

AMEDISYS INC
Form 10-Q
May 01, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-24260

AMEDISYS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware 11-3131700
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
3854 American Way, Suite A, Baton Rouge, LA 70816
(Address of principal executive offices, including zip code)
(225) 292-2031 or (800) 467-2662
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

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Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, is as follows: Common stock, \$0.001 par value, 32,044,848 shares outstanding as of April 26, 2019.

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SPECIAL CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

When included in this Quarterly Report on Form 10-Q, or in other documents that we file with the Securities and Exchange Commission (“SEC”) or in statements made by or on behalf of the Company, words like “believes,” “belief,” “expects,” “plans,” “anticipates,” “intends,” “projects,” “estimates,” “may,” “might,” “would,” “should” and similar expressions are intended to identify forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a variety of risks and uncertainties that could cause actual results to differ materially from those described therein. These risks and uncertainties include, but are not limited to the following: changes in or our failure to comply with existing federal and state laws or regulations or the inability to comply with new government regulations on a timely basis, changes in Medicare and other medical payment levels, our ability to open care centers, acquire additional care centers and integrate and operate these care centers effectively, competition in the healthcare industry, changes in the case mix of patients and payment methodologies, changes in estimates and judgments associated with critical accounting policies, our ability to maintain or establish new patient referral sources, our ability to consistently provide high-quality care, our ability to attract and retain qualified personnel, changes in payments and covered services by federal and state governments, future cost containment initiatives undertaken by third-party payors, our access to financing, our ability to meet debt service requirements and comply with covenants in debt agreements, business disruptions due to natural disasters or acts of terrorism, our ability to integrate, manage and keep our information systems secure, our ability to comply with requirements stipulated in our corporate integrity agreement, our ability to realize the anticipated benefits of the acquisition of Compassionate Care Hospice, and changes in law or developments with respect to any litigation relating to the Company, including various other matters, many of which are beyond our control.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on any forward-looking statement as a prediction of future events. We expressly disclaim any obligation or undertaking and we do not intend to release publicly any updates or changes in our expectations concerning the forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based, except as required by law. For a discussion of some of the factors discussed above as well as additional factors, see our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 28, 2019, particularly, Part I, Item 1A - Risk Factors therein, which are incorporated herein by reference and Part II, Item 1A. Risk Factors of this Quarterly Report on Form 10-Q. Additional risk factors may also be described in reports that we file from time to time with the SEC.

Available Information

Our company website address is www.amedisys.com. We use our website as a channel of distribution for important company information. Important information, including press releases, analyst presentations and financial information regarding our company, is routinely posted on and accessible on the Investor Relations subpage of our website, which is accessible by clicking on the tab labeled “Investors” on our website home page. Visitors to our website can also register to receive automatic e-mail and other notifications alerting them when new information is made available on the Investor Relations subpage of our website. In addition, we make available on the Investor Relations subpage of our website (under the link “SEC filings”), free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, ownership reports on Forms 3, 4 and 5 and any amendments to those reports as soon as reasonably practicable after we electronically file or furnish such reports with the SEC. Further, copies of our Certificate of Incorporation and Bylaws, our Code of Ethical Business Conduct, our Corporate Governance Guidelines and the charters for the Audit, Compensation, Quality of Care, Compliance and Ethics and Nominating and Corporate Governance Committees of our Board are also available on the Investor Relations subpage of our website (under the link “Governance”). Reference to our website does not constitute incorporation by reference of the information contained on the website and should not be considered part of this document.

Additionally, the public may read and copy any of the materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (800) SEC-0330. Our electronically filed reports can also be obtained on the SEC’s internet site at <http://www.sec.gov>.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
AMEDISYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)

	March 31, 2019 (unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$10,554	\$20,229
Patient accounts receivable	236,437	188,972
Prepaid expenses	10,792	7,568
Other current assets	13,948	7,349
Total current assets	271,731	224,118
Property and equipment, net of accumulated depreciation of \$96,892 and \$95,472	29,716	29,449
Operating lease right of use assets	83,064	—
Goodwill	649,514	329,480
Intangible assets, net of accumulated amortization of \$33,166 and \$33,050	62,801	44,132
Deferred income taxes	32,525	35,794
Other assets	54,888	54,145
Total assets	\$1,184,239	\$717,118
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$32,797	\$28,531
Payroll and employee benefits	111,312	92,858
Accrued expenses	121,716	99,475
Current portion of long-term obligations	6,038	1,612
Current portion of operating lease liabilities	25,514	—
Total current liabilities	297,377	222,476
Long-term obligations, less current portion	303,733	5,775
Operating lease liabilities, less current portion	55,840	—
Other long-term obligations	6,089	6,234
Total liabilities	663,039	234,485
Commitments and Contingencies—Note 6		
Equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.001 par value, 60,000,000 shares authorized; 36,337,743 and 36,252,280 shares issued; and 32,037,667 and 31,973,505 shares outstanding	36	36
Additional paid-in capital	613,714	603,666
Treasury stock, at cost 4,300,076 and 4,278,775 shares of common stock	(244,373)	(241,685)
Accumulated other comprehensive income	15	15
Retained earnings	150,854	119,550
Total Amedisys, Inc. stockholders' equity	520,246	481,582
Noncontrolling interests	954	1,051
Total equity	521,200	482,633
Total liabilities and equity	\$1,184,239	\$717,118

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMEDISYS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

(Unaudited)

	For the Three-Month Periods Ended March 31	
	2019	2018
Net service revenue	\$467,340	\$399,262
Cost of service, excluding depreciation and amortization	275,274	238,309
General and administrative expenses:		
Salaries and benefits	94,830	75,631
Non-cash compensation	6,615	4,044
Other	43,402	41,680
Depreciation and amortization	2,895	3,593
Operating expenses	423,016	363,257
Operating income	44,324	36,005
Other income (expense):		
Interest income	24	120
Interest expense	(3,349)	(1,703)
Equity in earnings from equity method investments	1,216	1,860
Miscellaneous, net	236	601
Total other (expense) income, net	(1,873)	878
Income before income taxes	42,451	36,883
Income tax expense	(10,878)	(9,563)
Net income	31,573	27,320
Net income attributable to noncontrolling interests	(269)	(161)
Net income attributable to Amedisys, Inc.	\$31,304	\$27,159
Basic earnings per common share:		
Net income attributable to Amedisys, Inc. common stockholders	\$0.98	\$0.80
Weighted average shares outstanding	32,001	33,971
Diluted earnings per common share:		
Net income attributable to Amedisys, Inc. common stockholders	\$0.95	\$0.79
Weighted average shares outstanding	32,893	34,592

The accompanying notes are an integral part of these condensed consolidated financial statements.

AMEDISYS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 (Amounts in thousands, except common stock shares)
 (Unaudited)

	Total	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive	Retained Earnings	Noncontrolling Interests
Balance, December 31, 2017	\$516,426	35,747,134	\$ 35	\$568,780	\$(53,713)	\$ 15	\$ 204	\$ 1,105
Issuance of stock – employee stock purchase plan	597	13,323	—	597	—	—	—	—
Issuance of stock – 401(k) plan	2,379	45,149	—	2,379	—	—	—	—
Issuance/(cancellation) of non-vested stock	—	53,251	—	—	—	—	—	—
Exercise of stock options	125	2,612	—	125	—	—	—	—
Non-cash compensation	4,044	—	—	4,044	—	—	—	—
Surrendered shares	(1,305)	—	—	—	(1,305)	—	—	—