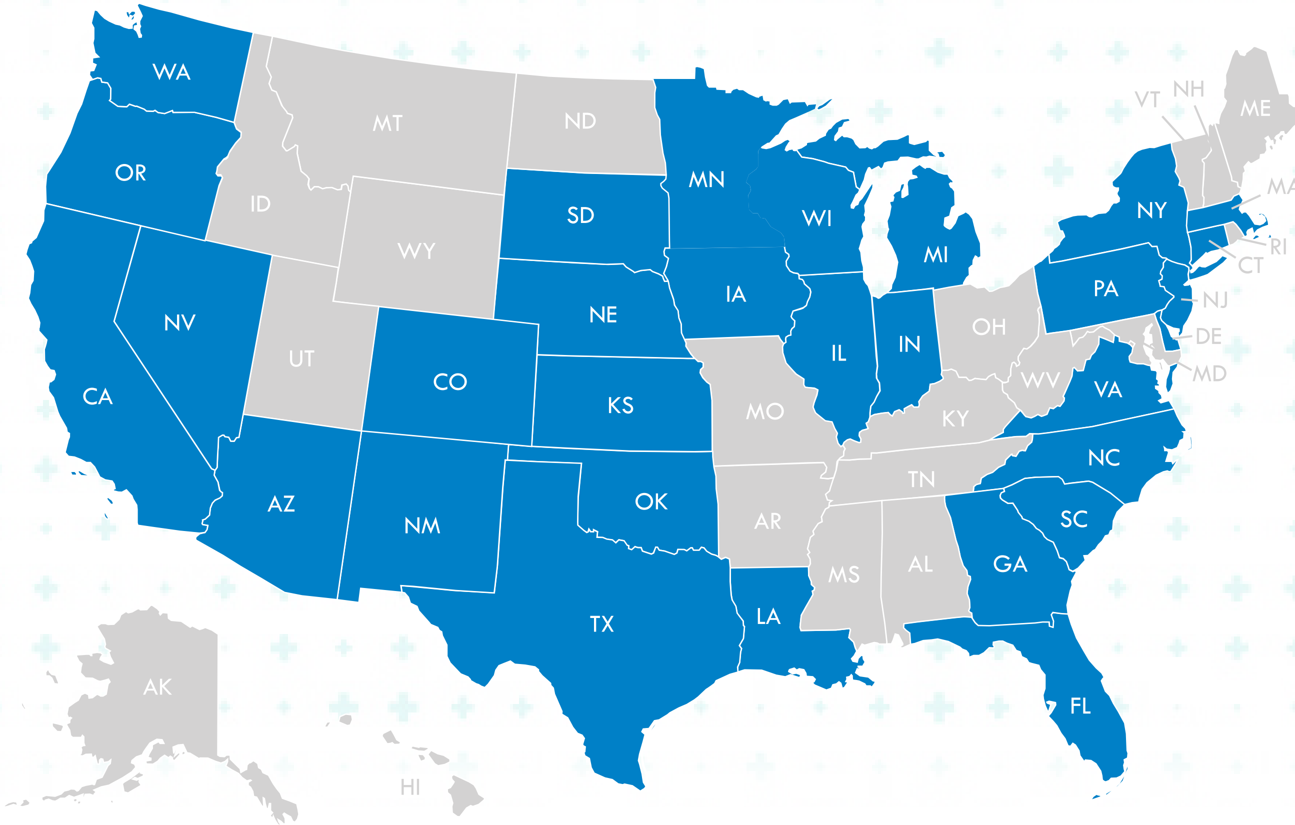
In July 2018, Devin O'Reilly of Bain Capital and Bob Williams of J.H. Whitney[86] led Aveanna in its acquisition of Premier Healthcare Services, a pediatric nursing company servicing medically complex patients. Aveanna took on $221 million in new debt about a month after the transaction, according to PitchBook.[87] This acquisition expanded Aveanna's access to key markets in California.[88]

In February 2019, Aveanna announced it had signed a definitive agreement to acquire the home health division of Maxim Healthcare Services.[89] But in early 2020, the two companies abandoned the reported $1.25 billion transaction amid a probe from the Federal Trade Commission (FTC).[90] In August of that year, it successfully closed on the acquisition of Home Healthcare of Northern Nevada for $1 million.[91]

