



CORINTHIAN  
— CAPITAL —

# Home Healthcare & Hospice Monthly Newsletter

September 2021

PRIVATE AND CONFIDENTIAL



# Home Healthcare & Hospice— Monthly News

September 2021

## Public Market Overview

Company	Share Price (\$)		52-Week		% Change in Share Price			Market Cap (\$mm)	Enterprise Value (\$mm)	EV / Sales		EV / EBITDA		
	Price (\$)	High (\$)	Low (\$)	High (\$)	1 Week	1 Month	1 Year			LTM	CY20E	LTM	CY20E	
Encompass Health Corporation	74.5	89.7	60.4		(2.3%)	(4.2%)	17.2%	8,220.0	11,147.2	2.27x	2.40x	10.7x	13.0x	
Amedisys, Inc.	167.7	325.1	166.0		(1.2%)	(5.1%)	(30.2%)	9,625.4	5,664.0	2.58x	2.73x	19.7x	20.7x	
Chemed Corporation	471.7	560.0	417.4		(0.9%)	1.2%	(1.6%)	8,472.3	7,463.5	3.52x	3.59x	19.0x	16.8x	
LHC Group, Inc.	165.9	236.8	164.1		(2.2%)	(6.2%)	(17.3%)	6,642.8	5,356.3	2.51x	2.60x	18.8x	22.4x	
Genesis Healthcare Inc Class A	0.2	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA	
Addus HomeCare Corporation	82.8	129.0	80.3		(3.5%)	(5.5%)	(12.4%)	1,853.1	1,416.5	1.74x	1.85x	17.5x	18.6x	
Pennant Group Inc	29.9	69.6	25.3		(7.1%)	14.1%	(19.8%)	1,853.1	1,193.5	2.83x	3.05x	NM	NM	
National HealthCare Corporation	68.4	79.7	58.7		(0.0%)	(7.8%)	10.9%	9,625.4	889.6	1.16x	NA	12.4x	NA	
										Low	1.16x	1.85x	10.7x	13.0x
										Mean	2.37x	2.70x	16.3x	18.3x
										Median	2.51x	2.67x	18.2x	18.6x
										High	3.52x	3.59x	19.7x	22.4x

NM implies outlier multiples; NA implies Not Available

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

As of 21/09/2021

Source: FactSet

## M&A News

- **Sept 03, 2021: Traditions Health enters Missouri, Kansas with Lumicare transaction**

Traditions Health acquired the Kansas City locations of Lumicare Hospice for an undisclosed sum. Lumicare operates in both the Kansas and Missouri sides of that metropolitan area. The transaction marks Traditions' entry into both of those states. Traditions provides hospice, home health care and consulting services to an estimated 5,000 patients across 16 states. Traditions Health has been active in the mergers and acquisitions market in recent years, completing close to a dozen transactions in 2019 and 2020. This activity has continued in 2021. Acquiring four companies in January, Traditions Health has continued a growth trajectory.

Source: [Link](#)

- **Sept 01, 2021: Brightspring acquires Dare County Home Health and Hospice**

Brightspring Health Services announced the acquisition of Dare County Home Health and Hospice in North Carolina. Sale price for the same was \$2.9 million following a round of bidding that began last year. The county board approved the sale agreement in a six-to-zero vote. While recognizing the need for area residents to have access to hospice and home health care, operating the agency themselves was no longer sustainable. Post-acquisition, Dare will operate under the name Adoration Home Health & Hospice, an existing BrightSpring brand.

Source: [Link](#)

- **Sept 01, 2021: Provider-Vendor hybrid PathWell acquires Caring Angels Home Health**

PathWell announced that it acquired Caring Angels Home Health, a business with a significant presence in both Virginia and West Virginia. The company thinks that it has a really solid foundation, and now it's just about pushing volume through that foundation. It's a scramble right now to acquire as many quality businesses that are available, said PathWell's CEO Raman Brar. But the company is still very selective in terms of what it buys, in terms of the quality of businesses, the patient census and the location. In addition to its provider capabilities, PathWell still offers back-end services to other home health agencies.

Source: [Link](#)

- **Aug 30, 2021: Charter acquires two Texas hospices**

Charter Health Care Group acquired two providers in Texas, Genesis HospiceCare and Saints Hospice, for undisclosed amounts. The two transactions mark the second and third acquisitions for Charter this month. Charter has been focused on expansion in Texas markets, due to strong demographic tailwinds in the state, said CEO Steve Larkin. These efforts include its hospice business as well as the company's range of other senior care services, which may benefit from the growth of Medicaid managed care in the Lone Star State. Additionally, Charter is likely to close additional transaction before year's end and into 2022.

