



CORINTHIAN
— CAPITAL —

Home Healthcare & Hospice Monthly Newsletter

November 2021

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 (\$mn)	Enterprise Value (\$mn)	EV / Sales		EV / EBITDA	
		High (\$)	Low (\$)	1 Week	1 Month	1 Year			LTM	CY20E	LTM	CY20E
Encompass Health Corporation	62.9	89.7	60.9	2.2%	(7.3%)	(23.7%)	8,220.0	9,991.2	1.99x	2.15x	9.3x	11.6x
Amedisys, Inc.	158.5	325.1	137.8	(6.7%)	(6.2%)	(32.6%)	9,625.4	5,628.8	2.55x	2.72x	20.0x	20.6x
Chemed Corporation	499.0	560.0	403.0	(1.0%)	13.0%	5.7%	8,472.3	7,795.3	3.66x	3.75x	19.5x	17.5x
LHC Group, Inc.	127.8	223.8	126.1	(5.3%)	(6.2%)	(35.1%)	6,642.8	4,592.6	2.12x	2.23x	17.2x	19.2x
Genesis Healthcare Inc Class A	0.2	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Addus HomeCare Corporation	100.0	129.0	73.1	(0.3%)	22.0%	4.1%	1,853.1	1,704.6	2.04x	2.23x	19.3x	22.4x
Pennant Group Inc	21.5	69.6	19.0	(4.4%)	(10.4%)	(55.1%)	1,853.1	959.3	2.20x	2.45x	NM	26.9x
National HealthCare Corporation	69.8	79.7	61.3	(0.1%)	1.3%	9.1%	9,625.4	946.7	0.91x	NA	9.4x	NA
									Low	0.91x	2.15x	9.3x
									Mean	2.21x	2.59x	15.8x
									Median	2.12x	2.34x	18.3x
									High	3.66x	3.75x	20.0x

NM implies outlier multiples; NA implies Not Available

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

As of 26/11/2021

Source: FactSet

M&A News

- Nov 14, 2021: Help at Home Acquires Prime Home Care; New Day Healthcare Secures \$55.5M**

Chicago-based Help at Home has acquired Prime Home Care, an in-home care provider that offers both home health and home care services across nine Ohio locations, including the large markets of Columbus, Toledo and Cincinnati. Headquartered in Maineville, Ohio, Prime has been delivering home-based care to clients since 2006. The company currently serves about 900 individuals, according to a Help at Home press release.

Source: [Link](#)

- Nov 04, 2021: HouseWorks Enters the Medicaid Personal Care Sector with Connected Home Care Acquisition**

HouseWorks announced that it has signed an agreement to acquire Connected Home Care, a home care provider that operates in Eastern Massachusetts. The Connected Home Care acquisition comes just one week after HouseWorks' announced it purchased Atlantic Homelife Senior Care, a private home care provider that operates in Seacoast New Hampshire and Southern Maine. Connected Home Care mainly serves Medicaid dual-eligible and private-pay clients. The deal will allow HouseWorks to enter the Medicaid personal care sector.

Source: [Link](#)

- Nov 01, 2021: Excelin Health Purchases Three Hospice Licenses, Grace Home Health**

Excelin Health, a portfolio company of the private equity firm Corinthian Capital, has purchased three Texas provider licenses as well as the company Grace Home Health in Louisiana. Financial terms for these transactions were undisclosed. Excelin provides a range of home-based care services including home health, hospice, orthopedic rehabilitation, speech therapy, infusion and wound care, among others. The company provides care out of 19 locations across Texas and California. The Grace Home Health deal marks Excelin's entry to the Louisiana market. The company has plans to expand its footprint in all three states in which it operates. It operates under five brands: Excelin Home Health, Advanced Home Health Services, and two others both called Advanced Hospice. Demographic tailwinds have been fueling a thriving hospice market in Texas. The state has the third largest elderly population in the nation, according to the Texas Demographic Center, a state institution.

Source: [Link](#)

- Nov 01, 2021: AlayaCare Acquires Delta Health Technologies, Accelerates Medicare Home Health Strategy in US**

Home-focused software and technology company AlayaCare has acquired Delta Health Technologies, a provider of home health solutions. The Pennsylvania-based Delta Health provides resource management and billing support to home health, home care and hospice agencies. This acquisition accelerates a strategy that AlayaCare has been honing in on: expanding significantly into the U.S. Medicare home health market. Through the acquisition, it will tack on an additional 100-plus new customers to that count and also gain 45 employees from Delta Health.

