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 September 30, 2024

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

AMEDISYS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**11-3131700**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**AMED**	**The NASDAQ Global Select Market**

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	☐		

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, 32,751,131 shares outstanding as of November 1, 2024.

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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," "strategy," "plans," "anticipates," "intends," "projects," "estimates," "may," "might," "will," "could," "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: disruption from the proposed merger with UnitedHealth Group with patient, payor, provider, referral source, supplier or management and employee relationships; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement with UnitedHealth Group or the inability to complete the proposed transaction on the anticipated terms and timetable; the risk that necessary regulatory approvals for the proposed merger with UnitedHealth Group are delayed, are not obtained or are obtained subject to conditions that are not anticipated; the failure of the conditions to the proposed merger to be satisfied; the costs related to the proposed merger; the diversion of management time on merger-related issues; the risk that termination fees may be payable by the Company in the event that the merger agreement is terminated under certain circumstances; reputational risk related to the proposed merger; the risk of litigation or regulatory action related to the proposed merger; changes in Medicare and other medical payment levels; changes in payments and covered services by federal and state governments; future cost containment initiatives undertaken by third-party payors; changes in the episodic versus non-episodic mix of our payors, the case mix of our patients and payment methodologies; staffing shortages driven by the competitive labor market; our ability to attract and retain qualified personnel; competition in the healthcare industry; our ability to maintain or establish new patient referral sources; 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 estimates and judgments associated with critical accounting policies; our ability to consistently provide high-quality care; our ability to keep our patients and employees safe; our access to financing; our ability to meet debt service requirements and comply with covenants in debt agreements; business disruptions due to natural or man-made disasters, climate change or acts of terrorism, widespread protests or civil unrest; our ability to open care centers, acquire additional care centers and integrate and operate these care centers effectively; our ability to realize the anticipated benefits of acquisitions, investments and joint ventures; our ability to integrate, manage and keep our information systems secure; the impact of inflation; and changes in laws 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, 2023, filed with the SEC on February 22, 2024, particularly, Part I, Item 1A. Risk Factors therein, 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. 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)

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 245,450	$ 126,450
Restricted cash	—	12,413
Patient accounts receivable	301,050	313,373
Prepaid expenses	20,485	14,639
Other current assets	12,962	30,060
Total current assets	579,947	496,935
Property and equipment, net of accumulated depreciation of $101,003 and $92,422	42,000	41,845
Operating lease right of use assets	85,110	88,939
Goodwill	1,244,679	1,244,679
Intangible assets, net of accumulated amortization of $17,603 and $14,008	99,698	102,675
Other assets	87,680	85,097
Total assets	$ 2,139,114	$ 2,060,170
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 32,117	$ 28,237
Payroll and employee benefits	138,374	136,835
Accrued expenses	145,611	140,049
Termination fee paid by UnitedHealth Group	106,000	106,000
Current portion of long-term obligations	37,478	36,314
Current portion of operating lease liabilities	26,441	26,286
Total current liabilities	486,021	473,721
Long-term obligations, less current portion	344,428	361,862
Operating lease liabilities, less current portion	59,323	62,751
Deferred income tax liabilities	48,017	40,635
Other long-term obligations	886	1,418
Total liabilities	938,675	940,387
Commitments and Contingencies—Note 7		
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; 38,267,133 and 38,131,478 shares issued; 32,751,131 and 32,667,631 shares outstanding	38	38
Additional paid-in capital	809,655	787,177
Treasury stock, at cost, 5,516,002 and 5,463,847 shares of common stock	(473,466)	(468,626)
Retained earnings	811,537	747,925
Total Amedisys, Inc. stockholders' equity	1,147,764	1,066,514
Noncontrolling interests	52,675	53,269
Total equity	1,200,439	1,119,783
Total liabilities and equity	$ 2,139,114	$ 2,060,170

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 September 30,		For the Nine-Month Periods Ended September 30,	
	2024	2023	2024	2023
Net service revenue	$ 587,671	$ 556,237	$ 1,750,272	$ 1,665,594
Operating expenses:				
Cost of service, inclusive of depreciation	337,563	311,628	986,033	924,093
General and administrative expenses:				
Salaries and benefits	134,833	129,083	392,102	380,926
Non-cash compensation	6,726	6,612	21,987	18,968
Merger-related expenses	16,669	4,980	49,237	25,151
Depreciation and amortization	4,774	4,436	13,431	13,604
Other	56,777	57,287	173,320	180,467
Total operating expenses	557,342	514,026	1,636,110	1,543,209
Operating income	30,329	42,211	114,162	122,385
Other income (expense):				
Interest income	2,017	1,304	5,361	2,452
Interest expense	(7,772)	(8,021)	(23,786)	(23,040)
Equity in earnings from equity method investments	1,891	1,252	4,316	9,366
Merger termination fee	—	—	—	(106,000)
Miscellaneous, net	2,522	1,201	5,391	5,262
Total other expense, net	(1,342)	(4,264)	(8,718)	(111,960)
Income before income taxes	28,987	37,947	105,444	10,425
Income tax expense	(12,473)	(12,331)	(41,763)	(40,381)
Net income (loss)	16,514	25,616	63,681	(29,956)
Net (income) loss attributable to noncontrolling interests	397	344	(69)	887
Net income (loss) attributable to Amedisys, Inc.	$ 16,911	$ 25,960	$ 63,612	$ (29,069)
Basic earnings per common share:				
Net income (loss) attributable to Amedisys, Inc. common stockholders	$ 0.52	$ 0.80	$ 1.94	$ (0.89)
Weighted average shares outstanding	32,745	32,624	32,707	32,587
Diluted earnings per common share:				
Net income (loss) attributable to Amedisys, Inc. common stockholders	$ 0.51	$ 0.79	$ 1.93	$ (0.89)
Weighted average shares outstanding	33,135	32,831	33,020	32,587

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)

For the Three-Months Ended September 30, 2024

	Total	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Noncontrolling Interests
Balance, June 30, 2024	$ 1,178,886	38,248,917	$ 38	$ 803,361	$ (472,821)	$ 794,626	$ 53,682
Issuance/(cancellation) of non-vested stock	—	17,257	—	—	—	—	—
Exercise of stock options	88	959	—	88	—	—	—
Non-cash compensation	6,206	—	—	6,206	—	—	—
Surrendered shares	(645)	—	—	—	(645)	—	—
Noncontrolling interest contributions	—	—	—	—	—	—	—
Noncontrolling interest distributions	(610)	—	—	—	—	—	(610)
Net income (loss)	16,514	—	—	—	—	16,911	(397)
Balance, September 30, 2024	$ 1,200,439	38,267,133	$ 38	$ 809,655	$ (473,466)	$ 811,537	$ 52,675

For the Three-Months Ended September 30, 2023

	Total	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Noncontrolling Interests
Balance, June 30, 2023	$ 1,060,757	38,030,397	$ 38	$ 768,789	$ (464,688)	$ 702,643	$ 53,975
Issuance of stock – employee stock purchase plan	848	10,915	—	848	—	—	—
Issuance/(cancellation) of non-vested stock	—	24,117	—	—	—	—	—
Exercise of stock options	25	424	—	25	—	—	—
Non-cash compensation	7,243	—	—	7,243	—	—	—
Surrendered shares	(925)	—	—	—	(925)	—	—
Purchase of noncontrolling interest	—	—	—	(25)	—	—	25
Noncontrolling interest contributions	856	—	—	—	—	—	856
Noncontrolling interest distributions	(902)	—	—	—	—	—	(902)
Net income (loss)	25,616	—	—	—	—	25,960	(344)
Balance, September 30, 2023	$ 1,093,518	38,065,853	$ 38	$ 776,880	$ (465,613)	$ 728,603	$ 53,610

For the Nine-Months Ended September 30, 2024

	Total	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Noncontrolling Interests
Balance, December 31, 2023	$ 1,119,783	38,131,478	$ 38	$ 787,177	$ (468,626)	$ 747,925	$ 53,269
Issuance/(cancellation) of non-vested stock	—	134,696	—	—	—	—	—
Exercise of stock options	88	959	—	88	—	—	—
Non-cash compensation	22,390	—	—	22,390	—	—	—
Surrendered shares	(4,840)	—	—	—	(4,840)	—	—
Noncontrolling interest contributions	1,911	—	—	—	—	—	1,911
Noncontrolling interest distributions	(2,574)	—	—	—	—	—	(2,574)
Net income	63,681	—	—	—	—	63,612	69
Balance, September 30, 2024	$ 1,200,439	38,267,133	$ 38	$ 809,655	$ (473,466)	$ 811,537	$ 52,675

For the Nine-Months Ended September 30, 2023

	Total	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Noncontrolling Interests
Balance, December 31, 2022	$ 1,106,573	37,891,186	$ 38	$ 755,063	$ (461,200)	$ 757,672	$ 55,000
Issuance of stock – employee stock purchase plan	2,602	37,408	—	2,602	—	—	—
Issuance/(cancellation) of non-vested stock	—	135,563	—	—	—	—	—
Exercise of stock options	100	1,696	—	100	—	—	—
Non-cash compensation	19,624	—	—	19,624	—	—	—
Surrendered shares	(4,413)	—	—	—	(4,413)	—	—
Purchase of noncontrolling interest	(630)	—	—	(509)	—	—	(121)
Noncontrolling interest contributions	1,232	—	—	—	—	—	1,232
Noncontrolling interest distributions	(1,614)	—	—	—	—	—	(1,614)
Net loss	(29,956)	—	—	—	—	(29,069)	(887)
Balance, September 30, 2023	$ 1,093,518	38,065,853	$ 38	$ 776,880	$ (465,613)	$ 728,603	$ 53,610

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

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

	For the Nine-Month Periods Ended September 30, 2024	For the Nine-Month Periods Ended September 30, 2023
Cash Flows from Operating Activities:		
Net income (loss)	$ 63,681	$ (29,956)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (inclusive of depreciation included in cost of service)	19,331	17,956
Non-cash compensation	22,390	19,624
Amortization and impairment of operating lease right of use assets	25,720	25,427
(Gain) loss on disposal of property and equipment	(22)	346
Loss on personal care divestiture	—	2,186
Merger termination fee	—	106,000
Deferred income taxes	7,382	15,417
Equity in earnings from equity method investments	(4,316)	(9,366)
Amortization of deferred debt issuance costs	743	743
Return on equity method investments	2,160	4,309
Changes in operating assets and liabilities, net of impact of acquisitions:		
Patient accounts receivable	11,503	(32,934)
Other current assets	11,242	(15,434)
Operating lease right of use assets	(3,135)	(2,803)
Other assets	598	273
Accounts payable	4,167	(8,839)
Accrued expenses	12,495	10,340
Other long-term obligations	(532)	(3,156)
Operating lease liabilities	(22,019)	(23,256)
Net cash provided by operating activities	151,388	76,877
Cash Flows from Investing Activities:		
Proceeds from the sale of deferred compensation plan assets	21	25
Proceeds from the sale of property and equipment	—	100
Purchases of property and equipment	(5,440)	(3,728)
Investments in technology assets	(619)	(6,881)
Investments in equity method investees	(1,046)	—
Return of investment	—	150
Proceeds from personal care divestiture	—	47,787
Acquisitions of businesses, net of cash acquired	—	(350)
Net cash (used in) provided by investing activities	(7,084)	37,103
Cash Flows from Financing Activities:		
Proceeds from issuance of stock upon exercise of stock options	88	100
Proceeds from issuance of stock under employee stock purchase plan	—	2,602
Shares withheld to pay taxes on non-cash compensation	(4,840)	(4,413)
Noncontrolling interest contributions	1,911	1,232
Noncontrolling interest distributions	(2,574)	(1,614)
Purchase of noncontrolling interest	—	(800)
Proceeds from borrowings under revolving line of credit	—	23,000
Repayments of borrowings under revolving line of credit	—	(23,000)
Principal payments of long-term obligations	(27,730)	(67,113)
Payment of accrued contingent consideration	(4,572)	(4,091)
Net cash used in financing activities	(37,717)	(74,097)
Net increase in cash, cash equivalents and restricted cash	106,587	39,883
Cash, cash equivalents and restricted cash at beginning of period	138,863	54,133
Cash, cash equivalents and restricted cash at end of period	$ 245,450	$ 94,016

	For the Nine-Month Periods Ended September 30,	
	2024	2023
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 23,220	$ 19,787
Cash paid for income taxes, net of refunds received	$ 27,993	$ 24,318
Cash paid for operating lease liabilities	$ 25,154	$ 26,059
Cash paid for finance lease liabilities	$ 10,834	$ 8,462
Supplemental Disclosures of Non-Cash Activity:		
Right of use assets obtained in exchange for operating lease liabilities	$ 18,950	$ 25,261
Right of use assets obtained in exchange for finance lease liabilities	$ 12,228	$ 34,964
Reductions to right of use assets resulting from reductions to operating lease liabilities	$ 200	$ 15,135
Reductions to right of use assets resulting from reductions to finance lease liabilities	$ 1,512	$ 1,209

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

1. NATURE OF OPERATIONS, CONSOLIDATION AND PRESENTATION OF FINANCIAL STATEMENTS

Amedisys, Inc., a Delaware corporation (together with its consolidated subsidiaries, referred to herein as “Amedisys,” “we,” “us,” or “our”), is a multi-state provider of home health, hospice and high acuity care services with approximately 70% of our consolidated net service revenue derived from Medicare for the three and nine-month periods ended September 30, 2024 and approximately 73% of our consolidated net service revenue derived from Medicare for the three and nine-month periods ended September 30, 2023. As of September 30, 2024, we owned and operated 346 Medicare-certified home health care centers, 164 Medicare-certified hospice care centers and 9 admitting high acuity care joint ventures in 37 states within the United States and the District of Columbia. We divested our personal care business on March 31, 2023.

Amedisys and UnitedHealth Group Incorporated Merger

On June 26, 2023, Amedisys, UnitedHealth Group Incorporated, a Delaware corporation ("UnitedHealth Group"), and Aurora Holdings Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of UnitedHealth Group ("Merger Sub"), entered into an Agreement and Plan of Merger, pursuant to which Merger Sub will merge with and into Amedisys with Amedisys continuing as the surviving corporation and becoming a wholly owned subsidiary of UnitedHealth Group. See Note 4 - Mergers, Acquisitions and Dispositions for additional information.

