

Home Healthcare & Hospice Monthly Newsletter

December 2019

PRIVATE AND CONFIDENTIAL

Home Healthcare & Hospice– Monthly News

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Public Market Overview

Company	Share Price (\$)	52-Week		% Change in Share Price			Market Cap (\$mm)	Enterprise Value (\$mm)	EV / Sales		EV / EBITDA		
		High (\$)	Low (\$)	1 Week	1 Month	1 Year			LTM	CY19E	LTM	CY19E	
Encompass Health Corporation	69.5	72.9	56.7	(1.6%)	(3.1%)	16.8%	6,103.8	10,633.4	2.35x	2.32x	11.7x	11.2x	
Chemed Corporation	437.0	445.1	265.1	0.8%	1.8%	64.0%	4,496.5	7,239.6	3.86x	3.73x	23.9x	20.8x	
Amedisys, Inc.	162.6	167.9	106.2	1.0%	(0.5%)	53.0%	3,744.4	5,547.2	2.94x	2.81x	28.2x	24.9x	
LHC Group, Inc.	135.2	136.9	88.8	3.1%	(0.7%)	52.2%	2,880.0	4,670.0	2.27x	2.23x	22.0x	21.5x	
Genesis Healthcare Inc Class A	1.7	1.8	0.9	3.1%	(0.6%)	37.5%	120.3	4,153.8	0.90x	0.92x	13.1x	25.6x	
National HealthCare Corporation	84.9	89.5	70.9	(2.5%)	(2.4%)	13.0%	1,196.8	1,316.2	1.33x	NA	14.0x	NA	
Addus HomeCare Corporation	94.5	95.9	57.9	2.6%	1.3%	48.3%	891.0	1,078.2	1.80x	1.68x	26.3x	19.4x	
									Low	0.90x	0.92x	11.7x	11.2x
									Mean	2.21x	2.28x	19.9x	20.6x
									Median	2.27x	2.27x	22.0x	21.2x
									High	3.86x	3.73x	28.2x	25.6x

NM implies outlier multiples; NA implies Not Available

EV/Sales 0.0x – 5.0x; EV/EBITDA: 0.0x – 30.0x

As of 2/6/12/2019

Source: FactSet

M&A News

- December 9, 2019: LHC Group and LifePoint Health Expand Partnership With Acquisition in Arkansas**
 LHC Group, Inc. (NASDAQ: LHCG) and LifePoint Health announced a further expansion of their joint venture (JV) partnership with an agreement to add two additional locations – a home health provider and a hospice provider – in Bryant, Ark., that are associated with LifePoint's Saline Memorial Hospital. It is anticipated that this agreement will be finalized on Jan. 1, 2020, subject to customary closing conditions. LHC Group expects approximately \$5.4 million in annualized revenue from this transaction.
 Source: [Link](#)
- December 3, 2019: Heart of Hospice Announces Purchase of Additional Hospice Provider in Columbia, SC**
 Heart of Hospice, LLC has announced the purchase of the operations of Heartstrings Hospice. Stephen Shroyer, President and Owner of Heartstrings Hospice: "Heartstrings Hospice has compassionately served patients and families throughout South Carolina's midland region for over 11 years. We are excited to have the opportunity to join forces with Heart of Hospice and elevate the level of care available to our communities".
 Source: [Link](#)
- November 25, 2019: Amedisys to Acquire Asana Hospice**
 Amedisys, Inc. (NASDAQ: AMED), America's leading independent home health, hospice and personal care company, has signed a definitive agreement to acquire Asana Hospice. Under the terms of the agreement, targeted to close on January 1, 2020, Amedisys will acquire 100 percent of the ownership interests in Asana Hospice. Asana provides hospice care to approximately 540 patients daily in eight locations in Pennsylvania, Ohio, Missouri, Kansas and Texas.
 Source: [Link](#)
- November 22, 2019: LHC Group, Texas Health Resources, and Methodist Health System expand partnership with purchase of Arlington home health agency**
 LHC Group (NASDAQ: LHCG), Texas Health Resources, and Methodist Health System announced an agreement for DFW Home Health to purchase and share ownership of Healthcare Resources – a home health provider serving patients and families in Arlington, Texas. DFW Home Health is a separate legal entity jointly owned by LHC Group, Texas Health Resources, and North Texas Health Facilities Management, Inc., a subsidiary of Methodist Health System. The partnership has been in operation since 2012. This acquisition expands the partnership's footprint to four locations across the Dallas/Fort Worth Metroplex – joining sister locations in Dallas, Fort Worth, and Denton.
 Source: [Link](#)
- November 19, 2019: Traditions Health Expands Presence in Arizona; Acquires Pathways Hospice**
 Traditions Health, LLC ("Traditions"), a hospice and home health provider in Texas, California and Arizona, announced that it has acquired Pathways Hospice ("Pathways"). Pathways is a provider of hospice services based in Tucson. Pathways' footprint strategically expands Traditions' reach in Arizona, allowing Traditions to provide a high quality of clinical care to a broader base of patients.
 Source: [Link](#)

