

Eli's Hospice Insider

Mergers & Acquisitions: Hospice M&A Continues Full Steam Ahead

Publicly traded chains gear up for yet more deals.

As temperatures fall, the hospice mergers and acquisitions market continues to heat up.

In Arizona, LHC Group Inc. has agreed to purchase East Valley Hospice and East Valley Palliative Care in Mesa. The agreement is expected to close on Jan. 1 and LHC expects the acquisition to bring annualized revenue of about \$4.8 million, the Lafayette, Louisiana-based national chain says in a release. Both providers will continue to operate under the East Valley Hospice and East Valley Palliative Care names, respectively.

This comes on the heels of last month's joint venture announcement from LHC and health system CHRISTUS Health. They are expanding their JV partnership by adding a hospice provider in San Marcos, LHC said in a release.

Once finalized, "the LHC Group-CHRISTUS partnership will include 22 home health, hospice, palliative care, community-based, and long-term acute care locations across three states," LHC notes. LHC and the Catholic health system first formed the JV back in 2017.

And LHC's buying spree is far from over, it seems. The company is "seeing an increasing number of hospice opportunities in our pipeline," CEO **Keith Myers** said in the chain's Nov. 5 earnings conference call for the third quarter.

"Our inorganic growth has only scratched the surface with a number of joint venture opportunities adding to our M&A pipeline," said LHC President **Josh Proffit** in the call. "Our potential acquisitions are currently comprised of nearly two-thirds hospice locations."

LHC isn't the only chain continuing its hospice acquisition strategy. After some big acquisitions in the last year, Addus HomeCare "continue[s] to evaluate and pursue other acquisition opportunities from a robust pipeline of potential transactions," CFO **Brian Poff** said in the chain's Nov. 5 earnings call for the third quarter.

Addus will be looking at "smaller" hospice assets now that the company has made a number of big buys in the market, CEO **Dirk Allison** indicated in the call.

Other recent deals around the nation include:



In Illinois: The Vistria Group has agreed to sell regional chain St. Croix Hospice to an affiliate of H.I.G. Capital for undisclosed terms, the Chicago-based investment firm says in a release. The Vistria Group bought Oakdale, Minnesota-based St. Croix from Stamford, Connecticut-based PE firm Clearview Capital in 2017.

St. Croix serves six states in the Midwest. Vistria portfolio company Hospice Care of South Carolina in Spartanburg, which it bought in 2019, acquired Agape Hospice earlier this year. St. Croix has opened multiple new locations and bought Hometown Hospice & Homecare headquartered in Brookfield, Wisconsin, last year.

In Colorado: Charter Health Care Group has acquired two hospice providers, Vitality Home Healthcare in Denver and Heartwood Home Health & Hospice in the Salt Lake City area, for undisclosed terms. Charter is the "post-acute care provider platform" for Pharos Capital Group, a physician-founded private equity firm based in Dallas and Nashville, Pharos says in a release. Vitality does business as Phoenix Home Care & Hospice. Charter has five Southern California locations and made two acquisitions in March of this year - Las Vegas-based St. Luke's Home Hospice and Phoenix-based Arizona Select Hospice, Pharos adds.

In Nevada: The Pennant Group Inc. has acquired Harmony Hospice of Las Vegas, it says in a release. Eagle, Idaho-based Pennant purchased two related hospices earlier this year, it notes. Pennant is a holding company with 73 home health and hospice agencies and 54 senior living communities in 14 states. Pennant spun off from The Ensign Group Inc. last year and operates Cornerstone Healthcare Inc.

In California: Pennant also has closed on a home health joint venture with nonprofit health system Scripps Health in San Diego. The JV, which combines Scripps's home health business and a local Pennant-affiliated home health agency, will serve patients under the name Seaport Scripps Home Health.

On the West Coast: And Pennant isn't just pursuing acquisitions to achieve growth. Cornerstone has opened two "successful" start-ups, it says - Alpha Home Health and Hospice in Everett, Washington, which formerly was home health-only, and Peaceful Heart Hospice in Murrieta, California, the chain says in a release.