

# Q3-2018 Home Health & Hospice Update



## Market Update

This September, The Centers for Medicare & Medicaid Services announced its latest proposed rule reducing administrative “red tape” and saving home health and hospice providers an estimated \$137 million annually. Evident by the 35+ home health and hospice transactions being closed or announced in Q3, investors clearly remain bullish, which is translating into heightened valuation levels for groups of all sizes. With the increasingly prevalent threat of larger payors entering the space, like Humana, we continue to see smaller groups utilize M&A as a way to offset the burden of competing with data capabilities and scale. Moreover, platform capable groups are turning towards private equity to take advantage of acquisition opportunities through a roll-up strategy.

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
September	Accentcare	Accolade Homecare and Hospice	23	1	This acquisition expands Accentcare’s Texas footprint, in total bringing 23 new office locations, 17 delivering home health services and six providing hospice care.
September	Care Advantage	Direct Home Health Care	2	1	Direct Home Health provides in-home personal care services primarily to Medicaid recipients from two locations in Virginia, Portsmouth and Newport News. Financial terms of the deal were not disclosed.
September	Regent Healthcare	Loving Touch Home Care	1	1	This acquisition expands Regent Healthcare’s Alzheimer’s and Dementia businesses lines and expands geographically into Maryland’s Eastern Shore market.
August	Bristol Hospice	Suncrest Hospice LLC	4	1	Suncrest Hospice is the largest for-profit hospice provider in Colorado with four locations that service an average daily census of 650+ patients.
August	Simplura Health Group	Helping Hand Home Health & Hospice	1	1	This acquisition expands Simplura’s Pennsylvania presence into Philadelphia’s attractive non-medical home care market.
July	Humana/TPG/WCAS	Curo Health Services	245	22	Following the merger with Kindred, this would create the nation’s largest hospice operator. Confirms trend of insurers moving aggressively into the business of providing health benefits through MA plans. Transaction valued at \$1.4B.
July	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.

## Notable Market Trends

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / REV	EV / EBITDA
Humana	\$331.82	\$55,009	\$2,773	0.7x	13.5x
Amedisys, Inc.	\$114.61	\$1,595	\$155	1.7x	17.2x
LHC Group, Inc.	\$97.34	\$1,358	\$91	2.2x	33.0x
Addus HomeCare	\$63.76	\$461	\$33	1.4x	19.8x

As of 10/5/2018

Revenue / EBITDA in \$ 000s

## 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.