Overview

- Legislative, Regulatory, & Market Trends
- Effects of Trends on M&A Activity
- Best Practices for Successful Transactions
Legislative Trends

- Affordable Care Act/Rebasing
- Payment Models
- Beneficiary Cost Sharing/CoPays

Regulatory Trends

- Program Integrity
- F2F, PECOS, RAPs, ZPICs, ADRs, etc...
- P4P
- Companionship Exemption, 1099s
Market Trends

• Economic Recovery
• Political Environment
• Healthcare/Homecare Industry
• Strategic Timing

Impact on M&A Market

• Conditions Favor Larger Providers
• Smaller Providers Must Adapt
• Incentives for Growth and Consolidation
• Enough Certainty to Stimulate Activity
  …but Buyers Must Be Very Strategic
Impact on Valuations

- EBITDA, Gross Margin, & Revenue
- Historical Range
- Discount, Par, & Premium

Medicare

- Home Health
- Hospice
Medicaid & Private Duty

- Medicaid
- Private Insurance
- Private Pay

DME

- Consolidation Driven by Cost, Not Efficiency
- Competitive Bidding
- Alternative Delivery Systems
Best Practices

• Compliance
• Operations
• Financials

Compliance

• Survey History
• Documentation for F2F, ADRs, RACs, ZPICs, etc...
• Recerts, Medical Directors, Therapy Utilization, etc...
Operations

- Management Depth
- Systems
- Records

Financials

- Accrual Basis
- YTD & FYE
- Gross Margin, Net Margin, EBITDA
- Proforma Adjustments
Conclusions

• Reduced Uncertainty Stimulates Activity

• Legislative, Regulatory, & Market Trends Support Consolidation

• Strategic Considerations Prevail

• Successful Transactions Require Best Practices