

Q2 2023 Home Healthcare Market Update

Home Healthcare News

- [Hospital capacity challenges to drive expansion of at-home care](#) Hospitals are grappling with a shortage in capacity as a result of a rise in the average length of patient stay, primarily due to higher patient acuity levels and ongoing staffing challenges. This capacity crunch is driving a growing trend towards home health providers, as more individuals are opting for care in the comfort of their own homes, shifting away from traditional facility-based care.
- [The Center for Medicare and Medicaid Services \(CMS\) floats 2.2 percent cut to home health Medicare payments in 2024](#) CMS released a proposal to cut 2.2 percent (approximately \$375 million) from the current home health provider payments. This pay cut is set to negatively impact industry earnings in 2024.
- [New Senate bill could make offering palliative care easier for home health agencies](#) A recently introduced Senate bill could have a significant impact on the timeline of palliative care for patients. Should the bill pass, senior patients will gain access to Medicare-covered palliative care at an earlier stage in their treatment plan. Additionally, the bill's approval will expand the scope of care covered by Medicare, creating new opportunities for providers in the palliative care space.
- [Optum to acquire Amedisys](#) Optum, Inc. is set to acquire Amedisys, Inc. (NASDAQ: AMED) in a \$3.3 billion all-cash deal. This reinforces UnitedHealth Group, Inc.'s (NYSE: UNH) presence in the home health and hospice sector, reflecting their commitment to the industry with their second major acquisition in this space.
- [LHC Group \("LHC"\) still sees plenty of upside to joint venture \("JV"\) strategy](#) Following UnitedHealth Group, Inc.'s (NYSE: UNH) acquisition of LHC Group, LHC is primed to get back into the market to find more JV opportunities for their home health, hospice, and personal care services. LHC has established itself as the leader in the joint venture strategy with 82 unique JV partnerships, covering 435 hospitals.

Select Q2 2023 Home Healthcare Transactions

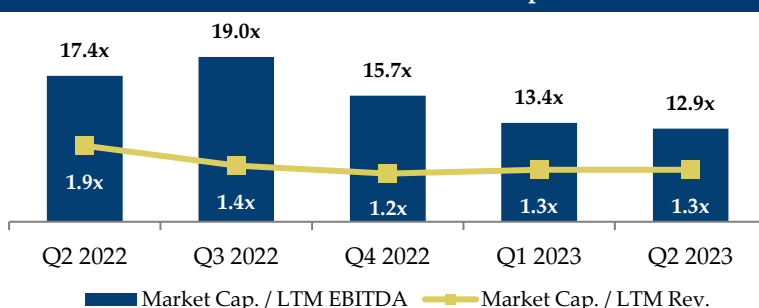
Announce.				Deal Value (\$MM)
Date	Acquirer	Target	Sector	
06/29/23	Addus HomeCare Corporation (NASDAQ: ADUS)	Tennessee Quality Care	Home Health, Hospice	106
06/29/23	Agape Care Group	Hope Hospice, Inc.	Hospice	-
06/29/23	Agape Care Group	Assured Hospice	Hospice	-
06/26/23	UnitedHealth Group, Inc. (NYSE: UNH)	Amedisys, Inc. (NASDAQ: AMED)	Home Health	3,300
06/19/23	The Pennant Group, Inc. (NASDAQ: PNTG)	Bluebird Health	Home Health, Hospice	-
05/09/23	Family First Homecare	One Accord Home Health	Home Health	-
05/08/23	Court Square Capital Partners	Team Select Home Care	Home Health	-
05/04/23	The Pennant Group, Inc. (NASDAQ: PNTG)	Benefit Home Healthcare and Benefit By Your Side	Home Health	-
05/03/23	Houseworks, LLC	Care and Help Home Care	Home Health	-
04/24/23	Humana, Inc. (NYSE: HUM)	Triology Home Health	Home Health	-
04/19/23	UnitedHealth Group, Inc. (NYSE: UNH)	Summit Home Care	Home Health	-
04/03/23	Elara Caring	Assisted Daily Living	Home Health	3

Increasing interest in the home healthcare market from large strategics, public companies, and private equity groups is likely to drive competition among buyers for attractive assets and push multiples up for sellers. This is an ideal time for home healthcare agency owners to explore a sale of their company. Please contact us for a consultation on how you can maximize value.

Select Home Healthcare Trading Multiples¹

Company	Ticker	Market Cap.	Revenue	EBITDA	Market Cap. / Revenue	Market Cap. / EBITDA
Encompass Health Corporation	EHC	\$6,787.7	\$4,449.7	\$906.0	1.5x	7.5x
Amedisys, Inc.	AMED	2,981.7	2,234.3	200.8	1.3x	14.8x
Addus HomeCare Corporation	ADUS	1,482.7	976.1	91.6	1.5x	16.2x
The Pennant Group, Inc.	PNTG	365.2	485.8	28.3	0.8x	12.9x

Historic Mean Valuation Multiples¹



Max	1.5x	16.2x
Median	1.4x	13.9x
Mean	1.3x	12.9x
Min	0.8x	7.5x

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Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset & wealth management industries.

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Sources: S&P Capital IQ Pro, Home Health Care News, Beckers Payer, Hospice News, LevinPro HC
Footnotes: 1. Market Capitalization as of 06/30/2023. LTM Financials as of most recent filings.