

# Q2-2019 Home Health & Hospice Update



## Market Update

The transition to value-based reimbursement, implementation of PDGM, and recent changes to Medicare Advantage have spurred M&A activity amongst other strategic initiatives in a growing attempt to capture the entire continuum of care. Within the merger and acquisition market, this has created a more diverse investor base compared to historical trends of private equity or large strategic groups acquiring home health and hospice providers. The result is greater flexibility and opportunities for home health and hospice companies in a deal process. Provident Healthcare Partners expects the post-acute care space to see further consolidation and investment activity throughout the remainder of 2019.

## Notable Market Trends

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
Humana	\$261.06	\$58,740	\$2,860	0.70x	14.20x
Amedisys, Inc.	\$119.80	\$1,731	\$194	2.37x	21.93x
LHC Group, Inc.	\$120.82	\$2,021	\$155	2.10x	29.82x
Addus HomeCare	\$77.27	\$548	\$35	1.51x	23.83x

As of 7/8/2019

Revenue / EBITDA in \$000s

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
April	Encompass Health	Alacare Home Health Services	23	1	Encompass Health has acquired Alabama-based Alacare Home Health & Hospice for \$217.5mm, making Encompass one of the top-10 largest hospice providers in the country.
April	Amedisys, Inc.	RoseRock Healthcare	1	1	Amedisys, Inc. has acquired RoseRock Healthcare. RoseRock provides hospice care to approximately 200 patients daily in northeastern Oklahoma.
May	Care Advantage	Capital City Nurses	6	3	Care Advantage has acquired Capital City Nurses for an undisclosed amount. This acquisition positions Care Advantage for continued growth throughout the Mid-Atlantic geographies.
May	Jet Health	First Choice Home Health and Hospice	1	1	Jet Health has acquired Boise, Idaho-based First Choice Home Health and Hospice, marking Jet Health's foray into the hospice arena.
May	TEAM Services Group	Circle of Life Home Care	21	6	Team Services Group, a portfolio company of Alpine Investors, has acquired Circle of Life, a home care agency focused on serving Native American communities.
May	The Ensign Group, Inc.	Resolutions Hospice	2	1	The Ensign Group, Inc. has acquired Texas-based Resolutions Hospice. According to Ensign's leadership, ongoing service expansion into Texas remains a focus of the company's strategic plan.
June	Addus HomeCare	VIP Health Care Services	5	1	Addus Homecare has acquired New York-based VIP Health Care services for \$28mm. This acquisition positions Addus to capitalize on new Medicare Advantage opportunities over the next several years.

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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.