

## Eli's Hospice Insider

### Hospice News: Billion-Dollar Hospice Sale In The Works

Private equity firm **Towerbrook Capital Health** and health system **Ascension Health** have combined forces to acquire hospice chain **Compassus** for \$1.05 billion, according to news reports.

The two buyers formed **Ascension Towerbrook Healthcare Opportunities L.P.**, a co-investment vehicle, to make the acquisition, says **Moody's Investors Services**. The bond credit rating service expects Brentwood, Tennessee-based Compassus to be designated as Ascension's exclusive preferred provider of hospice services nationwide once the buy is complete, it says.

The partnership is an "unusual pairing," notes mergers and acquisitions analyst **Irving Levin Associates**. Compassus is a portfolio company of **Formation Capital** and **Audax Private Equity**.

Compassus is one of "the nation's largest private independent hospice operators," providing care to more than 8,800 patients via 86 programs and 138 locations across 29 states, Moody's notes. For the year ended June 30, 2019, the company generated net revenues of about \$480 million.

"The hospice industry should benefit from favorable long term growth prospects that are driven by aging demographics and growing awareness of the benefits of hospice service for patient experience and reducing health care costs," Moody's adds in its Oct. 16 rating action.

Overall, deal volume in the home health and hospice sector dipped slightly in the third quarter of 2019, down 23 percent with 20 publicly announced transactions, Irving Levin says. That compares with 26 acquisitions in the second quarter, according to data from HealthCareMandA.com.

Volume is also down compared to the third quarter of 2018, Irving Levin adds. Home health and hospice M&A activity decreased by 20 percent, when 25 acquisitions were announced.

However, total dollar value of deals was up significantly, thanks to the hefty price tag of the Compassus acquisition.