Source: [Link](#)

- Oct 28, 2021: Peterson Partners to Back Hospice Provider Ennoble Care**

Investment firm Peterson Partners, LLC, has invested in Ennoble Care in partnership with Trilogy Search Partners, Maven Equity, and additional undisclosed stakeholders. Health care entrepreneur Kush Das, founder of the investment firm Circa Health, will take the helm as chairman and CEO of Ennoble. Ennoble Care provides hospice, home health, palliative care and home-based primary care throughout the northeastern United States. The infusion of capital from its new investors will facilitate expansion into new markets as well as building density within their existing footprint. A key component of the company's growth plans involves capitalizing on emerging value-based payment models.

Source: [Link](#)

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- **Oct 25, 2021: Wellspring Capital Acquires Caring Brands International**

Private equity firm Wellspring Capital Management has acquired Caring Brands International, parent company of home health and hospice franchise company Interim Healthcare, for an undisclosed amount. The seller, PE outfit Levine Leichtman Capital Partners, purchased the company in 2015. Caring Brands is the seventh largest home-based care provider in the United States, in addition to its international holdings in the United Kingdom, Ireland and Australia. The company's franchise business model is unique in health care. Franchise owners in the network range from large private equity investors to mom-and-pop startups, some of which have been in the owners' families for two or three generations.

Source: [Link](#)

- **Oct 19, 2021: Vistria Group Sells Agape Care to Ridgemont Equity Partners**

Private equity firm the Vistria Group has sold hospice provider Agape Care Group to Ridgemont Equity Partners. Financial terms were not disclosed. The deal follows a period of accelerated growth for Agape, which has completed multiple acquisitions in its own right since Vistria purchased the company three years ago. Agape's footprint covers 45% of Georgia in addition to 46 counties in its home state of South Carolina. The company has pursued a three-pronged growth strategy in the Southeast focused on same-store admissions, de novo locations and acquisitions. Agape has additional acquisitions in its pipeline for 2021 and 2022 that include entry into a number of new states.

Source: [Link](#)

Industry News

- **Nov 15, 2021: Home Health Improper Payments Increased to \$1.84 Billion in 2021**

The Centers for Medicare & Medicaid Services (CMS) announced it continues to see a major decrease in improper payments to providers, though not necessarily in the home health setting. Specifically, the agency said that there has been a \$20.72 billion reduction in Medicare fee-for-service improper payments since 2014. While improper payments can be tied to fraud, waste or abuse, they are more likely due to insufficient documentation or other administrative mishaps. The home health improper payment estimate increased from 9.3% in 2020 to 10.24% in 2021, though CMS claims that this change is not statistically significant. Overall, there was about \$1.84 billion in improper payments dished out to home health providers this year, according to CMS.

Source: [Link](#)

- **Nov 9, 2021: Interim HealthCare CEO: More Medical Professionals Want to Join Home Health Industry**

New data constantly reaffirms the idea that seniors want to be cared for in their homes as they age. An even encouraging trend is of professionals wanting to enter this pace. New research from Interim HealthCare and The Harris Poll suggests that trend could be on the horizon. In their joint study, it was found that more than two-thirds of licensed medical professionals may soon seek a role in home-based care.

Source: [Link](#)

- **Nov 08, 2021: New PDGM Adjustments Make It Tougher to Reach 'Medium' or 'High' Functional-Impairment Levels**

Home health operators have to navigate numerous regulatory and policy changes to stay in business. The U.S. Centers for Medicare & Medicaid Services (CMS) released the home health final payment rule on Nov. 2, then the federal government announced COVID-19 vaccination requirements for health care workers on Nov 4. The final rule made an adjustment to the Patient-Driven Groupings Model (PDGM), established a 3.2% increase to the home health Medicare rate for next year and finalized the nationwide expansion of the Home Health Value-Based Purchasing (HHVBP) Model. The base payment rate for 2022 is going to be increased by a net market basket index of 2.6%. OSHA issued a COVID-19 vaccine and testing mandate that applies to all employers with 100 or more employees. OSHA's mandate requires employers to develop a policy for COVID-19 vaccination or regular testing while offering paid time off so workers can get vaccinated.