Source: [Link](#)

- **Aug 27, 2021: Choice Health at Home secures investment from Trive Capital**

Private equity firm Trive Capital has joined with Coltala Holdings to back the Tyler, Texas-based senior care provider Choice Health at Home. The dollar amount of Trive's investment is undisclosed, but the hospice, home health and rehabilitation services provider will draw on the funds to fuel further acquisitions. Trive made its initial investment in Choice last year, though the partnership was only recently announced. Choice has been aggressively accelerating its growth through acquisitions during 2020 and 2021, including a number of hospice assets. The company is also focused on building its patient census for both business lines through same-store growth. Choice Health expects to complete more purchases throughout 2021 and into next year, with a focus on markets in Texas, Oklahoma, New Mexico, Arizona, Louisiana and Arkansas.

Source: [Link](#)

# Home Healthcare & Hospice— Monthly News

September 2021

## Industry News

- **Sept 15, 2021: Home health providers seek clarity on CMS Plan to resume TPE program**

As a response to the COVID-19 emergency, the U.S. Centers for Medicare & Medicaid Services (CMS) pressed pause on the targeted probe and educate (TPE) program in March 2020. A year later, CMS has plans to resume the program. The purpose of the TPE program is to weed out improper payments by focusing on providers with high claims denial rates or unusual billing practices. If providers are selected for a TPE audit, a Medicare Administrative Contractor (MAC) reviews between 20 to 40 of their claims and supporting medical records. Despite CMS indicating the resumption of TPE, there has been uncertainty surrounding its exact return date. The National Association for Home Care & Hospice (NAHC) recently urged CMS to suspend TPE until the end of the public health emergency.

Source: [Link](#)

- **Sept 10, 2021: HCBS funding is now in the Congressional crosshairs**

The \$400 billion that the Biden administration wanted for strengthening the nation's home- and community-based services (HCBS) infrastructure is likely in the crosshairs of Congress. Currently, President Joe Biden and senior Democrats are working to figure out what's included in the large spending legislation they hope to pass through the budget reconciliation process. In order to pass the domestic investment plan via reconciliation, Democrats need the support of their entire party in the Senate. Yet some Senators, including Joe Manchin of West Virginia, have expressed a desire to get the spending legislation closer to \$1 trillion to \$1.5 trillion. In addition to the package's overall price tag, Machin has expressed specific concerns about the plan to spend hundreds of billions of dollars on in-home care. Due to the lack of full-party support at the moment, funding for HCBS, which would likely be carved into the spending legislation through the recently introduced Better Care Better Jobs Act, may end up closer to \$150 billion. Another report said the House Ways and Means Committee was looking to invest \$190 billion into HCBS.

Source: [Link](#)

- **Sept 09, 2021: CMS to require covid-19 vaccinations for workers in 'most health care settings' — including home health care**

President Joe Biden unveiled a new six-pronged national COVID-19 strategy which included stronger requirements around vaccinations for U.S. workers. Home health agencies were among the health care organizations explicitly mentioned in the plan. Along with either requiring or pushing American workers to get vaccinated, the Biden administration's strategy calls for increased testing and masking while allocating more support for COVID-burdened hospitals. The President's plan will reduce the number of unvaccinated Americans by using regulatory powers and other actions to substantially increase the number of Americans covered by vaccination requirements — these requirements will become dominant in the workplace, the White House plan read. In addition, the plan will provide paid time off for vaccination for most workers in the country. Citing the growing spread of the COVID-19 virus in health care settings, a CMS announcement outlined that vaccinations will be required as a condition for participating in the Medicare and Medicaid programs.

Source: [Link](#)

- **Sept 02, 2021: PDGM's base rates set 5.76% below budget-neutral levels, analysis finds**

The public comment period for the U.S. Centers for Medicare & Medicaid Services' (CMS) home health proposed payment rule closed recently. Since then, the industry has voiced more substantive concerns with the rule than initially expected. The Partnership for Quality Home Healthcare (PQHH) recently released its own perspective, which was driven by an analysis conducted by the health economics and policy consulting firm Dobson DaVanzo & Associates. PQHH's gripes included CMS' conclusion that 2020 base payments were set 6% higher than they should have been, the way in which the agency assessed budget neutrality and the behavioral adjustments, among others. To undo what PQHH perceives as a misstep, it's recommending that CMS not consider any temporary or permanent decreases to PDGM 30-day payment amounts, calling it "an inaccurate budget neutrality assessment methodology."