A few months later, *Bloomberg* published a damning investigation into Aveanna's cost-cutting tactics that proliferated after the merger of Epic and PSA. The article highlighted the deaths of seven children under Aveanna's care in Texas, Pennsylvania, and Colorado. It also presented a growing number of patient safety issues alongside criticism of the financial incentives built into the company policies that "favor corporate growth and cost-cutting over clinical care." One former employee reported to *Bloomberg* that Aveanna would often decline to send nurses if it was short-staffed and had to pay overtime.[92]

Despite growing scrutiny of its business practices and the abandoned Maxim deal, Aveanna maintained

Figure 2: Aveanna's expanded private duty nursing footprint, post-acquisition of Thrive SPC[136]



a steady pace of growth in 2020 and 2021 via the typical private equity strategy of rollups through add-on acquisitions, many of which fell below the Hart-Scott-Rodino threshold that triggers an antitrust review. The threshold was $94 million in 2020 and $92 million in 2021. [93] Most of these acquired companies were mid-sized regional providers that offered home health, hospice, private duty nursing services, and/or durable medical equipment and medical supplies sales and rentals.[94] In late 2020, Aveanna made five such acquisitions, with prices ranging from $11.7 million to $64.4 million.[95] Before it went public, its last acquisition was of Doctors Choice Holdings for $115 million in April 2021.[96] Through its dealmaking activity after the merger of Epic and PSA, Aveanna expanded from seventeen to thirty states from 2017 to April 2021 and reportedly increased its yearly revenues from $324.6 million to $1.5 billion.[97]

In April 2021, the company filed for a $100 million initial public offering (IPO) on Nasdaq, announcing a plan to grow an adult home health and hospice segment "similar in size and scale to our pediatric home health business."[98] According to *Bloomberg Law*, Aveanna's market value following the IPO was about $2.1 billion.[99]

Aveanna's IPO in April 2021 was met with lackluster results despite a high demand environment for home healthcare. Following the IPO, Aveanna's stock price trended downward until beginning to modestly rise in 2023. Its share price has never recovered to its IPO high of $12.89 per share in June 2021; its stock price has fluctuated within the $4 to $6 range from January through June 2025.[100]

Following its IPO in 2021, Aveanna made two more acquisitions. In November 2021, Aveanna acquired Accredited Nursing Services for $180 million[101] and entered a $150 million three-year securitization facility.[102] The following month, it acquired Comfort Care Home Health Services, LLC for $346.5 million, using a $415 million loan via a Second Lien Credit Agreement with a syndicate of lenders to finance the deal.[103]

After the Comfort Care deal, Aveanna's acquisition activity grinded to a halt amidst its burdensome debt levels and a high interest environment.[104] In late 2024, Aveanna CEO Jeff Shaner told *Modern Healthcare*, "I think as the new administration takes over and there is maybe hope for a less aggressive approach to block deals at the Federal Trade Commission threshold, people will take those deals to the FTC with the intent that it will be a thoughtful, open conversation about what is best for the consumer and the patient." [105]

In April 2025, Aveanna Healthcare announced its first acquisition in three years:[106] the acquisition of Thrive Skilled Pediatric Care. Thrive SPC previously had backing from private equity firm Summit Partners.[107] It has operations across seven states, and so this acquisition will grow Aveanna's already expansive footprint. [108]

The buyout officially closed in June 2025. Aveanna reported that the $75 million deal[109] was funded with a combination of stock and cash.[110] As reported by *Modern Healthcare,* the acquisition expands Aveanna's footprint in Texas, Virginia and North Carolina and extends it to two new states: Kansas and New Mexico. [111]

