

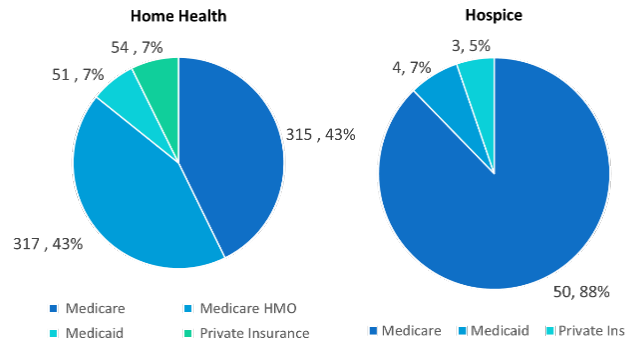
Project Arrowhead

Hospital Divestiture of a Midwest Home Health and Hospice Operation

Project Arrowhead (“Company”) is a Midwest based home health and hospice division that a community hospital is looking to divest. The hospital management believes they are not focused on nor providing resources to the Company to sufficiently support it as it operates on its own.

The Company specializes in comprehensive home health services, encompassing skilled nursing, home health aide, physical therapy, occupational therapy, social service, and dietary support. Additionally, the hospice services offered by the Company include skilled nursing, aide assistance, social services, chaplaincy, physical therapy, occupational therapy, and speech therapy. The Company is a leader servicing the multicounty market from the hospital base region, including receiving substantial referrals from doctors and nearby hospitals, underscoring its commitment to delivering high-quality, patient-centered care.

The payor breakdown for both services is primarily driven by Medicare. Medicare HMO makes up the second largest payor source for home health, and Medicaid is the second largest payor source for hospice only accounting for 7%. Both the home health and hospice services operate at impressive margins primarily due to the operational efficiency provided by the hospital’s existing administrative infrastructure.



Project Arrowhead						
Income Statement						
	FY21		FY22		FY23	
Home Health Revenue	\$	2,966,740	73.6%	\$	3,215,539	65.5%
Hospice Revenue	\$	1,065,477	26.4%	\$	1,695,788	34.5%
Combined Revenue	\$	4,032,217		\$	4,911,327	
	\$			\$		3,896,005
Visits						
Home Health		1530		1909		2144
Hospice		232		291		319

Over the past three years, both the Home Health and Hospice segments have demonstrated a steady and reliable revenue, averaging \$2,800,880 and \$1,478,970, respectively. In the recent years, the census held an average of nearly 200 for Home Health and upper 20s (recently teens due to several deaths for Hospice) per month. Financials under audited FYE 9/30.

Investment Considerations

- Well established home health and hospice operation with strong diversified referral line
- Variety of services and crossover of staffing provided through both home health and hospice
- Infrastructure for future growth; converted from hospital CPSI to EMR Thornberry system in '22

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