Source: [Link](#)

- **Nov 08, 2021: Chaplains Key to Improving LGBTQ+ Access to Hospice**

LGBTQ+ seniors represent a growing population for hospices, but discrimination from health care providers remains a barrier to care. Spiritual care can be an important avenue to bridging gaps to these underserved communities. Having a more diverse, educated, inclusive and culturally sensitive chaplain staff will be key for hospice providers to engage with these patients, according to a recent report. LGBTQ+ seniors are more likely to experience mental and physical health disparities due to the lack of appropriate, inclusive health care, compounded by lifelong experiences of discrimination and social isolation, SAGE (a services and advocacy group for LGBT elders) researchers found.

Source: [Link](#)

- **Nov 05, 2021: Psychedelics Could Be New Frontier in End-of-Life Care**

Psychedelic medicines may represent a new frontier for end-of-life care, as well as psychiatric treatment. While these substances — including LSD, MDMA, psilocybin and ketamine, among others — remain illegal, grass roots support for decriminalization or medical use is growing. Meanwhile, venture capitalists and other investors are spending billions to get on the ground floor of what could become a new health care industry. Much of the research and discussion on medical use of psychedelics has focused on care at the end of life. The psychedelics industry is expected to bring in more than \$6.85 billion by 2027, Forbes reported.

Source: [Link](#)

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- **Nov 01, 2021: Time, Technology of the Essence in Shifting Hospice Referral Mix**

Hospices have seen a shift in their referral mix in the last year and half during the pandemic, with patient streams moving away from institutions and towards physician offices. Adapting to the ways they market, educating and coordinating care with referring partners, as well as building and growing these relationships, has hospices honing focus on time and technology management. Nearly 70% (68.32%) of hospice, home health and palliative care providers recently surveyed by Hospice News and Axxess reported that they lost relationships with nursing facilities and other referral partners due to pandemic-related effects. Physician offices have become a more significant engine for hospice referrals as more patients balk at facility-based care out of fear of contracting COVID-19 or being unable to see family and friends due to safety restrictions.

Source: [Link](#)

- **Oct 22, 2021: Hospices Weigh Home-Based Primary Care Partnerships Vs. Launching Service**

More hospices have embraced home-based primary care in recent years. Providers pursuing these opportunities are carefully weighing their options, including whether they should partner with existing practices or offer those services themselves. The gradual move of reimbursement systems to value-based care models is partly fueling a resurgence in home-based primary care, according to a 2018 study in the journal *Geriatrics*. Factors contributing to this growth also include demographic trends related to the aging population, the growing prevalence of serious and chronic illnesses, a favorable regulatory landscape and a gradual move of more care into the home setting — which has accelerated during the COVID-19 pandemic.

Source: [Link](#)

Company-Specific News

- **Nov 09, 2021: Encompass Health announces plans to build inpatient rehabilitation hospital in Columbia, South Carolina area**

Encompass Health Corp. announced it plans to build a freestanding, 27-bed inpatient rehabilitation hospital near Columbia, South Carolina. The hospital will be located at the corner of Evergreen Drive and Shady Lane in Irmo, South Carolina, a suburb of Columbia, and will be built with the capacity to expand to 50 beds. Construction on the hospital is expected to begin in the third quarter of 2022 and the hospital is expected to begin providing inpatient rehabilitation services in the fourth quarter of 2023. Complementing local acute care services, this inpatient rehabilitation hospital will serve patients recovering from debilitating illnesses and injuries, including strokes and other neurological disorders, brain injuries, spinal cord injuries, amputations and complex orthopedic conditions.

Source: [Link](#)

- **Nov 03, 2021: Amedisys Adjusts to Home Health Labor Pressures, Expresses Confidence in Contessa**

Since Amedisys Inc. announced its \$250 million acquisition of the hospital-at-home enabler Contessa Health in late June, it has had to answer several questions about the deal's merit. Amedisys leaders again expressed unabashed enthusiasm over the deal, further explaining why Contessa makes sense for the company's strategy moving forward. Amedisys CEO Paul Kusserow said that demand for home-based acute services remains high across Contessa's existing joint ventures, noting that results post-acquisition are very promising. Overall, there were 234 admissions for Contessa during the two months after the acquisition closed — over 8% above Amedisys' original forecast.

Source: [Link](#)

- **Oct 26, 2021: Encompass Health Seeks Injunction Against Former Home Health, Hospice CEO April Anthony**

Encompass Health Corp. filed a lawsuit seeking an injunction against April Anthony, the former CEO of the Birmingham, Alabama-based company's home health and hospice segment. The injunction was filed in Dallas County state district court in Texas. Encompass Health claims that Anthony is in violation of her employment agreement, including breach of non-competition and non-solicitation obligations, in addition to misappropriation of trade secrets.