Aveanna's financial underperformance

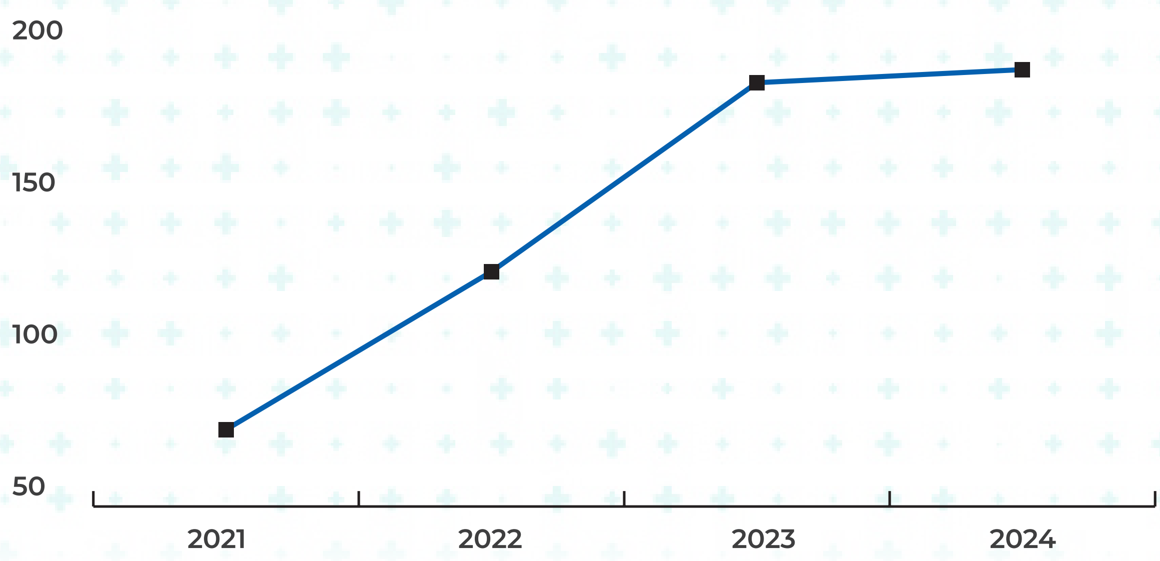
Aveanna has been financially underperforming since its IPO in 2021, operating at net losses every year and struggling under a mountain of debt. In 2024, its indebtedness totaled $1.47 billion.[112] In its annual filling for 2024, the company reported that "Payment of interest and related fees…is currently the most significant use of our operating cash flow."[113]

Indeed, Aveanna's interest expense, which is a non-operating expense that captures the cost of debt service obligations, is quite high. From FY 2021 to FY 2023, Aveanna's interest expense increased by 123% -- from $68.68 million to $152.919 million—before leveling off to $156 million in FY 2024. See **Figure 3**.

In the past four fiscal years, Aveanna has paid approximately $484 million in debt and interest payments. That is $484 million that was not spent on operational costs, such as compensation and benefits for its nurses.

Aveanna's interest coverage ratio, a metric that measures a company's ability to pay its debt given other financial factors, has improved since 2022. For investors, minimal acceptable interest coverage ratios

Figure 3: Aveanna Healthcare's interest expense (millions) FY 2021 through FY 2024



range from 1.5 to 2.0.[114] However, despite improvement, Aveanna's interest coverage ratio for 2024 still falls below the healthy range, sitting at 1.03. See **Table 2**.

As of the close of its 2024 fiscal year, Aveanna had negative shareholders' equity, with the stockholders' deficit totaling $123.55 million.[115] In other words, the company's liabilities exceeded its assets.
While interest expense has risen, the company has been able to reduce its net loss each successive year. For its fiscal year 2022, the company's net loss totaled approximately $662 million. For its most recent fiscal year (2024), the company's net loss was a modest $10.9 million, by comparison. The company has also operated with positive cash flow for its past two fiscal years.

Credit ratings reflect Aveanna's high level debts

In December 2022, Moody's Investors Service included Aveanna Healthcare in a list of 34 healthcare companies at risk for default.[116] In its rating action from a month prior, Moody's cited "very aggressive financial policies" "constant misses of public earnings guidance," and "very high financial leverage" as factors contributing to the downgraded Caa1 rating, in addition to the outside factor of "persistent nursing labor shortages."[117]
As noted, the company has improved many of its financials since 2022, although it continues to be burdened by high debt levels.