Basis of Presentation

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly our financial position, our results of operations and our cash flows in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial reporting. Our results of operations for the interim periods presented are not necessarily indicative of the results of our operations for the entire year and have not been audited by our independent auditors.

This report should be read in conjunction with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (“SEC”) on February 22, 2024 (the “Form 10-K”), which includes information and disclosures not included herein. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from the interim financial information presented, as allowed by SEC rules and regulations.

Use of Estimates

Our accounting and reporting policies conform with U.S. GAAP. In preparing the unaudited condensed consolidated financial statements, we are required to make estimates and assumptions that impact the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

These unaudited condensed consolidated financial statements include the accounts of Amedisys, Inc. and our wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in our accompanying unaudited condensed consolidated financial statements, and business combinations accounted for as purchases have been included in our condensed consolidated financial statements from their respective dates of acquisition. In addition to our wholly owned subsidiaries, we also have certain equity investments that we either consolidate, account for under the equity method of accounting or account for under the cost method of accounting. See Note 3 - Investments for additional information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

We account for service revenue from contracts with customers in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, and as such, we recognize service revenue in the period in which we satisfy our performance obligations under our contracts by transferring our promised services to our customers in amounts that reflect the consideration to which we expect to be entitled in exchange for providing patient care, which are the transaction prices allocated to the distinct services. Our cost of obtaining contracts is not material.

Revenues are recognized as performance obligations are satisfied, which varies based on the nature of the services provided. Our performance obligation is the delivery of patient care services in accordance with the nature and frequency of services outlined in physicians' orders, which are determined by a physician based on a patient's specific goals.

Our performance obligations relate to contracts with a duration of less than one year; therefore, we have elected to apply the optional exemption provided by ASC 606 and are not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

We determine the transaction price based on gross charges for services provided, reduced by estimates for contractual and non-contractual revenue adjustments. Contractual revenue adjustments are recorded for the difference between our standard rates and the contracted rates to be realized from patients, third-party payors and others for services provided. Non-contractual revenue adjustments include discounts provided to self-pay, uninsured patients or other payors, adjustments resulting from audits and payment reviews and adjustments arising from our inability to obtain appropriate billing documentation, authorizations or face-to-face documentation. Subsequent changes to the estimate of the transaction price are recorded as adjustments to net service revenue in the period of change.

Non-contractual revenue adjustments are recorded for self-pay, uninsured patients and other payors by major payor class based on our historical collection experience, aged accounts receivable by payor and current industry conditions. The non-contractual revenue adjustments represent the difference between amounts billed and amounts we expect to collect based on our collection history with similar payors. We assess our ability to collect for the healthcare services provided at the time of patient admission based on our verification of the patient's insurance coverage under Medicare, Medicaid and other commercial or managed care insurance programs.

Amounts due from third-party payors, primarily commercial health insurers and government programs (Medicare and Medicaid), include variable consideration for retroactive revenue adjustments due to settlements of audits and payment reviews. We determine our estimates for non-contractual revenue adjustments related to audits and payment reviews based on our historical experience and success rates in the claim appeals and adjudication process.

We determine our estimates for non-contractual revenue adjustments related to our inability to obtain appropriate billing documentation, authorizations or face-to-face documentation based on our historical collection experience.

Net service revenue by payor class as a percentage of total net service revenue for each of our operating segments, which are described in Note 8 - Segment Information, is as follows:

	For the Three-Month Periods Ended September 30,		For the Nine-Month Periods Ended September 30,	
	2024	2023	2024	2023
Home Health:				
Medicare	36 %	39 %	37 %	39 %
Non-Medicare - Episodic-based	8 %	7 %	8 %	8 %
Non-Medicare - Non-episodic based	19 %	17 %	19 %	15 %
Hospice:				
Medicare	34 %	34 %	33 %	34 %
Non-Medicare	2 %	2 %	2 %	2 %
Personal Care (1)	— %	— %	— %	1 %
High Acuity Care	1 %	1 %	1 %	1 %
	100 %	100 %	100 %	100 %

(1) We divested our personal care business on March 31, 2023.

Home Health Revenue Recognition

Medicare Revenue

All Medicare contracts are required to have a signed plan of care which represents a single performance obligation, comprised of the delivery of a series of distinct services that are substantially similar and have a similar pattern of transfer to the customer. Accordingly, we account for the series of services ("episode") as a single performance obligation satisfied over time, as the customer simultaneously receives and consumes the benefits of the goods and services provided. An episode starts the first day a billable visit is performed and ends 60 days later or upon discharge, if earlier, with multiple continuous episodes allowed. Each 60-day episode includes two 30-day periods of care.

Net service revenue is recorded based on the established Federal Medicare home health payment rate for a 30-day period of care. ASC 606 notes that if an entity has a right to consideration from a customer in an amount that corresponds directly with the value of the entity's performance completed to date, the entity may recognize revenue in the amount to which the entity has a right to invoice. We have elected to apply the "right to invoice" practical expedient, and therefore, our revenue recognition is based on the reimbursement we are entitled to for each 30-day period of care. We utilize our historical average length of stay for each 30-day period of care as the measure of progress towards the satisfaction of our performance obligation.

The Patient-Driven Groupings Model ("PDGM") uses timing, admission source, functional impairment levels and principal and other diagnoses to case-mix adjust payments. The case-mix adjusted payment for a 30-day period of care is subject to additional adjustments based on certain variables, including, but not limited to (a) an outlier payment if our patient's care was unusually costly (capped at 10% of total reimbursement per provider number); (b) a low utilization payment adjustment ("LUPA") if the number of visits provided was less than the established threshold, which ranges from two to six visits and varies for every case-mix group; (c) a partial payment if a patient is transferred to another provider or from another provider before completing the 30-day period of care; and (d) the applicable geographic wage index. Payments for routine and non-routine supplies are included in the 30-day payment rate.

Medicare can also make various adjustments to payments received if we are unable to produce appropriate billing documentation or acceptable authorizations. We estimate the impact of such adjustments based on our historical collection experience, which primarily includes a historical collection rate of over 99% on Medicare claims, and record this estimate during the period in which services are rendered to revenue with a corresponding reduction to patient accounts receivable.

Amounts due from Medicare include variable consideration for retroactive revenue adjustments due to settlements of audits and payment reviews. We determine our estimates for non-contractual revenue adjustments related to audits and payment reviews based on our historical experience and success rates in the claim appeals and adjudication process.

The Medicare home health benefit requires that beneficiaries be homebound (meaning that the beneficiary is unable to leave his/her home without a considerable and taxing effort), require intermittent skilled nursing, physical therapy or speech therapy services and receive treatment under a plan of care established and periodically reviewed by a physician.

The notice of admission ("NOA") process implemented by the Centers for Medicare and Medicaid Services ("CMS") requires a one-time submission for each patient that establishes the home health period of care and covers all contiguous 30-day periods of care until the patient is discharged from home health services. If the NOA is not submitted timely, a payment reduction is applied equal to 1/30 of the 30-day payment rate for each day from the start of care date until the date the NOA is submitted.

Non-Medicare Revenue

Payments from non-Medicare payors are either a percentage of Medicare rates, per-visit rates or case rates depending upon the terms and conditions established with such payors. Approximately 30% of our managed care contract volume affords us the opportunity to receive additional payments if we achieve certain quality or process metrics as defined in each contract (e.g. star ratings and acute-care hospitalization rates). We record revenue associated with these metrics at the time the amounts are probable and estimable.

Episodic-based Revenue. We recognize revenue in a similar manner as we recognize Medicare revenue for amounts that are paid by other insurance carriers, including Medicare Advantage programs; however, these amounts can vary based upon the negotiated terms, the majority of which range from 90% to 100% of Medicare rates.

Non-episodic based Revenue. For our per visit contracts, gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to our established or estimated per-visit rates. For our case rate contracts, gross revenue is recorded over our historical average length of stay using the established case rate for each admission. Contractual revenue adjustments are recorded for the difference between our standard rates and the contracted rates to be realized from patients, third parties and others for services provided and are deducted from gross revenue to determine net service revenue. We also make non-contractual revenue adjustments to non-episodic revenue based on our historical experience to reflect the estimated transaction price. We receive a minimal amount of our net service revenue from patients who are either self-insured or are obligated for an insurance co-payment.

Under our case rate contracts, we may receive reimbursement before all services are rendered. Any cash received that exceeds the associated revenue earned is recorded to deferred revenue in accrued expenses within our condensed consolidated balance sheets.

Hospice Revenue Recognition

Hospice Medicare Revenue

Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to the estimated payment rates. The estimated payment rates are predetermined daily or hourly rates for each of the four levels of care we deliver. The four levels of care are routine care, general inpatient care, continuous home care and respite care. Routine care accounted for 97% of our total Medicare hospice service revenue for the three and nine-month periods ended September 30, 2024 and 2023. There are two separate payment rates for routine care: payments for the first 60 days of care and care beyond 60 days. In addition to the two routine rates, we may also receive a service intensity add-on (“SIA”). The SIA is based on visits made in the last seven days of life by a registered nurse or medical social worker for patients in a routine level of care.

The performance obligation is the delivery of hospice services to the patient, as determined by a physician, each day the patient is on hospice care.

We make adjustments to Medicare revenue for non-contractual revenue adjustments, which include our inability to obtain appropriate billing documentation or acceptable authorizations and other reasons unrelated to credit risk. We estimate the impact of these non-contractual revenue adjustments based on our historical collection experience, which primarily includes a historical collection rate of over 99% on Medicare claims, and record this estimate during the period in which services are rendered to revenue with a corresponding reduction to patient accounts receivable.

Amounts due from Medicare include variable consideration for retroactive revenue adjustments due to settlements of audits and payment reviews. We determine our estimates for non-contractual revenue adjustments related to audits and payment reviews based on our historical experience and success rates in the claim appeals and adjudication process.

Additionally, our hospice service revenue is subject to certain limitations on payments from Medicare which are considered variable consideration. We are subject to an inpatient cap limit and an overall Medicare payment cap for each provider number. We monitor these caps on a provider-by-provider basis and estimate amounts due back to Medicare if we estimate a cap has been exceeded. We record these adjustments as a reduction to revenue and an increase in accrued expenses within our condensed consolidated balance sheets. Providers are required to self-report and pay their estimated cap liability by February 28th of the following year. As of September 30, 2024, we had recorded $1.1 million for estimated amounts due back to Medicare in accrued expenses for the Federal cap years ended September 30, 2018 through September 30, 2024. As of December 31, 2023, we had recorded $2.3 million for estimated amounts due back to Medicare in accrued expenses for the Federal cap years ended September 30, 2017 through September 30, 2024.

Hospice Non-Medicare Revenue

Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to our established rates or estimated per day rates, as applicable. Contractual revenue adjustments are recorded for the difference between our standard rates and the contractual rates to be realized from patients, third-party payors and others for services provided and are deducted from gross revenue to determine our net service revenue. We also make non-contractual adjustments to non-Medicare revenue based on our historical experience to reflect the estimated transaction price.

Personal Care Revenue Recognition

Personal Care Revenue

For the periods prior to the divestiture of our personal care line of business on March 31, 2023, we generated net service revenue by providing our services directly to patients based on authorized hours, visits or units determined by the relevant agency, at a rate that was either contractual or fixed by legislation. Net service revenue was recognized at the time services were rendered based on gross charges for the services provided, reduced by estimates for contractual and non-contractual revenue adjustments. We received payment for providing such services from payors, including state and local governmental agencies, managed care organizations, commercial insurers and private consumers. Payors included the following elder service agencies: Aging Services Access Points ("ASAPs"), Senior Care Options ("SCOs"), Program of All-Inclusive Care for the Elderly ("PACE") and the Veterans Administration ("VA").

High Acuity Care Revenue Recognition

High Acuity Care Revenue

Our revenues are primarily derived from contracts with health insurance plans for the coordination and provision of home recovery care services to clinically-eligible patients who are enrolled members in those insurance plans, contracts with health system partners for the coordination and provision of home recovery care services to clinically-eligible patients who are discharged early from a health system facility to complete their inpatient stay at home and contracts to provide palliative care at home services to clinically-eligible patients.

Under our health insurance plan contracts, we provide home recovery care services, which include hospital-equivalent ("H@H") and skilled nursing facility ("SNF") equivalent services ("SNF@H"), for high acuity care patients on a full risk basis whereby we assume the financial risk for the coordination and payment of all hospital or SNF replacement medical services necessary to treat the medical condition for which the patient was diagnosed in a home-based setting for a 30-day (H@H) or 60-day (SNF@H) episode of care in exchange for a fixed contracted bundled rate. For H@H programs, the fixed rate is based on the assigned diagnosis related group ("DRG") and the 30-day post-discharge related spend. For SNF@H programs, the fixed rate is based on the 60-day post-discharge related spend. Our performance obligation is the coordination and provision of patient care in accordance with physicians' orders over either a 30-day or 60-day episode of care. The majority of our care coordination services and direct patient care is provided in the first five to seven days of the episode period (the "acute phase"). Monitoring services and follow-up direct patient care, as deemed necessary by the treating physician, are provided throughout the remainder of the episode. Since the majority of our services are provided during the acute phase, we recognize net service revenue over the acute phase based on gross charges for the services provided per the applicable managed care contract rates, reduced by estimates for revenue adjustments.

Under our contracts with health system partners, we provide home recovery care services for high acuity patients on a limited risk basis whereby we assume the risk for certain healthcare services during the remainder of an inpatient acute stay serviced at the patient's home (completing H@H - "CH@H") in exchange for a contracted per diem rate. The performance obligation is the coordination and provision of required medical services, as determined by the treating physician, for each day the patient receives inpatient-equivalent care at home. As such, net service revenue is recognized as services are administered and as our performance obligations are satisfied on a per diem basis, reduced by estimates for revenue adjustments.

