

Eli's Hospice Insider

Mergers & Acquisitions: Private Equity-Backed Hospice Deals Proliferate In Busy Market

Take a look back at Q1.

Regulatory scrutiny isn't the only thing that's hot these days - so is the hospice mergers and acquisitions market. Audits, medical review, tighter survey protocols, and more don't appear to be enough to deter buyers.

For example: San Diego-based Mission Healthcare recently opened a new hospice location in Orange County, the California chain with 14 locations says.

Mission, which describes itself as "one of California's largest regional home health, hospice, and palliative care providers," says the new location is the first to provide care to hospice-eligible patients and families in Orange County.

The expansion comes shortly after Mission announced its acquisition of Alliance Home Health & Hospice Care in the Bay Area suburb of Pleasanton. "This marks the first acquisition by Mission Healthcare outside Southern California," the chain said in a release.

Last December, California-based private equity investor HCAP Partners "exited its investment in Mission Healthcare" and Chicago-based PE firm The Vistria Group, which formerly owned St. Croix Hospice, invested in Mission.

Publicly announced mergers and acquisitions had stalled a bit in the first quarter of 2021, notes M&A advisory firm Mertz Taggart in its Q1 M&A update. "Overall, the home health, hospice and home care segments saw at least 23 combined transactions during Q1 of this year, a substantial decrease compared to the 52 total transactions reported during the last quarter of 2020," according to the update. Private equity accounted for 18 of the 23 transactions.

"The break in the action isn't expected to last long, however, thanks to a relatively clear operating landscape across industries and multiple macro-level tailwinds in favor of home-based care," the firm says. "We're headed toward a record high for M&A activity, with robust interest from strategics and private equity buyers alike, across all in-home care areas," predicts Mertz Taggart Managing Partner **Cory Mertz**.



Watch for: "Hospice has been the big target over the past several quarters, but we may be seeing a shift back toward home health care," Mertz says in the update. More details are at <https://mertztaggart.com/q1-2021-home-health-hospice-and-home-care-ma-update>.

Other recently announced M&A deals include:

In Utah: About four months after unveiling its "home-based care buy and build initiative" with the acquisition of Salt Lake City-based Valeo Home Health & Hospice, private equity firm Grant Avenue Capital has announced Valeo's acquisition of Hearts for Hospice & Home Health in American Fork and Ogden, Utah. The purchase for undisclosed terms "further builds out Valeo's service area in Utah," New York-based Grant Avenue Capital says in a release. "We plan to accelerate the expansion of Hearts, Valeo, and our overall home-based care platform through continued investment in the clinical and leadership teams combined with strategic acquisitions, partnerships and de novo launches," **Buddy Gumina**, founder and managing partner of Grant Avenue Capital, says in the release.

Also In Utah: PE firms continue to vie for the right to buy Salt Lake City-based chain Bristol Hospice, which operates 35 locations across 10 states after acquiring Remita Health, Companion Hospice, and other hospice providers. PE firms are

making bids in excess of \$1 billion to buy the company from PE firm Webster Equity Partners, reports PE Hub.

In Texas: Charter Health Care Group has acquired Providence Home Health and Hospice in Houston for undisclosed terms, its private equity parent Pharos Capital Group says in a release. With the addition of Providence, Cucamonga, California-based Charter has completed its sixth acquisition since early 2020 and is serving 4,500 patients from 17 locations in seven states, it says.

Also in Texas: UMC Home Health & Hospice, the joint venture between Amedisys Inc. and University Medical Center health system in Lubbock, is now open, the health system says.

In North Carolina: Meanwhile, Amedisys has agreed to acquire regulatory assets that allow the Baton Rouge, Louisiana-based chain to conduct home health care operations in Randolph County, the company says in a release. Amedisys operates in 39 states and the District of Columbia.

Also in North Carolina: Opponents of the sale of Dare County's Home Health and Hospice agency to Kentucky-based BrightSpring Health Services for \$2.9 million have struck out. The Dare County Board of Commissioners on June 21 approved the sale to BrightSpring, reports the *Island Free Press*. Opposition centered around the sale going to an out-of-state, for-profit entity, according to press reports. As part of the contract, BrightSpring will cover the entire service area of Dare County and if it doesn't, the certificate of need will then revert back to the county, one board member told the *Free Press*. Also as part of the contract, BrightSpring cannot transfer the certificate of need for three years, blocking any potential sale for that period. The agency had operated at a significant loss and couldn't afford to hire nurses, board members reported.

In New Mexico: Jet Health Inc. has acquired Hospice de la Luz in Albuquerque for undisclosed terms, the Fort Worth-based regional chain says in a release. Jet Health furnishes home health, hospice, and personal care from locations in Texas, New Mexico, Colorado, and Idaho. The deal, financed by PE firms SV Health Investors and Health Enterprise Partners, is Jet Health's third hospice-related acquisition, it says. The firms partnered with a former Gentiva Health Services exec to form Jet Health back in 2016.

In Illinois: St. Croix Hospice has entered the Illinois market with its acquisition of Hospice Care of America in Rockford, it says in a release. The Oakdale, Minnesota-based chain has 39 branches in Iowa, Kansas, Minnesota, Missouri, Nebraska, Wisconsin, and now Illinois. St. Croix has 800 employees who serve 2,200 patients daily, says the company owned by Miami-based private equity firm H.I.G. Capital.

In New Hampshire: Concord Regional VNA and Central New Hampshire VNA & Hospice have completed their merger of the two agencies. The unified organization known as Granite VNA serves residents across 82 communities in the greater Concord area and Lakes Region of New Hampshire, Granite VNA says in a statement.

In Alabama: Birmingham-based chain Encompass Health and in-home care company Right at Home established a preferred provider relationship in the fourth quarter of 2020, the companies recently announced. "The relationship ... allows for collaboration opportunities for value-based delivery models that are focused on quality outcomes," they say.

In Florida: LHC Group Inc. and Orlando Health have expanded their joint venture into the St. Petersburg market, the chain and health system say. "The companies will add Bayfront Home Health Services to the partnership's portfolio," they explain. Bayfront, an existing LHC agency, will align with Orlando Health's Bayfront Health St. Petersburg hospital, which it recently purchased from Community Health Systems. The LHC-Orlando Health joint venture now includes five home health agencies and one home and community based services (HCBS) agency in the Orlando area.