Industry News

- **December 16, 2019: Home Hospital Model Reduces Costs by 38%, Study Says**

The home hospital model of care — in which select patients receive hospital-level care for an acute illness from the comfort of their own home instead of in a traditional hospital — has become increasingly popular across the U.S. A pilot study conducted by investigators at Harvard-affiliated Brigham and Women’s Hospital indicated that the model has the potential to lower costs and improve care. Now, the results of the investigators’ randomized controlled trial with more patients strengthens the evidence, showing that home hospital care reduced cost, utilization, and readmissions while increasing physical activity compared with usual hospital care. Results are published in *Annals of Internal Medicine*.

Source: [Link \(Original Study\)](#)

- **December 9, 2019: Why Palliative Care Needs to Become More Accessible in the US, Around Globe**

The United States is advanced in its access to palliative care, but there’s still a lot of room to grow for home health providers, according to a recent report published in the *Journal of Pain and Symptom Management*. The report says that the burden of serious health-related suffering will almost double by 2060, due to a rapidly increasing elder population and the prevalence of chronic health conditions. Because of that, an emphasis on palliative care needs to be made as demand goes up, even for countries leading in the industry like the United States. More resources dedicated towards palliative care in the home would likely mean less hospital visits and less suffering for patients near the end of their lives. There’s often a problematic gap that exists between when patients begin to experience that suffering and when they receive care to ease it, such as hospice. Palliative care can offer that bridge to a plethora of Americans

Source: [Link](#)

- **December 3, 2019: Home Health Agencies Expanding, Rolling Out More Telehealth Services**

Home health agencies are growing their businesses, with 43% of them planning to expand or add services in the next two years, according to a survey of the companies from Definitive Healthcare, which sells data on healthcare providers. Telehealth will see a jump as almost 28% of agencies plan to launch those services. Nearly 21% already offer them, according to the report released Tuesday. Chronic care is another prominent area for the 159 home health agencies in the study

Source: [Link](#)

- **December 1, 2019: Hospices Embrace Direct-to-Consumer Marketing**

In an increasingly competitive digital marketplace, hospice providers are embracing direct-to-consumer marketing tactics to include patients and families in their outreach. Among the drivers of this trend is the need to educate the public about the nature of hospice and palliative care. Most people in the United States have a low level of awareness of these services, with more than 30% of participants agreeing with statements such as “hospice care is only about death” and “hospice care is seen as giving up,” a study in the *American Journal of Hospice and Palliative Medicine* found. Palliative and hospice care education initiatives are necessary to boost awareness of and reduce misperceptions about these services, the study concluded

Source: [Link](#)

- **November 22, 2019: OIG: Hospice Nurses Did Not Always Conduct Quality Checks**

The Office of Inspector General (OIG) recently conducted an audit of hospice organizations to check on the quality of hospice care and ensure registered nurses were conducting visits every 14 days. To participate in Medicare, hospices must meet conditions of participation, which are the health and safety requirements for improving quality of care and protecting the health and safety of beneficiaries. Compliance with each condition of participation depends on how the hospice provider satisfies various standards within the condition. One standard requires registered nurses to visit beneficiaries’ homes at least once every 14 days to assess the quality of care and services provided by hospice aides. Since 2009, the Centers for Medicare & Medicaid Services (CMS) has consistently identified this standard as one of the top seven standards with the most deficiencies.

Source: [Link](#)

- **November 19, 2019: WellSky Partners with Leading Post-Acute Care Providers to Launch WellSky REACH**

WellSky, a leading global health and community care technology company, announced the formation of WellSky REACH — a new initiative to help post-acute and personal care providers more effectively collaborate with health payers and risk-bearing health systems. WellSky is proactively partnering with three leading post-acute providers — Intrepid USA Healthcare, Concierge Home Care, and Healthy Living Network — that all see a clear and previously unmet need for powerful insights, software, and services to connect and share risk with large payers.