Since November 2023, Moody's has affirmed Aveanna's credit rating twice; first in April 2024[118] and again In March 2025.[119] However, in April 2024, the rating outlook was changed to stable from negative, and in March 2025, the outlook was changed from stable to positive. Moody's wrote that its March 2025 ratings rationale "reflects [Aveanna's] very high financial leverage, business concentration in California, Texas, and Pennsylvania and exposure to reimbursement cut by government payors." It also cites Aveanna's high debt-to-EBIDTA ratio in the 7's; which means the company has high levels of debt relative to its earnings before interest, taxes, depreciation, and amortization.[120]

When interest rates began rising in 2022, debt-laden Aveanna was somewhat insulated from the worst impacts because of how its debt was structured via interest rate hedges.[121] Currently, its second lien term loan has an interest rate of seven percent, whereas the rest of its debt has interest rates below four percent.[122] However, as Moody's Investors Service reported in its March 2025 credit rating, Aveanna's interest rate hedges will "roll off" starting in June 2026, potentially exposing the company to higher rates which "could adversely affect the company's cash flow."[123]

Aveanna's reliance on government payers

Compared to a less leveraged company, Aveanna has to divert more of its income to paying off debt, making it less competitive – especially in a challenging labor environment where home health companies often need to pay above-market wages to attract and retain workers.

Table 2: Key financial metrics for Aveanna Healthcare for FY2021 through FY 2024 (thousands)[137]

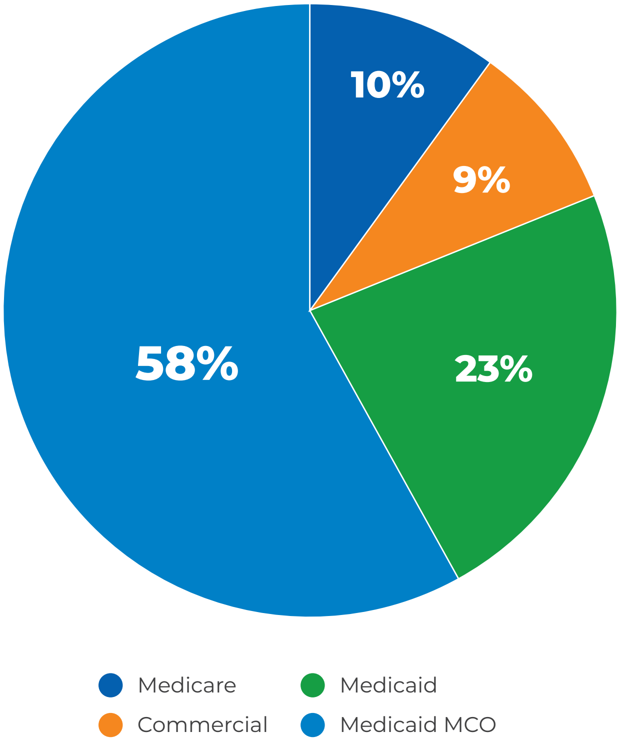
	FY 2024	FY 2023	FY 2022	FY 2021
Revenue	$2,024,506	$1,895,209	$1,787,645	$1,678,618
Operating Profit (Loss)	$139,787	$8,072	$(642,276.00)	$(36,111)
Interest expense (net)	$(156,104)	$(152,919)	$(107,041)	$(68,677)
Net Income (Loss)	$(10,929)	$(134,524)	$(662,034.00)	$(117,044)
Interest Coverage[138]	1.03	0.06	-5.65	-0.89
Net cash provided by operating activities	$32,637	$22,672	$(48,402)	$(11,350)

Across all of its business segments, only nine percent of Aveanna's revenues come from commercial payers, and most revenue comes from Medicaid and Medicaid managed care organizations (MCOs). See **Figure 4**[124] for a full breakdown.