We recognize adjustments to revenue during the period in which changes to estimates of assigned patient diagnoses or episode terminations become known, in accordance with the applicable managed care contracts. For certain health insurance plans, revenue is reduced by amounts owed by enrollees to healthcare providers under deductible, coinsurance or copay provisions of health insurance plan policies, since those amounts are repaid to the health insurance plans by us as part of a retrospective reconciliation process.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include money market funds, certificates of deposit and all highly liquid debt instruments with maturities of three months or less when purchased. The Company maintains cash with commercial banks, which are insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times, the Company has deposits in these financial institutions in excess of the amount insured by the FDIC. The Company has not experienced any losses related to these balances and believes its credit risk to be minimal. The carrying amounts of our cash and cash equivalents approximate their fair values, which are primarily based on Level 1 inputs.

Restricted cash includes cash that is not available for ordinary business use. As of December 31, 2023, we had $12.4 million classified as restricted cash related to funds placed into escrow accounts in connection with the indemnity, closing payment and other provisions within the purchase agreements of our Evolution Health LLC acquisition and our personal care line of business divestiture. During the three-month period ended June 30, 2024, all funds held in escrow related to the personal care line of business divestiture were released to Amedisys. During the three-month period ended September 30, 2024, all funds held in escrow related to the Evolution Health LLC acquisition were released either to third parties or to Amedisys.

The following table summarizes the balances related to our cash, cash equivalents and restricted cash (amounts in millions):

	As of September 30, 2024	As of December 31, 2023
Cash and cash equivalents	$ 245.5	$ 126.5
Restricted cash	—	12.4
Cash, cash equivalents and restricted cash	$ 245.5	$ 138.9

Patient Accounts Receivable

We report accounts receivable from services rendered at their estimated transaction price, which includes contractual and non-contractual revenue adjustments based on the amounts expected to be due from payors. Our patient accounts receivable are uncollateralized and consist of amounts due from Medicare, Medicaid, other third-party payors and patients. Our non-Medicare third-party payor base is comprised of a diverse group of payors that are geographically dispersed across the country. As of September 30, 2024, there is one payor, other than Medicare, that accounts for more than 10% of our total outstanding patient receivables (approximately 11%). Thus, we believe there are no other significant concentrations of receivables that would subject us to any significant credit risk in the collection of our patient accounts receivable. We write off accounts on a monthly basis once we have exhausted our collection efforts and deem an account to be uncollectible. We believe the collectability risk associated with our Medicare accounts, which represented 54% and 69% of our patient accounts receivable at September 30, 2024 and December 31, 2023, respectively, is limited due to our historical collection rate of over 99% from Medicare and the fact that Medicare is a U.S. government payor.

We do not believe there are any significant concentrations of revenues from any payor that would subject us to any significant credit risk in the collection of our accounts receivable.

Prior to February 2024, the Company exclusively utilized Change Healthcare, a subsidiary of UnitedHealth Group, to submit patient claims to Medicare and all other payors for reimbursement. On February 22, 2024, UnitedHealth Group announced that on February 21, 2024, Change Healthcare's information technology systems were impacted by a cybersecurity incident. The Change Healthcare cybersecurity incident did not impact our day-to-day operations; however, we were delayed in submitting patient claims to certain non-Medicare payors which resulted in a reduction in our operating cash flow and an increase in our accounts receivable during the first and second quarters. There was minimal impact to our Medicare claim submissions as we were able to quickly redirect our Medicare claims to an alternative clearinghouse. As of September 30, 2024, we have resolved the build up in accounts receivable resulting from the Change Healthcare outage, and we are continuing to utilize an additional clearinghouse to submit patient claims for reimbursement.

Medicare Home Health

For our home health patients, our pre-billing process includes verifying that we are eligible for payment from Medicare for the services that we provide to our patients. Our Medicare billing begins with a process to ensure that our billings are accurate through the utilization of an electronic Medicare claim review. We bill Medicare following the end of each 30-day period of care or upon discharge, if earlier, for the services provided to the patient.

Medicare Hospice

For our hospice patients, our pre-billing process includes verifying that we are eligible for payment from Medicare for the services that we provide to our patients. Our Medicare billing begins with a process to ensure that our billings are accurate through the utilization of an electronic Medicare claim review. We bill Medicare on a monthly basis for the services provided to the patient.

Non-Medicare Home Health, Hospice and High Acuity Care

For our non-Medicare patients, our pre-billing process primarily begins with verifying a patient's eligibility for services with the applicable payor. Once the patient has been confirmed for eligibility, we will provide services to the patient and bill the applicable payor. Our review and evaluation of non-Medicare accounts receivable includes a detailed review of outstanding balances and special consideration to concentrations of receivables from particular payors or groups of payors with similar characteristics that would subject us to any significant credit risk.

Business Combinations

We account for acquisitions using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. Acquisitions are accounted for as purchases and are included in our condensed consolidated financial statements from their respective acquisition dates. Assets acquired, liabilities assumed and noncontrolling interests, if any, are measured at fair value on the acquisition date using the appropriate valuation method. Goodwill generated from acquisitions is recognized for the excess of the purchase price over tangible and identifiable intangible assets. In determining the fair value of identifiable intangible assets and any noncontrolling interests, we use various valuation techniques including the income approach, the cost approach and the market approach. These valuation methods require us to make estimates and assumptions surrounding projected revenues and costs, growth rates and discount rates.

Fair Value of Financial Instruments

The following details our financial instruments where the carrying value and the fair value differ (amounts in millions):

		Fair Value at Reporting Date Using		
Financial Instrument	Carrying Value as of September 30, 2024	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
$450.0 million Term Loan	$ 355.0	$ —	$ 348.1	$ —

The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Our deferred compensation plan assets are recorded at fair value and are considered a level 2 measurement. For our other financial instruments, including our cash and cash equivalents, patient accounts receivable, accounts payable, payroll and employee benefits and accrued expenses, we estimate the carrying amounts approximate fair value.

Weighted-Average Shares Outstanding

Net income (loss) per share attributable to Amedisys, Inc. common stockholders, calculated on the treasury stock method, is based on the weighted average number of shares outstanding during the period. The following table sets forth, for the periods indicated, shares used in our computation of weighted-average shares outstanding, which are used to calculate our basic and diluted net income (loss) attributable to Amedisys, Inc. common stockholders (amounts in thousands):

	For the Three-Month Periods Ended September 30,		For the Nine-Month Periods Ended September 30,	
	2024	2023	2024	2023
Weighted average number of shares outstanding - basic	32,745	32,624	32,707	32,587
Effect of dilutive securities:				
Stock options	12	10	10	—
Non-vested stock and stock units	378	197	303	—
Weighted average number of shares outstanding - diluted	33,135	32,831	33,020	32,587
Anti-dilutive securities	191	248	434	652

3. INVESTMENTS

We consolidate investments when the entity is a variable interest entity ("VIE") and we are the primary beneficiary or if we have controlling interests in the entity, which is generally ownership in excess of 50%. Third-party equity interests in our consolidated joint ventures are reflected as noncontrolling interests in our condensed consolidated financial statements.

We account for investments in entities in which we have the ability to exercise significant influence under the equity method if we hold 50% or less of the voting stock and the entity is not a VIE in which we are the primary beneficiary. The book value of investments that we account for under the equity method of accounting was $49.3 million and $46.1 million as of September 30, 2024 and December 31, 2023, respectively, and is reflected in other assets within our condensed consolidated balance sheets.

We account for investments in entities in which we have less than 20% ownership interest under the cost method of accounting if we do not have the ability to exercise significant influence over the investee. The book value of investments that we account for under the cost method of accounting was $20.0 million as of September 30, 2024 and December 31, 2023 and is reflected in other assets within our condensed consolidated balance sheets.

Our high acuity care segment includes interests in several joint ventures with health system partners and a professional corporation that employs clinicians. Each of these entities meets the criteria to be classified as a VIE. We have management agreements in place whereby we manage the entities and run the day-to-day operations. As such, we possess the power to direct the activities that most significantly impact the economic performance of the VIEs. The significant activities include, but are not limited to, negotiating provider and payor contracts, establishing patient care policies and protocols, making employment and compensation decisions, developing the operating and capital budgets, performing marketing activities and providing accounting support. We also have the obligation to absorb any expected losses and the right to receive benefits. Additionally, from time to time, we may be required to provide joint venture funding.

During the nine-month period ended September 30, 2024, we consolidated all but one of our joint ventures with health system partners as well as the professional corporation as we have concluded that we are the primary beneficiary of these VIEs; the joint venture that is not consolidated is accounted for under the equity method of accounting. During the three-month period ended March 31, 2024, we entered into an agreement to wind-down and dissolve the operations of the unconsolidated joint venture. We completed the wind-down during the third quarter.

The terms of the agreements with each VIE prohibit us from using the assets of the VIE to satisfy the obligations of other entities. The carrying amount of the VIEs' assets and liabilities included in our condensed consolidated balance sheets are as follows (amounts in millions):

	As of September 30, 2024	As of December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10.9	$ 8.8
Patient accounts receivable	6.8	9.0
Other current assets	—	0.1
Total current assets	17.7	17.9
Property and equipment	—	0.1
Operating lease right of use assets	0.1	0.1
Goodwill	8.5	8.5
Intangible assets	0.4	0.4
Other assets	—	0.3
Total assets	$ 26.7	$ 27.3
LIABILITIES		
Current liabilities:		
Accounts payable	$ 0.6	$ 0.5
Payroll and employee benefits	1.0	0.9
Accrued expenses	9.7	7.9
Total liabilities	$ 11.3	$ 9.3

4. MERGERS, ACQUISITIONS AND DISPOSITIONS

Mergers

On June 26, 2023, Amedisys, UnitedHealth Group Incorporated, a Delaware corporation ("UnitedHealth Group"), and Aurora Holdings Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of UnitedHealth Group ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into Amedisys with Amedisys continuing as the surviving corporation and becoming a wholly owned subsidiary of UnitedHealth Group (the "Merger").

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), by virtue of the Merger: (i) each share of Amedisys common stock ("Amedisys Common Stock") held in treasury by

Amedisys or owned by UnitedHealth Group or Merger Sub or any of their respective subsidiaries, in each case, immediately prior to the Effective Time will be cancelled (collectively, “cancelled shares”) without consideration; and (ii) each share of Amedisys Common Stock, other than any cancelled shares, issued and outstanding immediately prior to the Effective Time will be converted into the right to receive $101 per share in cash, without interest, less any applicable withholding taxes.

The Merger is subject to a number of conditions to closing as specified in the Merger Agreement. These closing conditions include, among others, (i) approval by Amedisys stockholders at the Amedisys Stockholders Meeting (as defined in the Merger Agreement) of the proposal to adopt the Merger Agreement, which approval was obtained on September 8, 2023; (ii) the expiration or termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iii) the receipt of the required state regulatory approvals; (iv) the absence of any law or order that has the effect of enjoining or otherwise prohibiting the completion of the Merger; and (v) the expiration or early termination of the waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated by the Merger Agreement under all applicable antitrust laws without the imposition by any governmental entity of any term, condition, obligation, requirement, limitation, prohibition, remedy, sanction or other action that has resulted in or would reasonably be expected to result in a Burdensome Condition (as defined in the Merger Agreement).

On June 28, 2024, Amedisys, UnitedHealth Group and certain of their respective subsidiaries entered into an agreement relating to the sale of certain Amedisys home health care centers and certain UnitedHealth Group care centers to VCG Luna, LLC, an affiliate of VitalCaring Group (the "Divestiture"). Consummation of the Divestiture is contingent on a number of conditions, including the consummation of the Merger, which itself is subject to a number of conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Amedisys and UnitedHealth Group continue to work cooperatively with the United States Department of Justice (the "DOJ") staff in their review of the Merger, but Amedisys cannot be certain as to when the DOJ's review will be completed or the outcome of that review.

Termination of Option Care Health, Inc. ("OPCH") Merger Agreement

As previously disclosed in Amedisys’ Current Report on Form 8-K filed with the SEC on May 3, 2023 and its Quarterly Report on Form 10-Q filed with the SEC on May 4, 2023, Amedisys entered into an Agreement and Plan of Merger on May 3, 2023 (the “OPCH Merger Agreement”) with OPCH, a Delaware corporation, and Uintah Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of OPCH (“OPCH Merger Sub”). On June 26, 2023, Amedisys, OPCH and OPCH Merger Sub entered into the Termination Agreement (the “Termination Agreement”), pursuant to which the parties thereto agreed to terminate the OPCH Merger Agreement and grant mutual releases by the parties of all claims against the other parties based upon, arising from, in connection with or relating to the OPCH Merger Agreement. Pursuant to the terms of the Termination Agreement, each of the termination of the OPCH Merger Agreement and the mutual releases provided for in the Termination Agreement would become effective upon receipt by OPCH of a $106,000,000 termination fee payable by, or on behalf of, Amedisys within 24 hours of the execution of the Termination Agreement (i.e., before the market open on June 27, 2023). On June 26, 2023, following the execution of the Termination Agreement, UnitedHealth Group, on behalf of Amedisys, delivered funds to OPCH in an amount equal to $106,000,000, representing the termination fee payable to OPCH under the OPCH Merger Agreement and the Termination Agreement, satisfying the condition precedent to the effectiveness of the termination of the OPCH Merger Agreement and the releases contained in the Termination Agreement. If the Merger Agreement is terminated under certain specified circumstances, Amedisys may be required to reimburse UnitedHealth Group for the $106,000,000 termination fee that UnitedHealth Group, on Amedisys’ behalf, paid to OPCH in addition to the $125,000,000 termination fee payable by Amedisys to UnitedHealth Group upon termination of the Merger Agreement. The $106,000,000 termination fee was recorded to other income (expense) within our condensed consolidated statement of operations with a corresponding liability to termination fee paid by UnitedHealth Group within our condensed consolidated balance sheet during the three-month period ended June 30, 2023.

Acquisitions

We complete acquisitions from time to time in order to pursue our strategy of increasing our market presence by expanding our service base and enhancing our position in certain geographic areas as a leading provider of home health, hospice and high acuity care services. The purchase price paid for acquisitions is negotiated through arm’s length transactions, with consideration based on our analysis of, among other things, comparable acquisitions and expected cash flows. Acquisitions are accounted for as purchases and are included in our condensed consolidated financial statements from their respective acquisition dates. Goodwill generated from acquisitions is recognized for the excess of the purchase price over tangible and identifiable intangible assets because of the expected contributions of the acquisitions to our overall corporate strategy. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets for significant acquisitions. The preliminary purchase price allocation is adjusted, as necessary, up to one year after the acquisition closing date if management obtains more information regarding asset valuations and liabilities assumed.