Source: [Link](#)

- **Sept 01, 2021: Value-based care, PDGM sparks home health dealmaking activity**

The home health market has been a hotbed of M&A activity as of late, and there are a number of key factors sparking the dealmaking interest. Since its implementation in 2020, the Patient-Driven Groupings Model (PDGM) has loomed large in the home health space. Now, PDGM is a driving force behind much of the transaction activity taking place in this space. The impact of PDGM was largely muted last year because of the Provider Relief Funds or the [Medicare advanced payments]. Last year, a number of home health insiders and shareholders predicted that PDGM would force smaller providers out of the industry and lead to record-breaking consolidation. It is believed that this will be the case moving forward. The home health M&A space has become a "pressure-packed" and seller-friendly market.

Source: [Link](#)

# Home Healthcare & Hospice— Monthly News

September 2021

- **Aug 31, 2021: Home health services critical for lowering rehospitalization rates for medicare patients with diabetes**  
Medicare patients with diabetes are more likely to be sent back to the hospital if they do not receive home health services within two days of discharge from an acute setting, new research has found. The findings have important implications for post-acute care planning, especially considering that roughly one in five Medicare beneficiaries 65 and older is affected by diabetes, according to the U.S. Centers for Medicare & Medicaid Services (CMS). But while timely home health care is an important tool for lowering rehospitalization rates, clear barriers to service exist for certain demographic groups, the research additionally found.  
Source: [Link](#)
- **Aug 26, 2021: CMS Makes Major Alteration to Review Choice Demonstration**  
The U.S. Centers for Medicare & Medicaid Services made a major update to the Review Choice Demonstration (RCD). On Sept. 1, agencies in Florida and North Carolina were set to roll out RCD. One of the major complaints as the date loomed was a stipulation that would subject claims made prior to Sept. 1 to RCD, retroactively. So, if the dates of service were in May of this year — but the billing wasn't processed until September — the provider would be subject to the post-Sept. 1 rules of RCD. After further discussions, CMS said it was modifying its Florida and North Carolina implementation plans such that only those claims with dates of service beginning on and after Sept. 1, 2021, will be subject to ADR/prepayment review if they are submitted without a UTN/pre-claim review decision.  
Source: [Link](#)