For Aveanna's private duty nursing segment, in particular, Medicaid and Medicaid MCOs account for the majority of revenue.[125]

In the context of high debt levels and reliance on government payers, Aveanna relies on negotiating higher payment rates from the government and other payers to be able to organically grow its revenues and offer above-market wages.[126] One strategy is to win Medicaid rate increases for its private duty services segment in key states, an endeavor that has been somewhat successful, including securing double-digit rate increases in Massachusetts and Georgia in 2024.[127]

Figure 4: Aveanna's payer mix Q1 2025



Aveanna's second strategy is to develop "preferred payer" relationships with managed care payers that agree to a value-based care payment system.[128] This allows it to collect above-market rates in exchange for savings to the payer that arise from using home care over facility care. Aveanna then shifts its labor capacity to the preferred payers that "appropriately" reimburse it for its care services.[129] In other words, Aveanna will deprioritize or end its services for patients who happen to be covered by payers who cannot or will not increase their reimbursement rates to Aveanna. In a 2023 earnings call, CEO Jeff Shaner told investors, "And I think you'll find us firing -- terminating more contracts as we align ourselves in home health to those payers who will ultimately pay us a fair rate, market fare rate and/or an episodic grade." [130] In its most recent investor presentation, the company touted 24 preferred payers in its private duty services segment.[131]

In a March 2025 earnings call, CEO Jeff Shaner stated that the financial gains made during the end of the year provided evidence that Aveanna's "strategic transformation," which involves selective contracting and lobbying state governments to achieve better reimbursement rates, has been effective. According to Shaner, the strategy has improved caregiver hiring and retention,[132] although he maintains that the labor environment remains the company's primary challenge.[133]

While hiring and retention may be improving due to more competitive wages in some of Aveanna's markets, there is little transparency around what percentage of Aveanna's increased reimbursements go to direct patient care (i.e. compensating workers) versus Aveanna's own pockets.

Currently, Aveanna employs 3,500 full-time support staff, and the remainder of its 30,000 employees are "part-time, temporary, per-diem, or full-time," according to its 2024 annual filing.[134] As of June 9, 2025, Aveanna had 1,542 open nursing jobs listed on its website, and approximately 2,700 open jobs across all job types.[135]

Aveanna's reimbursement strategies require a substantial investment of time and resources in lobbying and relationship-building that are not always guaranteed to produce results. Without its debt service obligations, Aveanna would be less dependent on such strategies to pay its workers competitive rates and to achieve long term financial sustainability.

Its reimbursement strategies also lay bare that patients' and their families' ability to access reliable and quality nursing coverage is tied to what state they happen to live in and what payer (commercial, Medicaid fee-for-service, or Medicaid MCO) covers their care. If they happen to live somewhere with low Medicaid reimbursements or do not fall under a "preferred payer" arrangement, their nursing coverage may be deprioritized. However, because of a lack of transparency around who preferred payers are and what the terms are around value-based care contracts, it is exceptionally difficult to determine who is being impacted. The preferred payer strategy highlights a larger societal issue in which policymakers have facilitated a system that allows private players to dictate access to and quality of care.

Table 3 compares Medicaid fee-for service rates for private duty nursing with nursing rates advertised by Aveanna and Team Select for jobs in the relevant states. See **Appendix A** for both the sources and methodology used to create this table.

Table 3: Current Medicaid reimbursement rates vs. recent advertised nursing rates for Team Select and Aveanna

	Colorado		Pennsylvania		Illinois		Texas	
	LPN	RN	LPN	RN	LPN	RN	LPN	RN
Medicaid FFS rate	$39.69	$53.58	$47.04	$58.10	$48.15	$57.78	$24.36	$35.56
Aveanna	$24-45	$34-40	$32-34	$28-35	$27-30	$30-35	$22-32	$27-36
Team Select	$26-40	$35-$45	$27-35	$30-40	$28-30	$35-37	$22-25	$29-35

CONCLUSION

Private duty nursing agencies face ongoing challenges from persistent labor shortages and low Medicaid reimbursement rates in many states. Even within this context, private equity's investments in private duty nursing illustrate that investors see opportunity to make money in this space. Given the evidence presented in the case studies within this report and the fact that substantial taxpayer dollars are used to pay for home care services, private equity's involvement in private duty nursing is cause for concern.

Private equity financial strategies, which use high levels of debt to produce outsized returns for investors, can divert cash away from patient care toward paying down debt. Furthermore, private equity-owned platform companies, like Team Select and Aveanna, are contributing to consolidation in the private duty nursing space, rolling up small agencies into large corporate chains. This might provide agencies greater negotiating power with payers, but that does not necessarily translate to cheaper or more accessible care for patients if the benefits of scale are simply concentrating upward to corporations and their investors. Consolidation can also lead to fewer options for patients and their caregivers in certain markets, potentially depressing care worker wages and reducing home health options available to families.