Dispositions

On February 10, 2023, we signed a definitive agreement to sell our personal care business (excluding the Florida operations, which were closed during the three-month period ended March 31, 2023). The divestiture closed on March 31, 2023. We received net proceeds of $47.8 million and recognized a $2.2 million loss during the three-month period ended March 31, 2023, which is reflected in miscellaneous, net within our condensed consolidated statement of operations. The net proceeds of $47.8 million is inclusive of $6.0 million that was placed into an escrow account in accordance with the closing payment and indemnity provisions within the purchase agreement.

Of the total $6.0 million placed into escrow, $1.0 million was set aside for the closing payment adjustment. The closing payment calculated on the acquisition date included estimates for cash, working capital and various other items. Under the purchase agreement, the purchase price was subject to an adjustment for any differences between estimated amounts included in the closing payment and actual amounts at close. The closing payment adjustment was finalized during 2023 with $0.1 million being paid to Amedisys by the buyer. The $1.0 million in escrow related to the closing payment adjustment was released to Amedisys during 2023. The remaining $5.0 million placed into escrow, which was related to indemnity provisions within the purchase agreement, was released to Amedisys during the second quarter of 2024.

The disposition of our personal care business did not qualify as a discontinued operation because it did not represent a change in strategy that has or will have a major effect on the Company's operations or financial results.

We derecognized goodwill of $43.1 million in connection with the divestiture.

5. LONG-TERM OBLIGATIONS

Long-term debt consists of the following for the periods indicated (amounts in millions):

	September 30, 2024	December 31, 2023
$450.0 million Term Loan; interest rate at Base Rate plus Applicable Rate or Term SOFR plus Applicable Rate (6.4% at September 30, 2024); due July 30, 2026	$ 355.0	$ 371.9
$550.0 million Revolving Credit Facility; interest only payments; interest rate at Base Rate plus Applicable Rate or Term SOFR plus Applicable Rate; due July 30, 2026	—	—
Finance leases	28.7	28.9
Principal amount of long-term obligations	383.7	400.8
Deferred debt issuance costs	(1.8)	(2.6)
	381.9	398.2
Current portion of long-term obligations	(37.5)	(36.3)
Long-term obligations, less current portion	$ 344.4	$ 361.9

Third Amendment to the Credit Agreement

Our Credit Agreement provides for a senior secured credit facility in an initial aggregate principal amount of up to $1.0 billion, which includes a $550.0 million Revolving Credit Facility and a term loan facility with a principal amount of up to $450.0 million (the "Amended Term Loan Facility" and collectively with the Revolving Credit Facility, the "Amended Credit Facility"). On March 10, 2023, we entered into the Third Amendment to our Credit Agreement (as amended by the Third Amendment, the "Third Amended Credit Agreement") which (i) formally replaced the use of the London Interbank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR") for interest rate pricing and (ii) allowed for the disposition of our personal care business.

The loans issued under the Amended Credit Facility bear interest on a per annum basis, at our election, at either: (i) the Base Rate plus the Applicable Rate or (ii) the Term SOFR plus the Applicable Rate. The “Base Rate” means a fluctuating rate per annum equal to the highest of (a) the federal funds rate plus 0.50% per annum, (b) the prime rate of interest established by the Administrative Agent, and (c) the Term SOFR plus 1% per annum. The “Term SOFR” means the quoted rate per annum equal to the SOFR for an interest period of one or three months (as selected by us) plus the SOFR adjustment of 0.10%. The

“Applicable Rate” is based on the consolidated leverage ratio and is presented in the table below. As of September 30, 2024, the Applicable Rate is 0.50% per annum for Base Rate loans and 1.50% per annum for Term SOFR loans. We are also subject to a commitment fee and letter of credit fee under the terms of the Third Amended Credit Agreement, as presented in the table below.

Pricing Tier	Consolidated Leverage Ratio	Base Rate Loans	Term SOFR Loans and SOFR Daily Floating Rate Loans	Commitment Fee	Letter of Credit Fee
I	> 3.00 to 1.0	1.00%	2.00%	0.30%	1.75%
II	≤ 3.00 to 1.0 but > 2.00 to 1.0	0.75%	1.75%	0.25%	1.50%
III	≤ 2.00 to 1.0 but > 0.75 to 1.0	0.50%	1.50%	0.20%	1.25%
IV	≤ 0.75 to 1.0	0.25%	1.25%	0.15%	1.00%

The final maturity date of the Amended Credit Facility is July 30, 2026. The Revolving Credit Facility will terminate and be due and payable as of the final maturity date. The Amended Term Loan Facility, however, is subject to quarterly amortization of principal in the amount of (i) 0.625% for the period commencing on July 30, 2021 and ending on September 30, 2023, and (ii) 1.250% for the period commencing on October 1, 2023 and ending on July 30, 2026. The remaining balance of the Amended Term Loan Facility must be paid upon the final maturity date. In addition to the scheduled amortization of the Amended Term Loan Facility, and subject to customary exceptions and reinvestment rights, we are required to prepay the Amended Term Loan Facility first and the Revolving Credit Facility second with 100% of all net cash proceeds received by any loan party or any subsidiary thereof in connection with (a) any asset sale or disposition where such loan party receives net cash proceeds in excess of $5 million or (b) any debt issuance that is not permitted under the Third Amended Credit Agreement.

In accordance with the requirements above, net proceeds received from the divestiture of our personal care line of business were used to prepay a portion of our Amended Term Loan Facility during the three-month period ended March 31, 2023.

The Third Amended Credit Agreement requires maintenance of two financial covenants: (i) a consolidated leverage ratio of funded indebtedness to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), as defined in the Third Amended Credit Agreement, and (ii) a consolidated interest coverage ratio of EBITDA to cash interest charges, as defined in the Third Amended Credit Agreement. Each of these covenants is calculated over rolling four-quarter periods and also is subject to certain exceptions and baskets. The Third Amended Credit Agreement also contains customary covenants, including, but not limited to, restrictions on: incurrence of liens, incurrence of additional debt, sales of assets and other fundamental corporate changes, investments and declarations of dividends. These covenants contain customary exclusions and baskets as detailed in the Third Amended Credit Agreement. As of September 30, 2024, we are in compliance with our covenants under the Third Amended Credit Agreement.

The Revolving Credit Facility is guaranteed by substantially all of our wholly-owned direct and indirect subsidiaries. The Third Amended Credit Agreement requires at all times that we (i) provide guarantees from wholly-owned subsidiaries that in the aggregate represent not less than 95% of our consolidated net revenues and adjusted EBITDA from all wholly-owned subsidiaries and (ii) provide guarantees from subsidiaries that in the aggregate represent not less than 70% of consolidated adjusted EBITDA, subject to certain exceptions.

As of September 30, 2024 and 2023, we had no outstanding borrowings under our $550.0 million Revolving Credit Facility. Our weighted average interest rate for borrowings under our Amended Term Loan Facility was 7.2% for the three and nine-month periods ended September 30, 2024 and 7.1% and 6.6% for the three and nine-month periods ended September 30, 2023, respectively.

As of September 30, 2024, our availability under our $550.0 million Revolving Credit Facility was $511.2 million as we have no outstanding borrowings and $38.8 million outstanding in letters of credit.

Joinder Agreements

In connection with the Compassionate Care Hospice ("CCH") acquisition, we entered into a Joinder Agreement, dated as of February 4, 2019 (the "CCH Joinder"), pursuant to which CCH and its subsidiaries were made parties to, and became subject to the terms and conditions of, the Amended Credit Agreement (now the Third Amended Credit Agreement), the Amended and Restated Security Agreement, dated as of June 29, 2018 (the "Amended and Restated Security Agreement"), and the Amended and Restated Pledge Agreement, dated as of June 29, 2018 (the "Amended and Restated Pledge Agreement"). In connection with the AseraCare acquisition, we entered into a Joinder Agreement, dated as of June 12, 2020, pursuant to which the AseraCare entities were made parties to, and became subject to the terms and conditions of, the Amended Credit Agreement (now the Third Amended Credit Agreement), the Amended and Restated Security Agreement and the Amended and Restated Pledge Agreement (the "AseraCare Joinder"). In connection with the Contessa acquisition, we entered into a Joinder Agreement, dated as of September 3, 2021, pursuant to which Contessa and its subsidiaries and Asana Hospice ("Asana"), which we acquired on January 1, 2020, and its subsidiaries were made parties to, and became subject to the terms and conditions of, the Second Amended Credit Agreement (now the Third Amended Credit Agreement), the Amended and Restated Security Agreement and the Amended and Restated Pledge Agreement (the "Contessa and Asana Joinder," and together with the CCH Joinder and the AseraCare Joinder, the "Joinders").

Pursuant to the Joinders, the Amended and Restated Security Agreement and the Amended and Restated Pledge Agreement, CCH and its subsidiaries, the AseraCare entities, Contessa and its subsidiaries and Asana and its subsidiaries granted in favor of the Administrative Agent a first lien security interest in substantially all of their personal property assets and pledged to the Administrative Agent each of their respective subsidiaries' issued and outstanding equity interests. CCH and its subsidiaries, the AseraCare entities, Contessa and its subsidiaries and Asana and its subsidiaries also guaranteed our obligations, whether now existing or arising after the respective effective dates of the Joinders, under the Third Amended Credit Agreement pursuant to the terms of the Joinders and the Third Amended Credit Agreement.

Finance Leases

Our outstanding finance leases totaling $28.7 million relate to leased equipment and fleet vehicles and bear interest rates ranging from 3.2% to 8.1%.

6. INCOME TAXES

We use the asset and liability approach for measuring deferred tax assets and liabilities based on temporary differences existing at each balance sheet date using currently enacted tax rates. Our deferred tax calculation requires us to make certain estimates about future operations. Deferred tax assets are reduced by a valuation allowance when we believe it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect of a change in tax rate is recognized as income or expense in the period that includes the enactment date.

Management regularly assesses the ability to realize deferred tax assets based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income. In the event future taxable income is below management's estimates or is generated in tax jurisdictions different than projected, we could be required to increase the valuation allowance for deferred tax assets. This would result in an increase in our effective tax rate.

The recognition of income taxes at interim periods is completed using an estimated annual effective tax rate. The effective tax rate for the period is influenced by the relationship of the amount of "effective tax rate drivers" (i.e. non-deductible expenses, non-taxable income, tax credits, valuation allowance, uncertain tax positions, etc.) to income or loss before taxes. For the three and nine-month periods ended September 30, 2024, the Company incurred merger related expenses totaling $16.7 million and $49.2 million, respectively, which is a significant and unusual reduction to income before taxes and is inclusive of $13.3 million and $40.2 million, respectively, of "effective tax rate drivers." Consequently, for the three and nine-month periods ended September 30, 2024, the relationship between the "effective tax rate drivers" and income before taxes is distorted, resulting in an unusual effective tax rate.

7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings - Ongoing

We are involved in legal actions in the normal course of business, some of which seek monetary damages, including claims for punitive damages. Based on information available to us as of the date of this filing, we do not believe that these normal course actions, when finally concluded and determined, will have a material impact on our consolidated financial condition, results of operations or cash flows.

Legal fees related to all legal matters are expensed as incurred.

Third Party Audits - Ongoing

From time to time, in the ordinary course of business, we are subject to audits under various governmental programs in which third party firms engaged by CMS, including Recovery Audit Contractors (“RACs”), Zone Program Integrity Contractors (“ZPICs”), Uniform Program Integrity Contractors (“UPICs”), Program Safeguard Contractors (“PSCs”), Medicaid Integrity Contractors (“MICs”), Supplemental Medical Review Contractors (“SMRCs”) and the Office of the Inspector General (“OIG”), conduct extensive reviews of claims data to identify potential improper payments. We cannot predict the ultimate outcome of any regulatory reviews or other governmental audits and investigations.

In July 2010, our subsidiary that provides hospice services in Florence, South Carolina received from a ZPIC a request for records regarding a sample of 30 beneficiaries who received services from the subsidiary during the period of January 1, 2008 through March 31, 2010 (the “Review Period”) to determine whether the underlying services met pertinent Medicare payment requirements. We acquired the hospice operations subject to this review on August 1, 2009; the Review Period covered time periods both before and after our ownership of these hospice operations. Based on the ZPIC’s findings for 16 beneficiaries, which were extrapolated to all claims for hospice services provided by the Florence subsidiary billed during the Review Period, on June 6, 2011, the Medicare Administrative Contractor (“MAC”) for the subsidiary issued a notice of overpayment seeking recovery from our subsidiary of an alleged overpayment. We disputed these findings, and our Florence subsidiary filed appeals through the Original Medicare Standard Appeals Process, in which we sought to have those findings overturned. An administrative law judge ("ALJ") hearing was held in early January 2015. On January 18, 2016, we received a letter referencing the ALJ hearing decision for the overpayment issued on June 6, 2011. The decision was partially favorable with a new overpayment amount of $3.7 million with a balance owed of $5.6 million, including interest, based on 9 disputed claims (originally 16). We filed an appeal to the Medicare Appeals Council on the remaining 9 disputed claims and also argued that the statistical method used to select the sample was not valid. No assurances can be given as to the timing or outcome of the Medicare Appeals Council decision. As of September 30, 2024, Medicare has withheld payments of $5.7 million (including additional interest) as part of their standard procedures once this level of the appeal process has been reached. In the event we are not able to recoup this alleged overpayment, we are entitled to be indemnified by the prior owners of the hospice operations for amounts relating to the period prior to August 1, 2009. On January 10, 2019, an arbitration panel from the American Health Lawyers Association determined that the prior owners' liability for their indemnification obligation was $2.8 million. This amount is recorded as an indemnity receivable within other assets in our condensed consolidated balance sheets.

In July 2016, the Company received a request for medical records from SafeGuard Services, L.L.C (“SafeGuard”), a ZPIC, related to services provided by some of the care centers that the Company acquired from Infinity Home Care, L.L.C. The review period covered time periods both before and after our ownership of the care centers, which were acquired on December 31, 2015. In August 2017, the Company received Requests for Repayment from Palmetto GBA, LLC ("Palmetto") regarding Infinity Home Care of Lakeland, LLC ("Lakeland Care Centers") and Infinity Home Care of Pinellas, LLC ("Clearwater Care Center"). The Palmetto letters were based on a statistical extrapolation performed by SafeGuard which alleged an overpayment of $34.0 million for the Lakeland Care Centers on a universe of 72 Medicare claims totaling $0.2 million in actual claims payments and an overpayment of $4.8 million for the Clearwater Care Center on a universe of 70 Medicare claims totaling $0.2 million in actual claims payments.