Source: [Link](#)

- **Oct 19, 2021: Encompass Health and Baptist Health announce new venture in Kentucky**

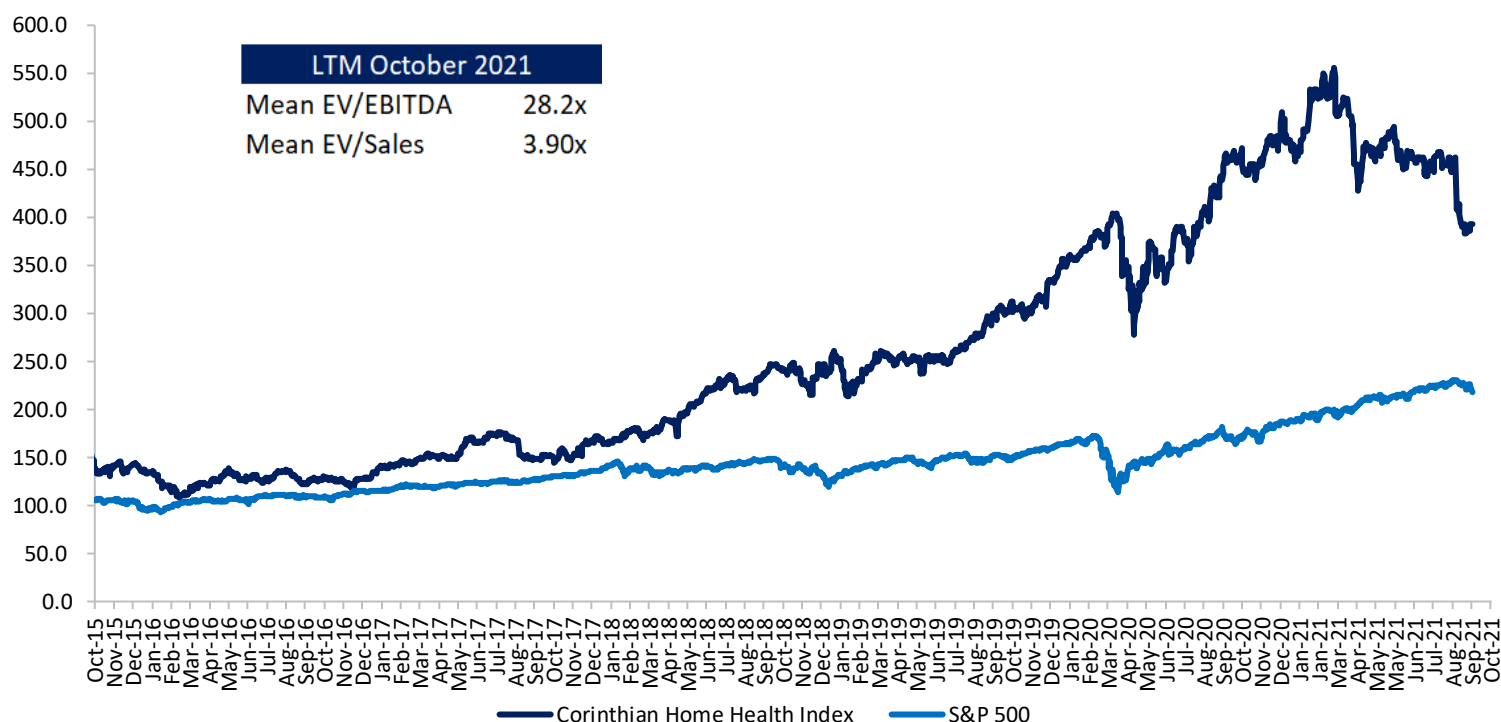
Encompass Health Corp. and Baptist Health announced they have received a certificate of need to build and operate a 40-bed inpatient rehabilitation hospital in Louisville, KY. The hospital is expected to operate as a joint venture between Encompass Health and Baptist Health. The parties anticipate the future hospital will be located near the intersection of Blankenbaker Parkway and Bluegrass Parkway in Jeffersonton and will replace Baptist Health's 29-bed unit currently located on the Baptist Health Louisville campus. The new hospital is expected to begin providing inpatient rehabilitation services in the fourth quarter of 2023.

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



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