



CORINTHIAN  
— CAPITAL —

# Home Healthcare & Hospice Monthly Newsletter

October 2021

PRIVATE AND CONFIDENTIAL





# Home Healthcare & Hospice— Monthly News

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- **Oct 04, 2021: Pharos Capital acquires hospice provider THEMA**

Pharos Capital Group, LLC, has purchased Arizona-based THEMA Health Services, a hospice, home health and palliative care provider that serves more than 2,000 patients annually. Financial terms were undisclosed. THEMA's footprint includes a large swath of rural markets in central and northern Arizona, where patients and families often have limited access to hospice. The deal is the second transaction by Pharos Capital Partners IV, L.P., the firm's most recently established flagship investment fund.

Source: [Link](#)

- **Oct 01, 2021: Intrepid USA poised for growth with new private equity backers**

Dallas-based Intrepid USA is gearing up for rapid growth in 2022, fueled in part by an infusion of capital from new private equity investors. The recapitalization is expected to complete in that last quarter of the year or in early 2022. Intrepid USA provides hospice, home health and personal care services across 17 states. Its footprint spans 64 total locations; 17 of those are hospice operations. For the past 15 years the company has received backing from the family office Patriarch Partners.

Source: [Link](#)

- **Sep 21, 2021: Walgreens Boots Alliance invests \$970M in Shields to 'further expand its health care reach in communities'**

Walgreens Boots Alliance plans to invest \$970 million in Shields Health Solutions, which aids both hospitals and health systems with specialty pharmacy services. It's another major move for Walgreens, which is trying to position itself as an all-encompassing health care behemoth prepared for the sector's near- and long-term trends. The deal, which is set to close in February of 2022, would give Walgreens a 71% stake in the Massachusetts-based Shields, with an option to acquire the remaining portion of the company thereafter.

Source: [Link](#)

- **Sept 16, 2021: Care Hospice acquires Hospice of Chattanooga, Alleo Health System**

Care Hospice has purchased the assets of Tennessee-based nonprofit Hospice of Chattanooga and its parent organization, Alleo Health System. As a result of the transaction, Chattanooga and Alleo will transition to for-profit status. Financial terms were undisclosed. Alleo and its affiliates care for patients in Tennessee, Georgia, North Carolina and Alabama. The organization was established in 2019 when Hospice of Chattanooga reorganized as a larger multi-state provider, retaining its original brand as an Alleo subsidiary. The Care Hospice transaction did not include Hospice of Chattanooga's philanthropic foundation.

Source: [Link](#)

## Industry News

- **Oct 15, 2021: Hospices often at 'End of List' for PRF funds**

Hospice providers welcomed the news last month that the Biden administration was moving forward with the fourth round of Provider Relief Funds (PRF), totaling \$17.7 billion. Nevertheless, stakeholders in the space argue that more assistance is sorely needed, as providers work to untangle the relief program's requirements. With much of the nation's attention focused on hospitals and nursing homes, hospice tends to come last among care settings when it comes to federal support, said National Hospice & Palliative Care Organization President & CEO Edo Banach.

Source: [Link](#)

- **Oct 12, 2021: St. Croix sets \$20 minimum wage for employees**

St. Croix Hospice has increased its minimum pay for all full-time positions at the agency to \$20-per-hour effective Oct. 10. The increase applies to both clinical and back-office staff. St. Croix currently services about 2,700 patients from more than 50 locations in Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska and Wisconsin. The wage increase comes at a time when long-standing staffing shortages are reaching new heights amid rising demand. Hospice providers are competing in smaller pools for increasingly limited resources. St. Croix's \$20-per-hour threshold exceeds any state or federally mandated minimum wage.

Source: [Link](#)

- **Oct 06, 2021: SCAN Health Plan launches 'Embrace' I-SNP, hopes to set new standard of care**

SCAN Health Plan is launching a new care delivery model that it hopes will set a new standard within the Medicare Advantage (MA) space. A subsidiary of SCAN Group, California-based SCAN Health Plan recently announced its new model of care. Moving forward, the model will be made available to all SCAN members enrolled in its "Embrace" Institutional Special Needs Plan (I-SNP). Members enrolled in Embrace will have access to a multidisciplinary team of physicians, nurses, pharmacists, care coordinators, social workers and others. Collaboratively, that team will work to deliver comprehensive care to members with complex needs. In addition to the frequent visits from clinicians and caregivers from that team, Embrace enrollees will have access to the latest clinical technologies.

Source: [Link](#)

- **Sept 27, 2021: Seniors' desire to age in place remains overwhelmingly popular**

The COVID-19 emergency has only strengthened the desire seniors have to age in place — an already favorable position among older adults. Over 90% of seniors prefer to remain in their homes as opposed to moving into an assisted living facility, a survey from American Advisors Group (AAG) found. About 70% of seniors have severe needs for long-term services and supports. A key takeaway from the AAG survey finding is that there are still business opportunities for home-based care providers looking to increase market share. 82% of respondents have no concrete plans to ever sell their home or move away.

Source: [Link](#)

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- **Sept 23, 2021: NPHI calls on Congress to extend hospice sequestration halt**

The National Partnership for Hospice Innovation (NPHI) has called on U.S. congressional leaders to pursue legislation that would further extend the moratorium on Medicare sequestration during the COVID-19 public health emergency. The suspension is currently slated to expire Dec. 31. Medicare sequestration was established in 2014 by the Budget Control Act. The practice reduced payments to hospice and other health care providers by 2% across the board. Under current law, hospice providers must return payments to CMS if the total paid exceeds the Medicare payment cap allowance. CMS includes the sequestered 2% as part of the total, even though hospices do not receive those funds.