Industry lobbying groups and individual home health companies, including Team Select and Aveanna,[139] continue to fight for higher Medicaid reimbursement rates[140] in various states, as well as for expansion or creation of paid family caregiver programs.[141] While many patient advocates and caregivers are advocating for similar policies, the industry has also lobbied against federal requirements that will require 80% of Medicaid dollars to pass through to direct care workers.

In May 2024, the Centers for Medicare and Medicaid Services (CMS) **issued new regulations** with the goal of improving access to care and outcomes in Medicaid. Beginning in July 2026, states will have to begin reporting hourly payment rates for certain types of care workers across provider types, and by 2030, 80% of payments to Medicaid providers for designated home care services must go directly to compensation for direct care workers.[142]

The 80/20 pass-through rule will apply at the provider level, and includes not only wages, but benefits like health and dental, retirement, and tuition reimbursement.[143]

During the comment period on the CMS rule, "Ensuring Access to Medicaid Services" Aveanna submitted a comment letter that opposed the 80/20 provision, despite the company's stated commitment to "increasing caregiver wages." The company's primary reason for opposing the 80/20 provisions was that it did "not believe CMS has the ability to impose such a requirement under its existing authority." The company argued that states need to increase Medicaid reimbursement rates to support higher wages, instead,[144] but advocated for this seemingly without any requirements that these rate increases are passed on to caregivers.

Multiple national trade groups representing the home care industry also opposed the 80/20 provision,[145] including National Alliance for Care at Home, Home Care Association of America,[146] and Partnership for Medicaid Home-Based Care,[147] of which Aveanna Healthcare is a member.[148] Some state-level trade groups also opposed the bill, including Home Care and Hospice Association of Colorado,[149] of which Team Select has a representative on the Board of Directors.[150]

As this report has demonstrated, without guardrails in place, investor-owned and other for-profit home healthcare agencies can legally siphon Medicaid dollars away from patient care as patients and their families struggle to find long-term, reliable, and quality nursing coverage.

Policy recommendations

On July 4, 2025, President Donald Trump signed the Republican budget bill into law that will cut Medicaid spending by an estimated $1 trillion over ten years and increase the number of uninsured people by an estimated 17 million.[151] These cuts will be devastating to the millions of Americans who rely on Medicaid and to the healthcare providers around the country who serve them, including rural hospitals, safety net hospitals, and nursing homes. These cuts will also have far-reaching impacts on the individuals and families who rely on Medicaid-financed home healthcare.[152]

As a starting point, cuts to Medicaid are not the path forward to improve access to quality care for the individuals and families who rely on private duty nursing. To counter waste, abuse, and fraud in Medicaid, states and the federal government must have appropriate accountability provisions and guardrails in place to ensure that Medicaid dollars are going where they need to go and are not being used to line investors' pockets at the expense of patient care. This will be more important than ever going into a future with substantial reductions in Medicaid funding.

The 2024 Final Access Rule and its 80/20 provision is a good first step in bringing greater transparency around what home care agencies are paying workers and in requiring a greater percentage of Medicaid dollars to pass through directly to workers.

But policymakers can and should do much more. It is beyond the scope of this report to offer general policy recommendations, but this report offers the following recommendations to address private equity-specific issues in the private duty nursing space.

1. Create and expand paid caregiver programs with appropriate guardrails

Paid parent and family caregiver programs not only help address direct care worker shortages, but can also provide a path to meaningful income for parents and other family members who may otherwise be unable to work due to their caregiving obligations. And importantly, these programs allow caregiving to be recognized and compensated.

There are a variety of **paid family caregiver programs**, including some that require family members to obtain a medical license such as CNA, LPN, or RN or others where family members can be compensated for nonmedical caregiving without a license. It is critical that no matter what program is adopted or expanded that states include guardrails to ensure that individuals receive the appropriate level of care they need, that Medicaid funds designed to pay family caregivers are not being siphoned out by corporations and investors, and that agencies cannot exploit family caregivers to work an unsafe number of hours in place of providing adequate nursing coverage for their case.