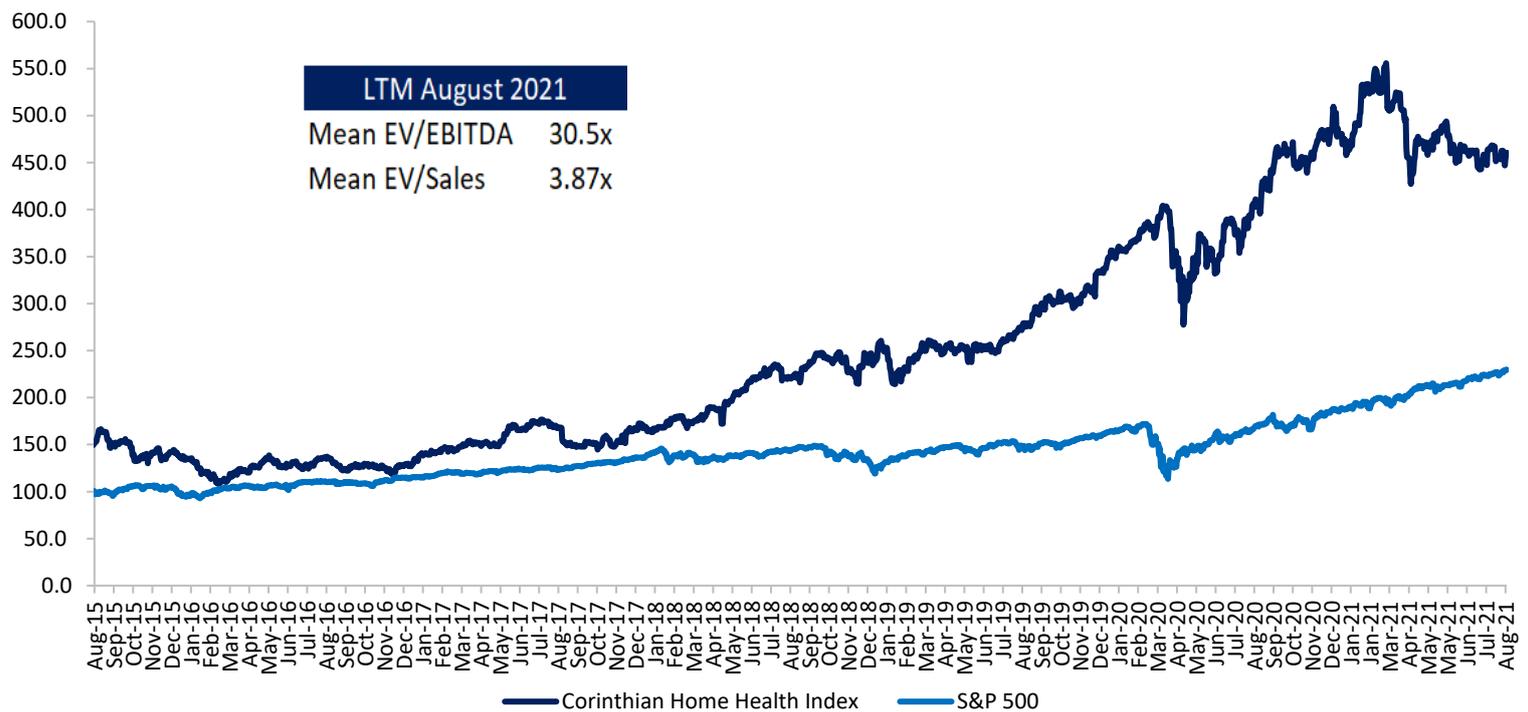
## Company-Specific News

- **Sept 14, 2021: LHC Group acquires Virginia hospice, home health companies**  
LHC Group, Inc. signed on the dotted line to acquire Freda H. Gordon Hospice and Palliative Care, located in Virginia Beach, Va. The company also purchased Generations Home Health, also headquartered in that community. The company seeks to co-locate hospice in areas in which they already have a home health presence. Hospice expansion is essential to LHC Group's growth strategy. Freda H. Gordon and Generations will not rebrand following the deal's closing, which is expected to occur by Oct. 1. LHC Group anticipates that these transactions will yield nearly \$7 million in annual revenues, combined. The company announced that the deals would not materially affect its 2021 diluted earnings per share.  
Source: [Link](#)
- **Sept 08, 2021: LHC Group buys hospice, home health assets in 22 states from HCA-Brookdale venture**  
LHC Group will acquire home health and hospice operations in 22 states from the joint venture between Brookdale Senior Living and hospital system HCA Healthcare. Brookdale sold an 80% stake in its home health, hospice and outpatient therapy business to HCA earlier this year in a \$400 million deal. The transaction includes 11 hospice, 23 home health and 13 therapy locations. LHC Group expects these assets to generate nearly \$146 million annually, but the sale price was not disclosed. Projections estimate that the transaction would add \$8 million to \$12 million to LHC Group's EBITDA in 2022, or about 3% to the company's adjusted EBITDA. Brookdale will have no stake in the locations that LHC Group has purchased, but the senior living operator will retain its 20% ownership in agencies based in Florida.  
Source: [Link](#)
- **Sept 02, 2021: Pennant Group purchases Open Heart Hospice**  
The Pennant Group, Inc. has acquired Amarillo, Texas-based Open Heart Hospice. The organization will rebrand as Kinder Hearts Hospice of Amarillo. Financial terms are confidential. The Pennant Group's acquisition strategy is fueling growth in both the near- and long-term for the company's home health and hospice segment. Pennant has been very active in the M&A market during the past two years, with additional transactions waiting in its pipeline. Demographic tailwinds have been fueling a thriving hospice market in Texas. The Lone Star State has the third largest elderly population in the nation, according to the Texas Demographic Center, a state institution. The number of Texans 65 or older grew by 49.5% between 2000 and 2014. Only California experienced a higher rate of increase among their senior population.  
Source: [Link](#)
- **Aug 25, 2021: Capital One issues \$600 million in revolving credit to Addus to fuel acquisitions**  
Addus HomeCare has secured a \$600 million revolving line of credit, with Capital One Financial Corp. as the lead arranger and administrative agent. The company intends to apply the credit to pursue further acquisitions. Addus is on the hunt for acquisitions. While its 2021 acquisition strategy is heavily weighted toward home health and personal care, the company still has its eyes out for hospice assets, its CEO Dirk Allison indicated in a second quarter earnings call.  
Source: [Link](#)

# Home Healthcare & Hospice— Monthly News

September 2021

## Corinthian Home Health Index Stocks vs. S&P 500



Note: Corinthian Home Health Index is comprised of 9 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, Addus Homecare Corporation and Pennant Group. The index includes Almost Family Inc. till April 1, 2018 after which the company was acquired by LHC Group and Kindred Healthcare, Inc. till July 1, 2018 after which it was completely acquired by Humana, Inc. and ceased to trade publicly. Pennant Group started trading from October 1, 2019 and has been included in the Corinthian Home Health Index (going forward from July 2020).