Source: [Link](#)

## Company-Specific News

- **Oct 05, 2021: LHC Group finalizes home health, hospice acquisitions in Virginia**

LHC Group, Inc. announced that, effective Oct. 1, 2021, it has finalized acquisition agreements for two providers – one home health and one hospice – located in Virginia Beach. The purchase agreements were initially announced by the company in September. The acquisition includes Generations Home Health and Freda H. Gordon Hospice and Palliative Care. Both agencies will continue operating under their current names. In addition to expanding LHC Group’s scope of services in the state of Virginia – specifically the Virginia Beach region – the acquisitions align with the company’s co-location strategy to provide multiple in-home healthcare services in certain markets, as well as its strategy of retaining and operating under a family of well-known local brands. LHC Group expects annualized revenue from these purchases of approximately \$7 million and that it will not materially affect its 2021 diluted earnings per share.

Source: [Link](#)

- **Sept 21, 2021: Amedisys, UMC joint venture opens Texas hospice, home health center**

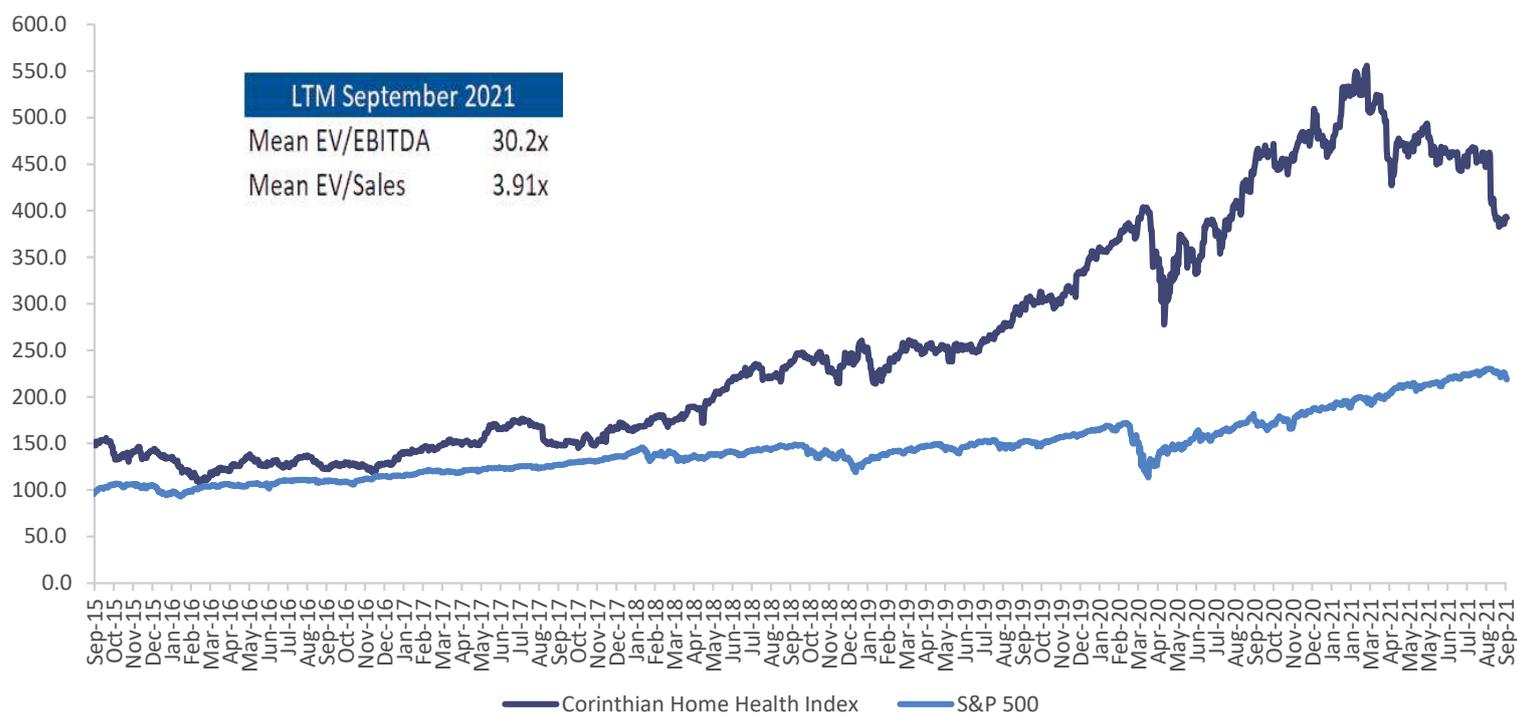
A joint venture between UMC Health System and home health and hospice provider Amedisys has opened a de novo in Lubbock, Texas. UMC owns 50% and Amedisys owns 50% of the new location, branded as UMC Home Health and Hospice, an Amedisys partner, LLC. The new location is located within the UMC Business & Technology Center. The two organizations launched their joint venture in March. The partnership extended the health system’s home health business line and marked UMC’s entry to the hospice space.

Source: [Link](#)

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## 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	26.8	26.8
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

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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.

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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)