

Home Health & Hospice

Q2 2024

Market Update

The home health and hospice sector is currently experiencing a trend of asset carve-outs from larger strategic and public operators. Notable examples include: (1) Addus HomeCare's acquisition of Gentiva's personal care assets, (2) HCS Girling's purchase of Addus' New York personal care business, and (3) VitalCaring's acquisition of several Amedisys locations. These structural changes reflect a shift in each operator's focus toward core competencies, aiming to enhance care quality while divesting non-core or underperforming assets.

Additionally, the U.S. Centers for Medicare & Medicaid Services (CMS) has released its proposed rule for fiscal year 2025, which includes a 4% cut to home health Medicare payments. Investors are closely monitoring these proposals, and Provident anticipates home health M&A activity to remain suppressed until the full impact is known.

Home Health & Hospice Comparable Multiples

Company	Share Price	Revenue	Adj. EBITDA	EV/Rev	EV/EBITDA
Addus HomeCare	\$117.67	\$1,088	\$126	2.0x	19.9x
Amedisys Inc.	\$96.72	\$2,251	\$282	1.6x	29.2x
BrightSpring Health Services	\$11.46	\$9,374	\$352	0.5x	16.1x
Pennant Group	\$23.40	\$575	\$44	1.9x	30.9x
Enhabit Inc.	\$9.10	\$1,044	\$90	1.0x	11.1x

Share price as of 7/1/2024

Revenue / EBITDA in millions

Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
June			13	FL	BrightSpring Health Services (NASDAQ: BTSG) announced a definitive agreement to acquire nonprofit, Haven Hospice, for \$60 million. Haven Hospice holds a CON for hospice care in 18 counties in FL.
June		<i>Personal Care Assets of</i> 	N/A	AZ, AR, CA, MO, NC, TN, TX	Addus HomeCare announced it intends to acquire the personal care assets of Gentiva, currently serving over 16,000 patients per day at a valuation of \$350M.
May		<i>NY State Personal Care Business of</i> 	N/A	NY	Addus HomeCare announced it is divesting its New York personal care business for up to \$23M. Addus will utilize the proceeds to reduce the outstanding balance of its revolving credit facility.
April			N/A	N/A	Ahead of its anticipated deal with Optum, Amedisys divested an undisclosed number of home health locations to VitalCaring to address antitrust concerns.

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