As a result of partially successful Level I and Level II Administrative Appeals, the alleged overpayment for the Lakeland Care Centers was reduced to $26.0 million, and the alleged overpayment for the Clearwater Care Center was reduced to $3.3 million. The Company filed Level III Administrative Appeals, and the ALJ hearings regarding the Lakeland Request for Repayment and the Clearwater Request for Repayment were held in April 2022. The Company received the results of the ALJ hearings in June 2022. The ALJ decisions for both the Clearwater Care Center and the Lakeland Care Centers were partially favorable for the claims that were reviewed, but the extrapolations were upheld. As a result, we increased our total accrual related to these matters from $17.4 million to $25.2 million, excluding interest. The repayments for the Lakeland Care Centers totaling $34.3 million ($22.8 million extrapolated repayment plus $11.5 million accrued interest) and the Clearwater Care Center totaling $3.7 million ($2.4 million extrapolated repayment plus $1.2 million accrued interest) were made during the year ended December 31, 2022. Additionally, we wrote off $1.5 million of receivables that were impacted by these matters during the year ended December 31, 2022. We expect to be indemnified by the prior owners, upon exhaustion of the parties' appeal rights, for approximately $10.9 million and have recorded this amount within other assets in our condensed consolidated balance sheets.

Insurance

We are obligated for certain costs associated with our insurance programs, including employee health, workers' compensation, professional liability and fleet. While we maintain various insurance programs to cover these risks, we are self-insured for a substantial portion of our potential claims. We recognize our obligations associated with these costs, up to specified deductible limits in the period in which a claim is incurred, including with respect to both reported claims and claims incurred but not reported. These costs have generally been estimated based on historical data of our claims experience. Such estimates, and the resulting reserves, are reviewed and updated by us on a quarterly basis.

Our health insurance has an exposure limit of $1.5 million for any individual covered life. Our workers' compensation insurance has a retention limit of $2.0 million per incident. Our professional liability insurance has a retention limit of $0.3 million per incident. Our fleet insurance has an exposure limit of $0.5 million per accident.

8. SEGMENT INFORMATION

Our operations involve servicing patients through our three reportable business segments: home health, hospice and high acuity care. We divested our personal care business on March 31, 2023. Our home health segment delivers a wide range of services in the homes of individuals who may be recovering from surgery, have a chronic disability or terminal illness or need assistance with completing important tasks. Our hospice segment provides palliative care and comfort to terminally ill patients and their families. Our high acuity care segment delivers the essential elements of inpatient hospital, palliative and SNF care to patients in their homes. Our personal care segment provided patients with assistance with the essential activities of daily living. The "other" column in the following tables consists of costs relating to executive management and administrative support functions, primarily information services, accounting, finance, billing and collections, legal, compliance, risk management, procurement, marketing, clinical administration, training, human resources and administration.

Management evaluates performance and allocates resources based on the operating income of the reportable segments, which includes an allocation of corporate expenses directly attributable to the specific segment and includes revenues and all other costs directly attributable to the specific segment. Segment assets are not reviewed by the company's chief operating decision maker and therefore are not disclosed below (amounts in millions).

	For the Three-Month Period Ended September 30, 2024					
	Home Health	Hospice	Personal Care[(1)]	High Acuity Care	Other[(2)]	Total
Net service revenue	$ 372.1	$ 207.9	$ —	$ 7.7	$ —	$ 587.7
Cost of service, inclusive of depreciation	222.2	107.7	—	7.7	—	337.6
General and administrative expenses	93.3	49.7	—	5.7	66.3	215.0
Depreciation and amortization	2.1	0.8	—	0.8	1.1	4.8
Operating expenses	317.6	158.2	—	14.2	67.4	557.4
Operating income (loss)	$ 54.5	$ 49.7	$ —	$ (6.5)	$ (67.4)	$ 30.3

	For the Three-Month Period Ended September 30, 2023					
	Home Health	Hospice	Personal Care[(1)]	High Acuity Care	Other[(2)]	Total
Net service revenue	$ 351.6	$ 200.2	$ —	$ 4.4	$ —	$ 556.2
Cost of service, inclusive of depreciation	201.6	104.2	—	5.8	—	311.6
General and administrative expenses	91.4	48.4	—	5.3	52.9	198.0
Depreciation and amortization	1.8	0.8	—	0.7	1.1	4.4
Operating expenses	294.8	153.4	—	11.8	54.0	514.0
Operating income (loss)	$ 56.8	$ 46.8	$ —	$ (7.4)	$ (54.0)	$ 42.2

	For the Nine-Month Period Ended September 30, 2024					
	Home Health	Hospice	Personal Care[(1)]	High Acuity Care	Other[(2)]	Total
Net service revenue	$ 1,113.5	$ 612.9	$ —	$ 23.9	$ —	$ 1,750.3
Cost of service, inclusive of depreciation	648.6	317.6	—	19.9	—	986.1
General and administrative expenses	276.8	146.5	—	17.0	196.3	636.6
Depreciation and amortization	5.7	2.3	—	2.5	2.9	13.4
Operating expenses	931.1	466.4	—	39.4	199.2	1,636.1
Operating income (loss)	$ 182.4	$ 146.5	$ —	$ (15.5)	$ (199.2)	$ 114.2

	For the Nine-Month Period Ended September 30, 2023					
	Home Health	Hospice	Personal Care[(1)]	High Acuity Care	Other[(2)]	Total
Net service revenue	$ 1,044.7	$ 592.8	$ 15.0	$ 13.1	$ —	$ 1,665.6
Cost of service, inclusive of depreciation	593.1	304.4	11.1	15.5	—	924.1
General and administrative expenses	270.5	144.1	2.3	15.0	173.6	605.5
Depreciation and amortization	4.3	2.2	—	2.3	4.8	13.6
Operating expenses	867.9	450.7	13.4	32.8	178.4	1,543.2
Operating income (loss)	$ 176.8	$ 142.1	$ 1.6	$ (19.7)	$ (178.4)	$ 122.4

(1) We divested our personal care business on March 31, 2023.
(2) General and administrative expenses for our corporate support function include $16.7 million and $49.2 million in merger-related expenses for the three and nine-month periods ended September 30, 2024, respectively, and $5.0 million and $25.2 million in merger-related expenses for the three and nine-month periods ended September 30, 2023, respectively.

9. RELATED PARTY TRANSACTIONS

We have an investment in Medalogix, a healthcare predictive data and analytics company, which is accounted for under the equity method. We incurred costs of approximately $3.1 million and $9.3 million during the three and nine-month periods ended September 30, 2024, respectively, and $3.0 million and $8.3 million during the three and nine-month periods ended September 30, 2023, respectively, in connection with our usage of Medalogix's analytics platforms.

We have an investment in a home health benefit manager, which is accounted for under the cost method. We incurred costs of approximately $0.6 million and $1.1 million during the three and nine-month periods ended September 30, 2024, respectively, and $0.3 million and $0.4 million during the three and nine-month periods ended September 30, 2023, respectively, in connection with our usage of the home health benefit manager's services.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information we believe is relevant to an assessment and understanding of our results of operations and financial condition for the three and nine-month periods ended September 30, 2024. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included herein, and the consolidated financial statements and notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 22, 2024 (the "Form 10-K"). Historical results that appear in the condensed consolidated financial statements should not be interpreted as being indicative of future operations.

Unless otherwise provided, "Amedisys," "we," "our," and "the Company" refer to Amedisys, Inc. and our consolidated subsidiaries.

Overview

We are a provider of high-quality in-home healthcare and related services to the chronic, co-morbid, aging American population with approximately 70% of our consolidated net service revenue derived from Medicare for the three and nine-month periods ended September 30, 2024 and approximately 73% of our consolidated net service revenue derived from Medicare for the three and nine-month periods ended September 30, 2023.

Our operations involve servicing patients through our three reportable business segments: home health, hospice and high acuity care. We divested our personal care business on March 31, 2023. Our home health segment delivers a wide range of services in the homes of individuals who may be recovering from an illness, injury or surgery. Our hospice segment provides care that is designed to provide comfort and support for those who are facing a terminal illness. Our high acuity care segment delivers the essential elements of inpatient hospital, palliative and skilled nursing facility ("SNF") care to patients in their homes. As of September 30, 2024, we owned and operated 346 Medicare-certified home health care centers, 164 Medicare-certified hospice care centers and 9 admitting high acuity care joint ventures in 37 states within the United States and the District of Columbia.

Care Centers Summary (Includes Unconsolidated Joint Ventures)

	Home Health	Hospice	Personal Care	High Acuity Care
As of December 31, 2023	346	165	—	10
Acquisitions/Startups/De Novos	—	—	—	—
Divestitures/Closures/Consolidations	—	(1)	—	(1)
As of September 30, 2024	346	164	—	9

Proposed Merger

On June 26, 2023, Amedisys, UnitedHealth Group Incorporated, a Delaware corporation ("UnitedHealth Group"), and Aurora Holdings Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of UnitedHealth Group ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into Amedisys with Amedisys continuing as the surviving corporation and becoming a wholly owned subsidiary of UnitedHealth Group (the "Merger").

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), by virtue of the Merger: (i) each share of Amedisys common stock ("Amedisys Common Stock") held in treasury by Amedisys or owned by UnitedHealth Group or Merger Sub or any of their respective subsidiaries, in each case, immediately prior to the Effective Time will be cancelled (collectively, "cancelled shares") without consideration; and (ii) each share of Amedisys Common Stock, other than any cancelled shares, issued and outstanding immediately prior to the Effective Time will be converted into the right to receive $101 per share in cash, without interest, less any applicable withholding taxes.

The Merger is subject to a number of conditions to closing as specified in the Merger Agreement. These closing conditions include, among others, (i) approval by Amedisys stockholders at the Amedisys Stockholders Meeting (as defined in the Merger Agreement) of the proposal to adopt the Merger Agreement, which approval was obtained on September 8, 2023; (ii) the expiration or termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iii) the receipt of the required state regulatory approvals; (iv) the absence of any law or order that has the effect of enjoining or otherwise prohibiting the completion of the Merger; and (v) the expiration or early termination of the waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated by the Merger Agreement under all applicable antitrust laws without the imposition by any governmental entity of any term, condition, obligation, requirement, limitation, prohibition, remedy, sanction or other action that has resulted in or would reasonably be expected to result in a Burdensome Condition (as defined in the Merger Agreement). Due to these conditions and other contingencies, there can be no assurance that the Merger will be successfully completed. During the periods prior to and including the date of the closing of the Merger, we expect to incur significant additional merger-related expenses. See Item 1A - Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 22, 2024, for a discussion of our risk factors related to the proposed merger.

On June 28, 2024, Amedisys, UnitedHealth Group and certain of their respective subsidiaries entered into an agreement relating to the sale of certain Amedisys home health care centers and certain UnitedHealth Group care centers to VCG Luna, LLC, an affiliate of VitalCaring Group (the "Divestiture"). Consummation of the Divestiture is contingent on a number of conditions, including the consummation of the Merger, which itself is subject to a number of conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Amedisys and UnitedHealth Group continue to work cooperatively with the United States Department of Justice (the "DOJ") staff in their review of the Merger, but Amedisys cannot be certain as to when the DOJ's review will be completed or the outcome of that review.

Termination of Option Care Health, Inc. ("OPCH") Merger Agreement

As previously disclosed in Amedisys' Current Report on Form 8-K filed with the SEC on May 3, 2023 and its Quarterly Report on Form 10-Q filed with the SEC on May 4, 2023, Amedisys entered into an Agreement and Plan of Merger on May 3, 2023 (the “OPCH Merger Agreement”) with OPCH, a Delaware corporation, and Uintah Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of OPCH (“OPCH Merger Sub”). On June 26, 2023, Amedisys, OPCH and OPCH Merger Sub entered into the Termination Agreement (the “Termination Agreement”), pursuant to which the parties thereto agreed to terminate the OPCH Merger Agreement and grant mutual releases by the parties of all claims against the other parties based upon, arising from, in connection with or relating to the OPCH Merger Agreement. Pursuant to the terms of the Termination Agreement, each of the termination of the OPCH Merger Agreement and the mutual releases provided for in the Termination Agreement would become effective upon receipt by OPCH of a $106,000,000 termination fee payable by, or on behalf of, Amedisys within 24 hours of the execution of the Termination Agreement (i.e., before the market open on June 27, 2023). On June 26, 2023, following the execution of the Termination Agreement, UnitedHealth Group, on behalf of Amedisys, delivered funds to OPCH in an amount equal to $106,000,000, representing the termination fee payable to OPCH under the OPCH Merger Agreement and the Termination Agreement, satisfying the condition precedent to the effectiveness of the termination of the OPCH Merger Agreement and the releases contained in the Termination Agreement. If the Merger Agreement is terminated under certain specified circumstances, Amedisys may be required to reimburse UnitedHealth Group for the $106,000,000 termination fee that UnitedHealth Group, on Amedisys’ behalf, paid to OPCH in addition to the $125,000,000 termination fee payable by Amedisys to UnitedHealth Group upon termination of the Merger Agreement. The $106,000,000 termination fee was recorded to other income (expense) within our condensed consolidated statement of operations with a corresponding liability to termination fee paid by UnitedHealth Group within our condensed consolidated balance sheet during the three-month period ended June 30, 2023.

Personal Care Divestiture

On March 31, 2023, we sold our personal care business. We received net proceeds of $47.8 million and recognized a loss of $2.2 million in connection with the divestiture during the three-month period ended March 31, 2023.

The Centers for Medicare and Medicaid Services ("CMS") Payment Updates

<u>Hospice</u>

On July 28, 2023, CMS issued the final rule to update hospice payment rates and the wage index for fiscal year 2024, effective for services provided beginning October 1, 2023. CMS estimated hospices serving Medicare beneficiaries would see a 3.1% increase in payments. This increase was the result of a 3.3% market basket adjustment as required under the Patient Protection and Affordable Healthcare Act and the Health Care and Education Reconciliation Act ("PPACA") less a 0.2% productivity adjustment. Additionally, CMS increased the aggregate cap amount by 3.1% to $33,494. Our company-specific impact was in line with CMS' estimate.

