

AMEDISYS INC
Form 10-Q
October 27, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2009

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)

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Delaware
(State or other jurisdiction of
incorporation or organization)
11-3131700
(I.R.S. Employer
Identification No.)
5959 S. Sherwood Forest Blvd., 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☐ No ☒

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

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, 27,963,990 shares outstanding as of October 22, 2009.

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SPECIAL CAUTION CONCERNING FORWARD-LOOKING STATEMENTS AND AVAILABLE INFORMATION

Special Caution Concerning Forward-Looking Statements

When included in this Quarterly Report on Form 10-Q, 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 Medicare and other medical payment levels, our ability to open agencies, acquire additional agencies and integrate and operate these agencies effectively, 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, competition in the home health 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 attract and retain qualified personnel, changes in payments and covered services due to the economic downturn and deficit spending by Federal and state governments, future cost containment initiatives undertaken by third-party payors, our access to financing due to the volatility and disruption of the capital and credit markets, 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 and manage our information systems and 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, 2008, filed with the Securities and Exchange Commission (SEC) on February 17, 2009, particularly Part I, Item 1A. Risk Factors therein, which are incorporated herein by reference. 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. We also use our website to expedite public access to time-critical information regarding our company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information. Therefore, investors should look to the Investor Relations subpage of our web site for important and time-critical information. 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 practicable after we electronically file such reports with the SEC. Further, copies of our Certificate of Incorporation and Bylaws, our Code of Ethical Business Conduct and the charters for the Audit, Compensation and Nominating and Governance Committees of our Board are also available on the Investor Relations subpage of our website (under the link Corporate Governance).

Additionally, our filings can also be obtained 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>.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****AMEDISYS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except share data)

(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 45,160	\$ 2,847
Patient accounts receivable, net of allowance for doubtful accounts of \$28,352 and \$27,052	141,011	175,698
Prepaid expenses	9,199	8,086
Other current assets	5,539	7,719
Total current assets	200,909	194,350
Property and equipment, net of accumulated depreciation of \$54,192 and \$39,208	87,021	79,258
Goodwill	765,137	733,881
Intangible assets, net of accumulated amortization of \$10,648 and \$7,944	57,361	42,388
Other assets, net	20,512	20,317
Total assets	\$ 1,130,940	\$ 1,070,194
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 18,999	\$ 18,652
Accrued expenses	158,527	134,049
Obligations due Medicare	4,618	4,631
Current portion of long-term obligations	43,779	42,632
Current portion of deferred income taxes	6,661	4,663
Total current liabilities	232,584	204,627
Long-term obligations, less current portion	179,440	285,942
Deferred income taxes	24,114	11,548
Other long-term obligations	8,654	5,959
Total liabilities	444,792	508,076
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; 28,034,474 and 27,191,946 shares issued; and 27,922,432 and 27,083,231 shares outstanding	28	27
Additional paid-in capital	351,582	326,120
Treasury stock at cost, 112,042 and 108,715 shares of common stock	(735)	(617)
Accumulated other comprehensive loss	(36)	(447)
Retained earnings	334,296	236,252

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Total Amedisys, Inc. stockholders' equity	685,135	561,335
Noncontrolling interests	1,013	783
Total equity	686,148	562,118
 Total liabilities and equity	 \$ 1,130,940	 \$ 1,070,194

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

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AMEDISYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS

(Amounts in thousands, except per share data)

(Unaudited)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2009	2008	2009	2008
Net service revenue	\$ 388,257	\$ 321,561	\$ 1,107,987	\$ 847,319
Cost of service, excluding depreciation and amortization	183,619	151,122	527,096	400,644
General and administrative expenses:				
Salaries and benefits	87,260	72,124	242,340	190,823
Non-cash compensation	820	1,923	5,740	4,244
Other	43,765	40,641	128,456	110,146
Provision for doubtful accounts	4,578	6,228	16,481	15,505
Depreciation and amortization	7,481	5,885	20,682	15,728
Operating expenses	327,523	277,923	940,795	737,090
Operating income	60,734	43,638	167,192	110,229
Other (expense) income:				
Interest income	28	200	161	938
Interest expense	(2,682)	(5,033)	(9,094)	(11,607)
Miscellaneous, net	979	(186)	2,699	(9)
Total other expense	(1,675)	(5,019)	(6,234)	(10,678)
Income before income taxes	59,059	38,619	160,958	99,551
Income tax expense	(23,033)	(15,144)	(62,774)	(39,253)
Net income	36,026	23,475	98,184	60,298
Net (income) loss attributable to noncontrolling interests	(86)	18	(140)	43
Net income attributable to Amedisys, Inc.	\$ 35,940	\$ 23,493	\$ 98,044	\$ 60,341
Net income attributable to Amedisys, Inc. common stockholders:				
Basic	\$ 1.31	\$ 0.88	\$ 3.62	\$ 2.29
Diluted	\$ 1.29	\$ 0.87	\$ 3.55	\$ 2.25
Weighted average shares outstanding:				
Basic	27,340	26,556	27,106	26,363
Diluted	27,912	27,018	27,615	26,835

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

Table of Contents**AMEDISYS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Amounts in thousands)****(Unaudited)**

	For the nine-month periods ended September 30,	
	2009	2008
Cash Flows from Operating Activities:		
Net income	\$ 98,184	\$ 60,298
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,682	15,728
Provision for doubtful accounts	16,481	15,505
Non-cash compensation	5,740	4,244
401(k) employer match	13,827	8,726
Loss on disposal of property and equipment	593	611
Deferred income taxes	11,677	17,939
Write off of deferred debt issuance costs	-	406
Equity in earnings of unconsolidated joint ventures	(1,721)	(557)
Amortization of deferred debt issuance costs	1,182	813
Return on equity investment	625	187
Changes in operating assets and liabilities, net of impact of acquisitions:		
Patient accounts receivable		