Source: FactSet; Corinthian Analysis

## Private Transaction Comps Summary

Year	Mean EV/Sales	Mean EV/EBITDA	Mean EBITDA (\$ mn)	Median EBITDA (\$ mn)
2021	1.01x	14.0x	26.76	26.76
2020	1.76x	12.2x	74.2	115.0
2019	2.36x	9.3x	11.1	11.1
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	1.01x	8.5x	36.4	12.7

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

Source: FactSet

# Home Healthcare & Hospice– Monthly News

September 2021

## DISCLOSURE

The preceding newsletter (the “Newsletter”) has been prepared by Corinthian Capital Group, LLC (“Corinthian Capital”). The Newsletter is an overview and analysis of the industry and consolidation of trends and or industry news and data. It is not intended to provide investment recommendations on any specific industry or company. It is not a research report, as such term is defined by applicable law and regulations.

It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular investment or trading strategy, including investments in funds managed by Corinthian Capital.

The performance results included in this presentation for the Corinthian Home Health Index (the “Index”) is an amalgamation of the returns achieved historically by the companies included in the Index and reflect only hypothetical gross returns on the basis of actual past performance by those companies. For the purposes of this Newsletter, Corinthian has compiled the historical performance results of the companies included in the Index but has not analyzed the specific circumstances surrounding each company’s historical performance results, and as such the performance results noted above should not be considered indicative of the skill of the advisor or its investment professionals. The back-tested performance was compiled after the end of the period depicted and does not represent the actual investment decisions of the advisor. These results do not reflect the effect of material economic and market factors on decision making. In addition, such back-tested performance results do not involve financial risk. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. There are numerous other factors related to the markets in general and to the implementation of any specific trading strategy which cannot be fully accounted for in the preparation of hypothetical performance results – all of which can adversely affect actual performance results.

Investors cannot invest directly in this Index, and the results listed in this Newsletter do not take into account trading commissions and costs. Information about these indices is provided to allow for comparison only and does not reflect actual performance. There is no representation that such indices are appropriate benchmarks for comparison. The volatility of these indices may be materially different from the performance of the Corinthian Capital. The Index does not imply a recommendation by Corinthian Capital. The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen with respect to market size, liquidity, and industry. Ticker symbol is SPX.

In addition, the Newsletter is distributed with the understanding that the publisher and distributor are not rendering legal, accounting, financial or other advice and assume no liability in connection with its use. The Newsletter does not rate or recommend securities of individual companies, nor does it contain sufficient information upon which to make an investment decision. Any projections, estimates, or other forward-looking statements contained in the Newsletter involve numerous and significant subjective assumptions and are subject to risks, contingencies, and uncertainties that are outside of our control, which could and likely will cause actual results to differ materially. These materials are based solely on information contained in publicly available documents and certain other information provided to Corinthian Capital, and Corinthian Capital has not independently attempted to investigate or to verify such publicly available information, or other information provided to Corinthian Capital and included herein or otherwise used. Corinthian Capital has relied, without independent investigation, upon the accuracy, completeness and reasonableness of such publicly available information and other information provided to Corinthian Capital. These materials are intended for your benefit and use and may not be reproduced, disseminated, quoted, or referred to, in whole or in part, or used for any other purpose, without the prior written consent of Corinthian Capital. Nothing herein shall constitute a recommendation or opinion to buy or sell any security of any publicly traded entity or private company mentioned in this document or funds managed by Corinthian Capital.

## About Us

Founded in 2005, Corinthian Capital invests in small and middle market companies located primarily in North America. We specialize in working personally with entrepreneurs and management teams to assist companies in realizing their untapped potential. To learn more, please visit our website at [www.corinthiancap.com](http://www.corinthiancap.com)

For questions about this newsletter, to submit investment opportunities, or to discuss the home health and hospice sector, please contact:



### JACKSON YANG

Vice President  
Corinthian Capital Group  
Board Member, Excelin Home Health  
(212) 920-2331  
[jyang@corinthiancap.com](mailto:jyang@corinthiancap.com)



### PETER VAN. RAALTE

Founder and Managing Partner  
Corinthian Capital Group  
  
(212) 920-2303  
[pvanraalte@corinthiancap.com](mailto:pvanraalte@corinthiancap.com)



### TONY PUCILLO

Operating Partner  
Corinthian Capital Group  
Board Member, Excelin Home Health  
(212) 920-2300  
[tpucillo@corinthiancap.com](mailto:tpucillo@corinthiancap.com)



### JASON B. GHOSHHAJRA

Principal  
Corinthian Capital Group  
Board Member, Excelin Home Health  
(212) 920-2310  
[jghoshhajra@corinthiancap.com](mailto:jghoshhajra@corinthiancap.com)