On July 30, 2024, CMS issued the final rule to update hospice payment rates and the wage index for fiscal year 2025, effective for services provided beginning October 1, 2024. CMS estimates hospices serving Medicare beneficiaries will see a 2.9% increase in payments. This increase is the result of a 3.4% market basket adjustment as required under PPACA less a 0.5% productivity adjustment. Additionally, CMS increased the aggregate cap amount by 2.9% to $34,465. Based on our analysis of the final rule, we expect our impact to be in line with the 2.9% increase.

Home Health

On November 1, 2023, CMS issued the Calendar Year ("CY") 2024 Final Rule for Medicare home health providers. CMS estimated that the final rule would result in a 0.8% increase in payments to home health providers. This increase was the result of a 3.0% payment update (3.3% market basket adjustment less a 0.3% productivity adjustment) and an increase of 0.4% for the update to the fixed-dollar loss ratio used in determining outlier payments offset by a permanent adjustment of -2.6% based on the difference between assumed and actual behavior changes resulting from the implementation of the Patient-Driven Groupings Model ("PDGM"). The -2.6% permanent adjustment was derived from a -2.890% adjustment which was only applied to the 30-day payment rate and not the low utilization payment adjustment. The -2.890% adjustment was only half of the total proposed adjustment. The remaining adjustment was to be considered in future rulemaking. Our company-specific impact has been in line with CMS' estimate.

In addition to permanent adjustments, CMS also has discretion to make temporary adjustments through calendar year 2026. CMS elected not to implement a temporary adjustment for calendar year 2024.

On November 1, 2024, CMS issued the CY 2025 Final Rule for Medicare home health providers. CMS estimates that the final rule will result in a 0.5% increase in payments to home health providers. This increase is the result of a 2.7% payment update (3.2% market basket adjustment less a 0.5% productivity adjustment) offset by a decrease of 0.4% for the update to the fixed-dollar loss ratio used in determining outlier payments and a permanent adjustment of -1.8% based on the difference between assumed and actual behavior changes resulting from the implementation of PDGM. Based on our analysis of the final rule, we expect our impact to be in line with the 0.5% increase.

Results of Operations

Three-Month Period Ended September 30, 2024 Compared to the Three-Month Period Ended September 30, 2023

Consolidated

The following table summarizes our consolidated results of operations (amounts in millions):

	For the Three-Month Periods Ended September 30,	
	2024	2023
Net service revenue	$ 587.7	$ 556.2
Cost of service, inclusive of depreciation	337.6	311.6
Gross margin	250.1	244.6
% of revenue	*42.6 %*	*44.0 %*
General and administrative expenses	215.0	198.0
% of revenue	*36.6 %*	*35.6 %*
Depreciation and amortization	4.8	4.4
Operating income	30.3	42.2
Total other expense, net	(1.3)	(4.3)
Income tax expense	(12.5)	(12.3)
Effective income tax rate	*43.0 %*	*32.5 %*
Net income	16.5	25.6
Net loss attributable to noncontrolling interests	0.4	0.3
Net income attributable to Amedisys, Inc.	$ 16.9	$ 26.0

On a consolidated basis, our operating income decreased $12 million on a $32 million increase in net service revenue. Our year-over-year results reflect an increase in our merger-related expenses totaling $12 million. Excluding our merger-related expenses, our operating income was flat on a net service revenue increase of $32 million. Rate increases and home health volume growth, which are the main drivers of our revenue growth, were offset by planned wage increases, wage inflation, a shift in our home health payor mix, investments in hospice clinical staffing, an increase in our health insurance costs and an increase in our general and administrative expenses.

Additionally, several of our care centers located in Georgia, Florida, Tennessee, North Carolina and South Carolina were impacted by Hurricane Helene near the end of the quarter. We estimate that the storm resulted in a negative impact to our home health episodic admissions of approximately 300 for the three-month period ended September 30, 2024. We also incurred incremental costs related to inclement weather pay, fuel and supplies. We expect our fourth quarter results to continue to be impacted by Hurricane Helene as well as Hurricane Milton which made landfall in October.

Our operating results reflect a $17 million increase in our general and administrative expenses compared to the prior year. Excluding the increase in our merger-related expenses ($12 million), our general and administrative expenses increased $5 million primarily due to planned wage increases and higher incentive compensation costs.

Total other expense, net includes the following items (amounts in millions):

	For the Three-Month Periods Ended September 30,	
	2024	2023
Interest income	$ 2.0	$ 1.3
Interest expense	(7.7)	(8.0)
Equity in earnings from equity method investments	1.9	1.2
Miscellaneous, net	2.5	1.2
Total other expense, net	$ (1.3)	$ (4.3)

Home Health Segment

The following table summarizes our home health segment results of operations:

	For the Three-Month Periods Ended September 30,	
	2024	2023
Financial Information *(in millions)*:		
Medicare	$ 212.1	$ 217.9
Non-Medicare	160.0	133.7
Net service revenue	372.1	351.6
Cost of service, inclusive of depreciation	222.2	201.6
Gross margin	149.9	150.0
General and administrative expenses	93.3	91.4
Depreciation and amortization	2.1	1.8
Operating income	$ 54.5	$ 56.8
Same Store Growth[(1)]:		
Medicare revenue	(3 %)	(2 %)
Non-Medicare revenue	20 %	17 %
Total admissions	12 %	4 %
Total volume[(2)]	9 %	3 %
Key Statistical Data - Total[(3)]:		
Admissions	109,856	98,527
Recertifications	47,431	45,693
Total volume	157,287	144,220
Medicare completed episodes	71,118	72,714
Average Medicare revenue per completed episode[(4)]	$ 3,021	$ 3,015
Medicare visits per completed episode[(5)]	12.0	12.4
Visiting clinician cost per visit	$ 108.87	$ 105.06
Clinical manager cost per visit	12.65	11.98
Total cost per visit	$ 121.52	$ 117.04
Visits	1,829,075	1,723,289

(1) Same store information represents the percent change in our Medicare, Non-Medicare and Total revenue, admissions or volume for the period as a percent of the Medicare, Non-Medicare and Total revenue, admissions or volume of the prior period. Same store is defined as care centers that we have operated for at least the last twelve months and startups that are an expansion of a same store care center.
(2) Total volume includes all admissions and recertifications.
(3) Total includes acquisitions, startups and de novos.
(4) Average Medicare revenue per completed episode is the average Medicare revenue earned for each Medicare completed episode of care.
(5) Medicare visits per completed episode are the home health Medicare visits on completed episodes divided by the home health Medicare episodes completed during the period.

Operating Results

Overall, our operating income decreased $2 million on a $21 million increase in net service revenue. Volume growth and rate increases, which are the main drivers of our revenue growth, were offset by a shift in our payor mix, planned wage increases, wage inflation and higher health insurance costs.

Additionally, several of our care centers located in Georgia, Florida, Tennessee, North Carolina and South Carolina were impacted by Hurricane Helene near the end of the quarter. We estimate that the storm resulted in a negative impact to our home health episodic admissions of approximately 300 for the three-month period ended September 30, 2024. We also incurred incremental costs related to inclement weather pay, fuel and supplies. We expect our fourth quarter results to continue to be impacted by Hurricane Helene as well as Hurricane Milton which made landfall in October.

Net Service Revenue

Our net service revenue increased $21 million as a result of total volume growth of 9% and rate increases (both Medicare and per visit).

Cost of Service, Inclusive of Depreciation

Our cost of service consists of costs associated with direct clinician care in the homes of our patients as well as the cost of clinical managers who monitor the overall delivery of care. Overall, our total cost of service increased 10% due to a 4% increase in our total cost per visit and a 6% increase in total visits year over year. The 4% increase in our total cost per visit is primarily due to planned wage increases, wage inflation, an increase in health insurance costs and visit mix.

General and Administrative Expenses

Our general and administrative expenses increased $2 million due to planned wage increases and higher incentive compensation costs partially offset by savings associated with clinical optimization and reorganization initiatives.

Hospice Segment

The following table summarizes our hospice segment results of operations:

	For the Three-Month Periods Ended September 30,	
	2024	2023
Financial Information ***(in millions):***		
Medicare	$ 197.8	$ 188.9
Non-Medicare	10.1	11.3
Net service revenue	207.9	200.2
Cost of service, inclusive of depreciation	107.7	104.2
Gross margin	100.2	96.0
General and administrative expenses	49.7	48.4
Depreciation and amortization	0.8	0.8
Operating income	$ 49.7	$ 46.8
Same Store Growth(1):		
Medicare revenue	5 %	1 %
Hospice admissions	(4 %)	(6 %)
Average daily census	1 %	(2 %)
Key Statistical Data - Total(2):		
Hospice admissions	11,488	11,968
Average daily census	13,004	12,943
Revenue per day, net	$ 173.74	$ 168.11
Cost of service per day	$ 89.92	$ 87.48
Average discharge length of stay	98	94

(1) Same store information represents the percent change in our Medicare revenue, Hospice admissions or average daily census for the period as a percent of the Medicare revenue, Hospice admissions or average daily census of the prior period. Same store is defined as care centers that we have operated for at least the last twelve months and startups that are an expansion of a same store care center.
(2) Total includes acquisitions and de novos.

Operating Results

Overall, our operating income increased $3 million on an $8 million increase in net service revenue due to the increase in reimbursement effective October 1, 2023 and a slight increase in our average daily census partially offset by planned wage increases, wage inflation, investments in hospice clinical staffing and an increase in our health insurance costs.

Net Service Revenue

Our net service revenue increased $8 million due to the increase in reimbursement effective October 1, 2023 and a slight increase in our average daily census.

Cost of Service, Inclusive of Depreciation

Our hospice cost of service increased 3% primarily due to a 3% increase in our cost of service per day. The increase in our cost of service per day is due to planned wage increases, wage inflation, investments in hospice clinical staffing and an increase in our health insurance costs. These items were partially offset by lower contractor utilization.

General and Administrative Expenses

Our general and administrative expenses increased $1 million primarily due to planned wage increases.

High Acuity Care Segment

The following table summarizes our high acuity care segment results of operations:

	For the Three-Month Periods Ended September 30,	
	2024	2023
Financial Information *(in millions)*:		
Medicare	$ —	$ —
Non-Medicare	7.7	4.4
Net service revenue	7.7	4.4
Cost of service, inclusive of depreciation	7.7	5.8
Gross margin	—	(1.4)
General and administrative expenses	5.7	5.3
Depreciation and amortization	0.8	0.7
Operating loss	$ (6.5)	$ (7.4)
Key Statistical Data - Total:		
Full risk admissions	217	150
Limited risk admissions	656	430
Total admissions	873	580
Total admissions growth	51 %	35 %
Full risk revenue per episode	$ 9,997	$ 10,168
Limited risk revenue per episode	$ 6,623	$ 6,242
Number of admitting joint ventures	9	10

Operating Results

Our year over year results were impacted by growth in our home recovery care services.

We expect our high acuity care segment to continue to generate operating losses; however, we also expect improvement as we leverage our operating structure through growth in current and future joint ventures and expansion of palliative care at home arrangements.

Net Service Revenue

Our net service revenue increased $3 million as a result of growth in our home recovery care services. Our high acuity care segment achieved its highest total admissions volume since inception during the three-month period ended September 30, 2024.

Cost of Service, Inclusive of Depreciation

Our cost of service consists primarily of medical costs associated with direct clinician care provided to our patients during the applicable episode period, costs associated with our virtual care unit ("VCU") which enables us to provide monitoring services and facilitates virtual patient rounding visits via telehealth and costs associated with resources to support our risk-based palliative care at home contract as well as other palliative care arrangements. The increase in cost of service over prior year is related to growth in volume.

General and Administrative Expenses

Our general and administrative expenses, which primarily consist of salaries, benefits and incentive compensation costs, increased less than $1 million year over year.

Corporate

The following table summarizes our corporate results of operations:

	For the Three-Month Periods Ended September 30, 2024	2023
Financial Information *(in millions)*:		
General and administrative expenses	$ 66.3	$ 52.9
Depreciation and amortization	1.1	1.1
Total operating expenses	$ 67.4	$ 54.0

Corporate expenses consist of costs related to our executive management and corporate and administrative support functions, primarily information services, accounting, finance, billing and collections, legal, compliance, risk management, procurement, marketing, clinical administration, training, human resources and administration.

Corporate general and administrative expenses increased $13 million year over year, which is inclusive of an increase in merger-related expenses totaling $12 million. Excluding these costs, our corporate general and administrative expenses increased $1 million primarily due to planned wage increases and higher incentive compensation costs.

Nine-Month Period Ended September 30, 2024 Compared to the Nine-Month Period Ended September 30, 2023

Consolidated

The following table summarizes our consolidated results of operations (amounts in millions):

	For the Nine-Month Periods Ended September 30,	
	2024	2023
Net service revenue	$ 1,750.3	$ 1,665.6
Cost of service, inclusive of depreciation	986.1	924.1
Gross margin	764.2	741.5
% of revenue	*43.7 %*	*44.5 %*
General and administrative expenses	636.6	605.5
% of revenue	*36.4 %*	*36.4 %*
Depreciation and amortization	13.4	13.6
Operating income	114.2	122.4
Total other expense, net	(8.7)	(112.0)
Income tax expense	(41.8)	(40.4)
Effective income tax rate	*39.6 %*	*387.3 %*
Net income (loss)	63.7	(30.0)
Net (income) loss attributable to noncontrolling interests	(0.1)	0.9
Net income (loss) attributable to Amedisys, Inc.	$ 63.6	$ (29.1)

On a consolidated basis, our operating income decreased $8 million on an $85 million increase in net service revenue. Our year-over-year results were impacted by an increase in our merger-related expenses totaling $24 million and the divestiture of our personal care line of business (which contributed $15 million in net service revenue and $2 million in operating income in the prior year). Excluding these items, our operating income increased $18 million on a $100 million increase in net service revenue due to rate increases and home health volume growth, which are the main drivers of revenue growth, partially offset by planned wage increases, wage inflation, a shift in our home health payor mix, investments in hospice clinical staffing, an increase in our health insurance costs and an increase in our general and administrative expenses.