2. Antitrust enforcement

The Federal Trade Commission (FTC) and Department of Justice (DOJ) must use their enforcement powers to continue to block anti-competitive mergers in healthcare, as well as use structural remedies, like breakups, to address anticompetitive behavior and to restore competition.[153] In order for these agencies to be successful, it will be imperative that they are well resourced and staffed.

States can also play a role. In the past year, multiple states have been debating legislation aimed at better antitrust enforcement in their healthcare markets.[154] These interventions are much needed to address how various health sector players, including private equity firms, insurance companies and nonprofit health systems, are using consolidation strategies that reduce competition, drive up the cost of care, and in some cases, reduce access to care.

3. Limitations on the use of debt

The case studies in this report illustrate the risks of the private equity business model, which relies on high levels of debt in its quest for outsized returns. This strategy can result in Medicaid dollars being diverted to pay debt service obligations rather than be invested in the provision of care. Furthermore, high levels of debt can increase the risk of financial distress and even bankruptcy at home healthcare companies, which could in turn result in agency closures, layoffs, and reduced access to care for patients and their families.

Policy solutions that may address private equity's debt-based and extractive strategies include placing limits on the debt that private equity firms and other investors can use to finance leveraged buyouts and add-on acquisitions in healthcare, limiting or prohibiting dividend recapitalizations of healthcare provider companies, and requiring joint liability for private equity firms and their investments.

Currently, private equity investors are able to invest little of their own money while getting to make outsized returns, which can encourage them to engage in financial risk-taking of which they will not have to pay the full price. The aforementioned proposed solutions could go a long way in addressing this moral hazard issue to better protect patients, families, direct care workers, and their larger communities from private equity extraction.

APPENDIX A

Current Medicaid reimbursement rates vs. advertised nursing rates for Team Select and Aveanna Healthcare across four states

The table below attempts to capture differences between Medicaid reimbursements and nursing pay for Aveanna and Team Select Licensed Practical Nurses (LPNs) and Registered Nurses (RNs) across four states. These states were chosen on the basis that both Team Select and Aveanna had operations in these states and Medicaid and job advertisement data with wage amounts was available.

Note that sometimes private duty nursing services are not paid for in fee-for-service (FFS) arrangements, and therefore in some instances, Medicaid reimbursements may be different than those reported below. Advertised nursing rates were found on job websites on May 5-7, 2025. Where possible, we established the ranges from multiple geographic areas within each state. Some job advertisements reported ranges rather than exact pay rates. Note that some job advertisements may be for positions in which the agency will be reimbursed by a value-based care arrangement or private insurance plan, rather than a Medicaid fee-for-service arrangement. However, it is not possible to know from the job advertisement what the payer will be for that particular position.

One of Aveanna's business strategies has been to develop "preferred payer" relationships[155] with managed care payers that agree to a value-based care payment system. This allows it to collect above-market rates in exchange for savings to the payer that arise from using home care over facility care. Aveanna then shifts its labor capacity to the preferred payers that "appropriately" reimburse it for its care services.[156] In other words, Aveanna will deprioritize or end its services for patients who happen to be covered by payers who cannot or will not increase their reimbursement rates to Aveanna.[157]

Because Team Select is not publicly traded, we do not have insight into its business strategies for establishing payment rates and allocating staffing.

	Colorado		Pennsylvania*		Illinois		Texas**	
	LPN	RN	LPN	RN	LPN	RN	LPN	RN
Medicaid FFS rate	$39.69	$53.58	$47.04	$58.10	$48.15	$57.78	$24.36	$35.56
Aveanna	$24-45	$34-40	$32-34	$28-35	$27-30	$30-35	$22-32	$27-36
Team Select	$26-40	$35-$45	$27-35	$30-40	$28-30	$35-37	$22-25	$29-35

***** The average of the adult rate (set by OLTL) and pediatric rate (set by OMAP) were taken to establish the listed Medicaid rates.
****** For the linked source, TD=RN and TE=LPN. UA refers to specialized level of care, which we did not include here.

ENDNOTES

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