

## Eli's Hospice Insider

### Mergers & Acquisitions: Hospice ADC Grew At Brookdale As It Readied For Sale

**Healthcare giant plans to pay \$400 million for Brookdale hospice, home health unit.**

Brookdale Senior Living Inc. has announced it plans to sell a majority stake of its hospice and home health business to HCA Healthcare. Nashville-based HCA operates 185 hospitals and many ERs, clinics, physician practices and more across 20 states.

Brookdale, also headquartered in Nashville, reported a net income of \$81.9 million on revenues of \$3.5 billion for 2020, compared to a \$268.3 million loss on revenues of \$4.1 billion in 2019. Home health and hospice revenues made up about 10 percent of that, at \$249.2 million and \$95.5 million for the year, Brookdale says in the supplemental information released with its earnings report.



Both the home health and hospice revenues decreased from 2019. Home health saw a whopping 24 percent drop from \$327.5 million that year, while hospice experienced a much more modest 0.8 percent drop from \$96.2 million.

In contrast, Brookdale saw its home health average daily census drop by 14.6 percent in 2020 to 13,196, while its hospice ADC grew 4.9 percent to 1,658, Brookdale says in its supplemental information document.

Brookdale isn't totally exiting the business, however. It will retain a 20 percent stake in its "Brookdale Health Care Services" unit that houses the hospice and home health business lines, the company says in a release about the sale. "The partnership provides opportunities to improve healthcare service offerings within Brookdale's communities to enhance its residents' experience and health outcomes," the company says.

HCA will pay \$400 million for its 80 percent stake in BHS, according to the release.

In addition to benefiting Brookdale facility residents, the BHS sale will boost the company's bottom line, execs predict. "We believe HCA Healthcare has the ability to accelerate the growth of the home health and hospice business, and we will look to share in this growth through our retained minority interest," Brookdale CEO **Lucinda "Cindy" Baier** said in the company's Feb. 26 earnings call.

"We believe that the growth trajectory of BHS after the sale is going to be incredibly steep, and we are so excited about that, which is why we are retaining the interest," Baier said later in the call, in response to an analyst question.