Source: [Link](#)

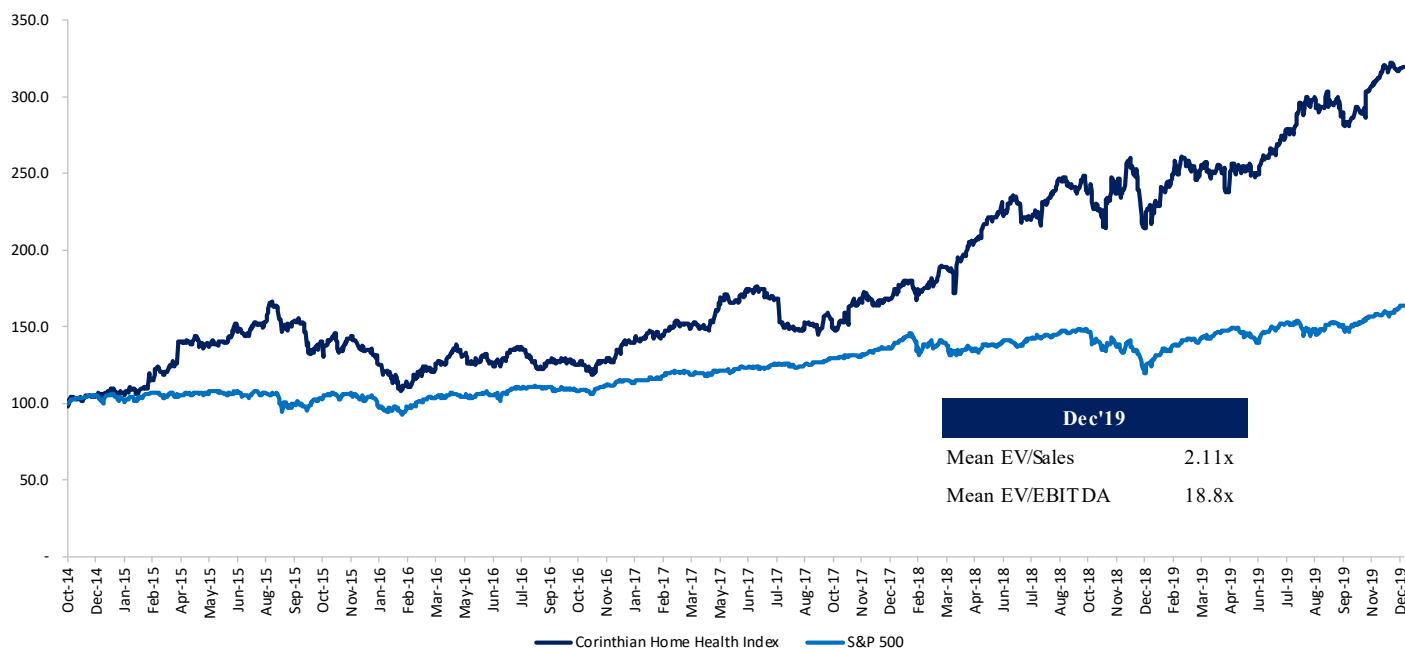
Company-Specific News

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- November 26, 2019: LHC Group Announces Senior Management Change**
 LHC Group, Inc. (NASDAQ: LHCG) announced that Donald D. Stelly, the Company’s president and chief operating officer, will step down on December 31, 2019 while continuing to serve as an advisor to LHC Group. Keith Myers, LHC Group’s chairman and chief executive officer, will assume the role of president.
 Source: [Link](#)
- November 18, 2019: Addus HomeCare Reports Centers For Medicare And Medicaid Services Approval Of Illinois Waiver Amendment To Increase In-Home Care Rates**
 Addus HomeCare Corporation (Nasdaq: ADUS), a provider of comprehensive home care services, provided an update on the federal Centers for Medicare and Medicaid Services ("CMS") approval of the State of Illinois budgeted rate increases and its expected impact on the Company's operations in its Illinois markets.
 Source: [Link](#)

Corinthian Home Health Index Stocks vs. S&P 500



Note: Corinthian Home Health Index is comprised of 8 stocks of publicly traded companies that provide home health and hospice services. The companies included in the index include Genesis Healthcare, Inc., LHC Group, Inc., Amedisys, Inc., National Healthcare Corporation, Chemed Corporation, and Addus Homecare Corporation. The index includes Almost Family Inc. till April 1, 2018 after which the company was acquired by LHC Group and Kindred Healthcar, Inc. till July 1, 2018 after which it was completely acquired by Humana, Inc. and ceased to trade publicly.

Source: FactSet; Corinthian Analysis

Private Transaction Comps Summary

Year	Mean EV/Sales	Mean EV/EBITDA	Mean EBITDA (\$ mn)	Median EBITDA (\$ mn)
2019 YTD	2.36x	9.3x	14.0	14.0
2018	0.57x	12.3x	26.9	26.9
2017	0.91x	12.8x	237.6	237.6
2016	0.94x	7.3x	11.1	9.0
2015	0.96x	8.9x	14.4	9.6
2012- Present	0.95x	8.5x	39.0	13.4

Note: Mean calculated on multiples ranging EV/Sales 0.0x – 5.0x, EV/EBITDA: 0.0x – 30.0x

Source: FactSet; PitchBook

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