Our operating results reflect a $31 million increase in our general and administrative expenses compared to the prior year. Excluding the increase in our merger-related expenses ($24 million) and the general and administrative expenses of our personal care line of business ($2 million in the prior year), our general and administrative expenses increased $9 million due to planned wage increases, higher incentive compensation costs and higher legal and information technology fees. These items were partially offset by lower acquisition and integration costs and savings associated with clinical optimization and reorganization initiatives.

Total other expense, net includes the following items (amounts in millions):

	For the Nine-Month Periods Ended September 30,	
	2024	2023
Interest income	$ 5.4	$ 2.4
Interest expense	(23.8)	(23.0)
Equity in earnings from equity method investments	4.3	9.4
Merger termination fee	—	(106.0)
Miscellaneous, net	5.4	5.3
Total other expense, net	$ (8.7)	$ (112.0)

The merger termination fee represents the fee associated with Amedisys' termination of the OPCH Merger Agreement. The fee was paid by UnitedHealth Group on Amedisys' behalf. Amedisys may be required to reimburse UnitedHealth Group for the termination fee payment under certain circumstances (see Note 4 - Mergers, Acquisitions and Dispositions to our condensed consolidated financial statements for additional information).

Home Health Segment

The following table summarizes our home health segment results of operations:

	For the Nine-Month Periods Ended September 30,	
	2024	2023
Financial Information *(in millions)*:		
Medicare	$ 644.0	$ 653.1
Non-Medicare	469.5	391.6
Net service revenue	1,113.5	1,044.7
Cost of service, inclusive of depreciation	648.6	593.1
Gross margin	464.9	451.6
General and administrative expenses	276.8	270.5
Depreciation and amortization	5.7	4.3
Operating income	$ 182.4	$ 176.8
Same Store Growth[(1)]:		
Medicare revenue	(1 %)	(3 %)
Non-Medicare revenue	20 %	13 %
Total admissions	12 %	5 %
Total volume[(2)]	9 %	3 %
Key Statistical Data - Total[(3)]:		
Admissions	332,259	297,943
Recertifications	137,562	134,826
Total volume	469,821	432,769
Medicare completed episodes	217,116	221,125
Average Medicare revenue per completed episode[(4)]	$ 3,018	$ 2,998
Medicare visits per completed episode[(5)]	12.0	12.4
Visiting clinician cost per visit	$ 106.76	$ 101.55
Clinical manager cost per visit	12.18	11.41
Total cost per visit	$ 118.94	$ 112.96
Visits	5,453,694	5,250,944

(1) Same store information represents the percent change in our Medicare, Non-Medicare and Total revenue, admissions or volume for the period as a percent of the Medicare, Non-Medicare and Total revenue, admissions or volume of the prior period. Same store is defined as care centers that we have operated for at least the last twelve months and startups that are an expansion of a same store care center.
(2) Total volume includes all admissions and recertifications.
(3) Total includes acquisitions, startups and de novos.
(4) Average Medicare revenue per completed episode is the average Medicare revenue earned for each Medicare completed episode of care.
(5) Medicare visits per completed episode are the home health Medicare visits on completed episodes divided by the home health Medicare episodes completed during the period.

Operating Results

Overall, our operating income increased $6 million on a $69 million increase in net service revenue. Volume growth and rate increases, which are the main drivers of our revenue growth, were partially offset by a shift in our payor mix, planned wage increases, an increase in new hire pay, wage inflation and higher health insurance costs.

Net Service Revenue

Our net service revenue increased $69 million as a result of total volume growth of 9% and rate increases (both Medicare and per visit).

Cost of Service, Inclusive of Depreciation

Overall, our total cost of service increased 9% due to a 5% increase in our total cost per visit and a 4% increase in total visits year over year. The 5% increase in our total cost per visit is primarily due to planned wage increases, an increase in new hire pay, wage inflation, an increase in health insurance costs and visit mix.

General and Administrative Expenses

Our general and administrative expenses increased $6 million due to planned wage increases, higher incentive compensation costs and higher information technology fees partially offset by savings associated with clinical optimization and reorganization initiatives.

Hospice Segment

The following table summarizes our hospice segment results of operations:

	For the Nine-Month Periods Ended September 30,	
	2024	2023
Financial Information *(in millions):*		
Medicare	$ 581.5	$ 559.8
Non-Medicare	31.4	33.0
Net service revenue	612.9	592.8
Cost of service, inclusive of depreciation	317.6	304.4
Gross margin	295.3	288.4
General and administrative expenses	146.5	144.1
Depreciation and amortization	2.3	2.2
Operating income	$ 146.5	$ 142.1
Same Store Growth(1):		
Medicare revenue	4 %	— %
Hospice admissions	(3 %)	(6 %)
Average daily census	— %	(2 %)
Key Statistical Data - Total(2):		
Hospice admissions	36,269	37,361
Average daily census	12,913	12,864
Revenue per day, net	$ 173.22	$ 168.80
Cost of service per day	$ 89.73	$ 86.66
Average discharge length of stay	93	91

(1) Same store information represents the percent change in our Medicare revenue, Hospice admissions or average daily census for the period as a percent of the Medicare revenue, Hospice admissions or average daily census of the prior period. Same store is defined as care centers that we have operated for at least the last twelve months and startups that are an expansion of a same store care center.
(2) Total includes acquisitions and de novos.

Operating Results

Overall, our operating income increased $4 million on a $20 million increase in net service revenue as the increase in reimbursement effective October 1, 2023, a slight increase in our average daily census and savings associated with clinical optimization and reorganization initiatives were partially offset by planned wage increases, wage inflation, investments in hospice clinical staffing and an increase in our health insurance costs.

Net Service Revenue

Our net service revenue increased $20 million due to the increase in reimbursement effective October 1, 2023, one additional calendar day in 2024 and a slight increase in our average daily census.

Cost of Service, Inclusive of Depreciation

Our hospice cost of service increased 4% primarily due to a 4% increase in our cost of service per day. The increase in our cost of service per day is due to planned wage increases, wage inflation, investments in hospice clinical staffing and an increase in our health insurance costs. These items were partially offset by savings associated with clinical optimization and reorganization initiatives and lower contractor utilization.

General and Administrative Expenses

Our general and administrative expenses increased $2 million primarily due to planned wage increases and higher incentive compensation costs partially offset by savings associated with clinical optimization and reorganization initiatives.

Personal Care Segment

The following table summarizes our personal care segment results of operations:

	For the Nine-Month Periods Ended September 30,	
	2024	**2023**
Financial Information *(in millions)*:		
Medicare	$ —	$ —
Non-Medicare	—	15.0
Net service revenue	—	15.0
Cost of service, inclusive of depreciation	—	11.1
Gross margin	—	3.9
General and administrative expenses	—	2.3
Depreciation and amortization	—	—
Operating income	$ —	$ 1.6
Key Statistical Data - Total:		
Billable hours	—	440,464
Clients served	—	7,892
Shifts	—	191,379
Revenue per hour	$ —	$ 33.97
Revenue per shift	$ —	$ 78.19
Hours per shift	—	2.3

Operating Results

We completed the sale of our personal care business on March 31, 2023.

High Acuity Care Segment

The following table summarizes our high acuity care segment results of operations:

	For the Nine-Month Periods Ended September 30,	
	2024	**2023**
Financial Information *(in millions)*:		
Medicare	$ —	$ —
Non-Medicare	23.9	13.1
Net service revenue	23.9	13.1
Cost of service, inclusive of depreciation	19.9	15.5
Gross margin	4.0	(2.4)
General and administrative expenses	17.0	15.0
Depreciation and amortization	2.5	2.3
Operating loss	$ (15.5)	$ (19.7)
Key Statistical Data - Total:		
Full risk admissions	513	468
Limited risk admissions	1,953	1,263
Total admissions	2,466	1,731
Total admissions growth	42 %	56 %
Full risk revenue per episode	$ 10,056	$ 10,783
Limited risk revenue per episode	$ 6,740	$ 5,881
Number of admitting joint ventures	9	10

Operating Results

Our year over year results were impacted by growth in our home recovery care services, savings generated on the first performance year of our risk-based palliative care contract and the reversal of incentive compensation costs in prior year ($1 million favorable impact on prior year general and administrative expenses).

We expect our high acuity care segment to continue to generate operating losses; however, we also expect improvement as we leverage our operating structure through growth in current and future joint ventures and expansion of palliative care at home arrangements.

Net Service Revenue

Our net service revenue increased as a result of growth in our home recovery care services and savings generated on the first performance year of our risk-based palliative care contract. Our high acuity care segment achieved its highest total admissions volume since inception during the three-month period ended September 30, 2024.

Cost of Service, Inclusive of Depreciation

Our cost of service consists primarily of medical costs associated with direct clinician care provided to our patients during the applicable episode period, costs associated with our VCU which enables us to provide monitoring services and facilitates virtual patient rounding visits via telehealth and costs associated with resources to support our risk-based palliative care at home contract as well as other palliative care arrangements. The increase in cost of service over prior year is related to growth in volume.

General and Administrative Expenses

Our general and administrative expenses, which primarily consist of salaries, benefits and incentive compensation costs, increased $2 million primarily due to planned wage increases and higher incentive compensation costs resulting largely from the reversal of incentive compensation costs in prior year.

Corporate

The following table summarizes our corporate results of operations:

	For the Nine-Month Periods Ended September 30,	
	2024	2023
Financial Information *(in millions)*:		
General and administrative expenses	$ 196.3	$ 173.6
Depreciation and amortization	2.9	4.8
Total operating expenses	$ 199.2	$ 178.4

Corporate general and administrative expenses increased $23 million year over year, which is inclusive of an increase in merger-related expenses totaling $24 million. Excluding these costs, our corporate general and administrative expenses decreased $1 million primarily due to lower acquisition and integration costs and lower costs associated with clinical optimization and reorganization initiatives. These items were partially offset by planned wage increases, higher incentive compensation costs and higher legal and information technology fees.

Corporate depreciation and amortization decreased $2 million year over year due to a reduction in amortization expense related to non-compete agreements that were fully amortized as of June 30, 2023.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows for the periods indicated (amounts in millions):

	For the Nine-Month Periods Ended September 30, 2024	2023
Cash provided by operating activities	$ 151.4	$ 76.9
Cash (used in) provided by investing activities	(7.1)	37.1
Cash used in financing activities	(37.7)	(74.1)
Net increase in cash, cash equivalents and restricted cash	106.6	39.9
Cash, cash equivalents and restricted cash at beginning of period	138.9	54.1
Cash, cash equivalents and restricted cash at end of period	$ 245.5	$ 94.0

Our operating cash flow increased $74.5 million during the nine-month period ended September 30, 2024 compared to the nine-month period ended September 30, 2023 primarily due to higher collections of accounts receivable and the timing of the payment of accounts payable. Our prior year accounts receivable collections were impacted by delays in billing and payor rate changes during the third quarter.

Our investing activities primarily consist of the purchase of property and equipment and technology assets, investments and acquisitions/divestitures. Cash used in investing activities totaled $7.1 million during the nine-month period ended September 30, 2024 and was primarily related to the purchase of property and equipment and technology assets as well as investments in joint ventures. Cash provided by investing activities totaled $37.1 million during the nine-month period ended September 30, 2023 and was primarily related to the divestiture of our personal care line of business.

Our financing activities primarily consist of borrowings under our term loan and/or revolving credit facility, repayments of borrowings, the remittance of taxes associated with shares withheld on non-cash compensation and noncontrolling interest contributions and distributions. Cash used in financing activities totaled $37.7 million and $74.1 million during the nine-month periods ended September 30, 2024 and 2023, respectively, and was primarily related to the repayment of borrowings and the remittance of taxes associated with shares withheld on non-cash compensation. Net proceeds from the divestiture of our personal care line of business were used to pay down a portion of our outstanding term loan borrowings during the three-month period ended March 31, 2023.

Liquidity

Typically, our principal source of liquidity is the collection of our patient accounts receivable, primarily through the Medicare program. In addition to our collection of patient accounts receivable, from time to time, we can and do obtain additional sources of liquidity by the incurrence of additional indebtedness.

Prior to February 2024, the Company exclusively utilized Change Healthcare, a subsidiary of UnitedHealth Group, to submit patient claims to Medicare and all other payors for reimbursement. On February 22, 2024, UnitedHealth Group announced that on February 21, 2024, Change Healthcare's information technology systems were impacted by a cybersecurity incident. The Change Healthcare cybersecurity incident did not impact our day-to-day operations; however, we were delayed in submitting patient claims to certain non-Medicare payors which resulted in a reduction in our operating cash flow and an increase in our accounts receivable during the first and second quarters. There was minimal impact to our Medicare claim submissions as we were able to quickly redirect our Medicare claims to an alternative clearinghouse. As of September 30, 2024, we have resolved the build up in accounts receivable resulting from the Change Healthcare outage, and we are continuing to utilize an additional clearinghouse to submit patient claims for reimbursement.

During the nine-month period ended September 30, 2024, we spent $6.1 million in capital expenditures and investments in technology assets as compared to $10.6 million during the nine-month period ended September 30, 2023. Our capital expenditures and investments in technology assets for 2024 are expected to be approximately $8.0 million, excluding the impact of any future acquisitions.

As of September 30, 2024, we had $245.5 million in cash and cash equivalents and $511.2 million in availability under our $550.0 million Revolving Credit Facility.

Based on our operating forecasts and our debt service requirements, we believe we will have sufficient liquidity to fund our operations, capital requirements and debt service requirements for the next twelve months and beyond.

Outstanding Patient Accounts Receivable

Our patient accounts receivable decreased $12 million from December 31, 2023. Our cash collections as a percentage of revenue was 101% and 100% for the nine-month periods ended September 30, 2024 and 2023, respectively. Our days revenue outstanding at September 30, 2024 was 44.4 days, which is a decrease of 3.3 days from December 31, 2023 and a decrease of 5.4 days when compared to September 30, 2023.

