

# Q2-2018 Home Health & Hospice Update



## Market Update

Merger & acquisition activity within the home care & hospice sectors continued at a strong pace during the second quarter of 2018. Macro tailwinds, a fragmented competitive landscape, and positive reimbursement trends have continued to drive valuations. The second quarter of 2018 exemplified the trend of strategic consolidators, specifically larger insurers, fueling expansion through mergers and acquisitions in attempt to grow patient census, add new locations, and enter new geographies. Provident Healthcare Partners expects this sector to see further consolidation and activity throughout the remainder of 2018.

## Notable Market Trends



In April, Kindred's stockholders approved a \$4 billion transaction with Humana, TPG, and WCAS. The trend of payors entering the home care space is becoming increasingly prevalent as insurers are looking to take advantage of the low-cost alternative that home care offers compared to inpatient treatment. For home health providers, a partnership with a payor can provide the data systems and infrastructure needed to

gain a competitive advantage in the space. In combination with the recent changes to Medicare Advantage adding non-skilled, in-home care as a benefit, Provident expects merger and acquisition activity to continue to increase as more insurers enter the home care space, evident by the recent acquisition of Aspire Health by Anthem.

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
April	Humana/TPG/WCAS	Kindred Healthcare	1,831	45	The acquisition builds on Humana's focus on using health providers in members' homes to improve health outcomes and save costs.
April	Humana/TPG/WCAS	Curo Health Services	245	22	Following the merger with Kindred, this would create the nation's largest hospice operator. Transaction valued at \$1.4 B.
April	Blue Wolf Capital/Kelso & Co	Jordan Health Services	120	5	Merges and combines Great Lakes Caring, National Home Health Care, and Jordan Health Services to become one of the largest providers of home-based care in the United States.
April	NexPhase	SYNERGY HomeCare	300	38	SYNERGY HomeCare is one of the largest franchisors of in-home senior care services with approximately 140 franchisees nationwide. Transaction valued at \$80 MM.
May	Addus HomeCare, Inc.	AmberCare	15	1	Addus HomeCare, Inc., has acquired AmberCare, a provider serving roughly 2,600 consumers through 15 locations across New Mexico. The Company's 2017 revenues were \$57 million.
May	Addus Home Care	Arcadia Home Care & staffing	15	1	Strengthens geographical presence in eight states and establishes presence in Florida and Wisconsin. Transaction valued at \$18.5 MM.
May	Encompass	Camellia	34	1	Leverages Encompass' home health and hospice operating platform across key certificate of need states and strengthens its geographic presence in the Southeastern United States.
May	Anthem	Aspire Health	N/A	25	Anthem, Inc. announced that the company has entered into an agreement to acquire Aspire Health, the nation's largest non-hospice, community-based palliative care provider.

## Provident Industry Coverage Team

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## Industry Conferences

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the home health & hospice sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.