

## Eli's Hospice Insider

### Mergers & Acquisitions: Hospice M&A Continues To Flourish

**Buckle up as deal activity continues full steam ahead.**

As hospice companies adjusted to pandemic pressures and reimbursement system changes, mergers and acquisitions revved up in the latest quarter.

"There were at least 51 home health, home care, and hospice transactions in the fourth quarter of 2020," according to data from home care M&A firm Mertz Taggart. "That's 22 more than in Q3 2020 - and the most deals in any individual quarter over the last three years," the Fort Myers, Florida, firm says in its M&A report for the quarter ended Dec. 31, 2020.

Factors such as the new **Biden** administration and the likelihood of a capital gains tax hike likely influenced the quarter's activity, suggest managing partner **Cory Mertz**. "Following nine or ten months of a public health emergency, some sellers also probably just hit a wall in the fourth quarter, prompting an exit," the firm adds.

Such factors mean the M&A activity will continue to be robust in the coming year, Mertz predicts. "We expect an active 2021," he says.

Recent deals and developments nationwide include:

**In Louisiana:** College Station, Texas-based Traditions Health has acquired Grace Hospice & Palliative Care in Lafayette and Heritage Hospice in Hammond, it says in a release. Traditions, which is a portfolio company of private equity firm Dorilton Capital, has made numerous acquisitions in the past year.



**In Nebraska:** St. Croix Hospice continues its strategy of opening de novo locations in its Midwest service area by starting a new office in Norfolk. This is St. Croix Hospice's fourth Nebraska location. Last October, St. Croix parent, the Vistria Group, a Chicago-based investment firm, agreed to sell St. Croix Hospice to an affiliate of H.I.G. Capital.

**In Florida:** Empath Health and Stratum Health System are moving ahead with a merger they first announced back in February 2020. The Boards of Directors of both companies have formally approved the merger of the two organizations, pending regulatory approval, they say in a release. "The merger will create the country's largest not-for-profit health system delivering non-acute care and services through its skilled, significant medical and holistic programs to individuals with chronic, advanced and terminal illnesses," say the companies that are the parent organizations of Suncoast Hospice, Tidewell Hospice, Approved Home Health, and Avidity Home Health.

**In Washington:** Following a campaign by concerned citizens, the Boards of Commissioners of Public Hospital District No. 1, Skagit Regional Health, and Public Hospital District No. 304, United General District 304, have voted to discontinue further consideration of a potential purchase agreement for Hospice of the Northwest, formerly known as Skagit Hospice, reports the San Juan Islander newspaper. Bristol Hospice was rumored to be the potential buyer of the nonprofit hospice.

**In California:** Meanwhile, Bristol Hospice, a portfolio company of Webster Equity Partners, has acquired the Southern California operations of Companion Hospice, according to a release. The deal is Bristol's seventeenth acquisition in partnership with Webster Equity, which invested in the company in 2017. Salt Lake City-based Bristol now operates 35

locations across 10 states, it says.