Our patient accounts receivable includes unbilled receivables which are aged based upon our initial service date. We monitor unbilled receivables on a care center by care center basis to ensure that all efforts are made to bill claims within timely filing deadlines. Our unbilled patient accounts receivable can be impacted by pre-claim reviews in the Review Choice Demonstration states, reviews under the Targeted Probe and Educate program, voluntary pre-bill edits and reviews, efforts to secure needed documentation to bill (orders, consents, etc.), integrations of acquisitions, changes of ownership and any regulatory and procedural updates impacting claim submissions. The timely filing deadline for Medicare is one year from the date of the last billable service in the 30-day billing period and varies by state for Medicaid-reimbursable services and among insurance companies and other private payors.

The following schedules detail our patient accounts receivable, by payor class, aged based upon initial date of service (amounts in millions, except days revenue outstanding):

	0-90	91-180	181-365	Over 365	Total
At September 30, 2024:					
Medicare patient accounts receivable	$ 176.8	$ 7.6	$ 1.4	$ 0.2	$ 186.0
Other patient accounts receivable:					
Medicaid	20.9	3.1	2.0	—	26.0
Private	76.8	6.0	6.3	—	89.1
Total	$ 97.7	$ 9.1	$ 8.3	$ —	$ 115.1
Total patient accounts receivable					$ 301.1
Days revenue outstanding (1)					44.4

	0-90	91-180	181-365	Over 365	Total
At December 31, 2023:					
Medicare patient accounts receivable	$ 190.3	$ 16.1	$ 6.4	$ 1.9	$ 214.7
Other patient accounts receivable:					
Medicaid	17.8	1.4	0.5	—	19.7
Private	67.4	6.6	5.0	—	79.0
Total	$ 85.2	$ 8.0	$ 5.5	$ —	$ 98.7
Total patient accounts receivable					$ 313.4
Days revenue outstanding (1)					47.7

(1) Our calculation of days revenue outstanding is derived by dividing our ending patient accounts receivable at September 30, 2024 and December 31, 2023 by our average daily net service revenue for the three-month periods ended September 30, 2024 and December 31, 2023, respectively.

Indebtedness

Third Amendment to the Credit Agreement

Our Credit Agreement provides for a senior secured credit facility in an initial aggregate principal amount of up to $1.0 billion, which includes a $550.0 million Revolving Credit Facility and a term loan facility with a principal amount of up to $450.0 million (the "Amended Term Loan Facility" and collectively with the Revolving Credit Facility, the "Amended Credit Facility"). On March 10, 2023, we entered into the Third Amendment to our Credit Agreement (as amended by the Third Amendment, the "Third Amended Credit Agreement") which (i) formally replaced the use of the London Interbank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR") for interest rate pricing and (ii) allowed for the disposition of our personal care business. In accordance with the requirements under the Third Amended Credit Agreement, net proceeds received from the divestiture of our personal care line of business were used to prepay a portion of our Amended Term Loan Facility during the three-month period ended March 31, 2023.

The loans issued under the Amended Credit Facility bear interest on a per annum basis, at our election, at either: (i) the Base Rate plus the Applicable Rate or (ii) the Term SOFR plus the Applicable Rate. The “Base Rate” means a fluctuating rate per annum equal to the highest of (a) the federal funds rate plus 0.50% per annum, (b) the prime rate of interest established by the Administrative Agent, and (c) the Term SOFR plus 1% per annum. The “Term SOFR” means the quoted rate per annum equal to the SOFR for an interest period of one or three months (as selected by us) plus the SOFR adjustment of 0.10%.

As of September 30, 2024 and 2023, we had no outstanding borrowings under our $550.0 million Revolving Credit Facility. Our weighted average interest rate for borrowings under our Amended Term Loan Facility was 7.2% for the three and nine-month periods ended September 30, 2024 and 7.1% and 6.6% for the three and nine-month periods ended September 30, 2023, respectively.

As of September 30, 2024, our availability under our $550.0 million Revolving Credit Facility was $511.2 million as we have no outstanding borrowings and $38.8 million outstanding in letters of credit. We are in compliance with our covenants under the Third Amended Credit Agreement as of September 30, 2024.

See Note 5 - Long-Term Obligations to our condensed consolidated financial statements for additional details on our outstanding long-term obligations.

Inflation

Our operations have been materially impacted by the current inflationary environment as we have experienced inflation in our labor costs. We expect inflation to continue to impact our operations throughout 2024. As of September 30, 2024, the impacts of inflation on our results of operations have been partially mitigated by rate increases and clinical optimization and reorganization initiatives. No assurance can be given as to our ability to offset the impacts of inflation in the future.

Critical Accounting Estimates

See Part II, Item 7 – Critical Accounting Estimates and our consolidated financial statements and related notes in Part II, Item 8 of our 2023 Annual Report on Form 10-K for accounting policies and related estimates we believe are the most critical to understanding our condensed consolidated financial statements, financial condition and results of operations and which require complex management judgment and assumptions or involve uncertainties. These critical accounting estimates include revenue recognition, business combinations and goodwill and other intangible assets. There have not been any changes to our significant accounting policies or their application since we filed our 2023 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from fluctuations in interest rates. Our Term Loan and Revolving Credit Facility carry a floating interest rate which is tied to the Secured Overnight Financing Rate ("SOFR") and the Prime Rate, and therefore, our condensed consolidated statements of operations and our condensed consolidated statements of cash flows are exposed to changes in interest rates. As of September 30, 2024, the total amount of outstanding debt subject to interest rate fluctuations was $355.0 million. A 1.0% interest rate change would cause interest expense to change by approximately $3.6 million annually, assuming the Company makes no principal repayments.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures which are designed to provide reasonable assurance of achieving their objectives and to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, disclosed and reported within the time periods specified in the SEC's rules and forms. This information is also accumulated and communicated to our management and Board of Directors to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report on Form 10-Q, as of September 30, 2024, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act.

Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2024, the end of the period covered by this Quarterly Report.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have occurred during the quarter ended September 30, 2024, that have materially impacted, or are reasonably likely to materially impact, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls’ effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and, based on an evaluation of our controls and procedures, our principal executive officer and our principal financial officer concluded our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2024, the end of the period covered by this Quarterly Report.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 7 - Commitments and Contingencies to the condensed consolidated financial statements for information concerning our legal proceedings.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. These risks, which could materially affect our business, financial condition or future results, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition and/or operating results.

The risk factors set forth below update, and should be read together with, the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2023:

Our business depends on our information systems. A cyber-attack, security breach or our inability to effectively integrate, manage and keep our information systems secure and operational could disrupt our operations.

In general, all information systems, including those we host or have hosted by third parties, are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, human error, malicious acts, break-ins and other intentional or unintentional events. Our business is also at risk from and may be materially impacted and/or disrupted by information security incidents, such as ransomware, malware, viruses, phishing, social engineering and other security events. Such incidents can range from individual attempts to gain unauthorized access to information technology systems to more sophisticated security threats. These events can also result from internal compromises, such as human error or a rogue employee or contractor, and can occur on our systems or on the systems of our partners and subcontractors. Additionally, our current information systems are subject to other non-environmental risks, including technological obsolescence, in some instances, which may create increased security and/or operational risk.

Our networks, systems and devices store sensitive information, including intellectual property, proprietary business information and personal information of our patients, partners and employees. We have installed a number of protective technology systems and devices on our network, systems and point of care tablets in an attempt to prevent unauthorized access to information created, received, transmitted and maintained by us. However, healthcare companies are routinely targeted by threat actors, and no level of security can guarantee that cybersecurity incidents will not occur. In the event of a sophisticated ransomware attack, malware, viruses, phishing or social engineering, our technology may fail to adequately secure the protected health information and personal information we create, receive, transmit and maintain in our databases. In such circumstances, we may be held liable to our patients and regulators, which could result in fines, litigation or adverse publicity that could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Even if we are not held liable, any resulting negative publicity could harm our business and distract the attention of management.

As a healthcare provider, we face increased legal and regulatory compliance risk in the event of a cyber-attack. Healthcare providers and health insurance plans must comply with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") regulations regarding the privacy and security of protected health information. The HIPAA regulations impose significant requirements on providers with regard to how such protected health information may be used and disclosed. Further, the regulations include extensive and complex requirements for providers to establish reasonable and appropriate administrative, technical and physical safeguards to ensure the confidentiality, integrity and availability of protected health information. HIPAA directs the Secretary of the United States Department of Health and Human Services ("HHS") to provide for periodic audits to ensure covered entities (and their business associates, as that term is defined under HIPAA) comply with the applicable HIPAA requirements. Entities within the U.S. that are found to be in violation of HIPAA may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Even when providers establish reasonable and appropriate administrative, technical and physical safeguards, it is difficult to fully protect information systems from a breach or security incident. In the event a provider experiences a "breach" and protected health information is compromised, the provider is obligated under HIPAA to notify individuals, the government, and in the event the breach involves 500 or more individuals, the media. There are significant costs associated with a breach, including investigation costs, remediation and mitigation costs, notification costs, attorney fees, litigation and the potential for reputational harm and lost revenues due to a loss in confidence in the provider. We cannot predict the costs to comply with these laws or the costs associated with a potential breach of protected health information, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows, and our business reputation.

In addition to federal regulators, state attorneys general are also enforcing proactive security protocols and reporting requirements relating to information security breaches. All 50 states and the U.S. territories have breach notification laws; some of these laws also include proactive data security requirements. In addition to state laws regarding confidentiality of medical information, several states expanded state privacy laws regarding personal information which is more broadly defined than medical information.

As cyber threats continue to evolve, we may be required to expend significant capital and other resources to protect against the threat of security breaches or to mitigate and alleviate problems caused by security incidents, including unauthorized access to protected health information and personal information stored in our information systems and the introduction of computer viruses or other malicious software programs to our systems. If we don't expend capital and other resources to continually enhance our security systems, our security measures may be inadequate to prevent security breaches, and our business operations and reputation could be materially adversely affected by federal and state fines and penalties, legal claims or proceedings, cancellation of contracts and loss of patients if security breaches are not prevented.

Our business depends on effective, secure and operational information systems that include systems provided by or hosted by external contractors, partners and other service providers. For example, our care centers depend upon information systems and software hosted by third-party vendors for patient care, accounting, billing, collections, risk management, quality assurance, human resources, payroll and other information considered to be sensitive and/or confidential, including protected health information. These third-party vendors or business associates, in the event the vendor creates, receives, transmits or maintains protected health information on our behalf, are required to comply with substantially the same HIPAA requirements as the healthcare provider. This is accomplished through the use of "Business Associate Agreements" with vendors. However, third- and fourth-party security incidents and supply-chain cyber attacks have been increasingly common, and there is no way for an organization to ensure that such incidents and attacks do not occur. The occurrence of any information system failure, breach or security incident, or a vendor's breach of the Business Associate Agreement could result in interruptions, delays, breaches of protected health information and personal information, loss or corruption of data and cessations or interruptions in the availability of these systems and the information they create, receive, transmit or maintain. An extended service outage affecting these or other vendors, particularly where such vendor is the single source from which we obtain the services, could have a material adverse effect on our business or results of operations. For example, in February 2024, UnitedHealth Group announced a cyber-attack on the information technology systems of its subsidiary, Change Healthcare, one of the largest providers of healthcare payment systems in the United States. The Change Healthcare cybersecurity incident did not impact our day-to-day operations; however, we were delayed in submitting patient claims to certain non-Medicare payors. There was minimal impact to our Medicare claim submissions as we were able to quickly redirect our Medicare claims to an alternative clearinghouse. The delays in submitting non-Medicare claims resulted in a reduction of our operating cash flow and an estimated increase to our accounts receivable of approximately $60 million during the three month-period ended March 31, 2024. Any of these events or circumstances, among others, could have an adverse effect on our business and consolidated financial condition, results of operations and cash flows, and they could harm our business reputation.

If we are subject to cyber-attacks or security breaches in the future, this could result in harm to patients; business interruptions and delays; the loss, misappropriation, corruption or unauthorized access of data; litigation and potential liability under privacy, security and consumer protection laws or other applicable laws; reputational damage and federal and state governmental inquiries. Any such problems or failures and the costs incurred in correcting any such problems or failures could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Further, to the extent our external information technology contractors or other service providers have their own cyber-attack, security event or information technology failure, become insolvent or fail to support the software or systems we have licensed from them, our operations could be materially adversely affected. A failure to restore our information systems after the occurrence of any of these events could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Because of the protected health information we store and transmit, loss of electronically stored information for any reason could expose us to risk of regulatory action and litigation and possible liability and loss.

Problems with, or the failure of, our technology and systems or any system upgrades or programming changes associated with such technology and systems could have a material adverse effect on our operations, patient care, data capture and integrity, medical documentation, billing, collections, assessment of internal controls and management and reporting capabilities. If we experience a reduction in the performance, reliability or availability of our information systems, our operations and ability to produce timely and accurate reports could be materially adversely affected.

Our information systems and applications also require continual maintenance, upgrading and enhancement to meet our operational and security needs. Our acquisition activity requires transitions and integration of various information systems. We regularly upgrade and expand our information systems' capabilities. If we experience difficulties with the transition and integration of information systems or are unable to implement, maintain or expand our systems properly, we could suffer from, among other things, operational disruptions, regulatory investigations or audits and increases in administrative expenses.

We believe we have all the necessary licenses from third parties to use technology and software that we do not own. A third-party could, however, allege that we are infringing its rights, which may deter our ability to obtain licenses on commercially reasonable terms from the third-party, if at all, or cause the third-party to commence litigation against us. In addition, we may find it necessary to initiate litigation to protect our trade secrets, to enforce our intellectual property rights and to determine the scope and validity of any proprietary rights of others. Any such litigation, or the failure to obtain any necessary licenses or other rights, could materially and adversely affect our business.

Delays in payment may cause liquidity problems.

Our business is characterized by delays from the time we provide services to the time we receive payment for these services. Timing delays in billings and collections may cause working capital shortages. Working capital management, including prompt and diligent billing and collection, is an important factor in achieving our financial results and maintaining liquidity. It is possible that delays in obtaining documentation support, information technology system problems or outages, or Medicare or other payor issues or industry trends may extend our collection period, which may materially adversely affect our working capital, and our working capital management procedures may not successfully mitigate this risk.

In February 2024, UnitedHealth Group announced a cyberattack on the information technology systems of its subsidiary, Change Healthcare, one of the largest providers of healthcare payment systems in the United States. The Change Healthcare cybersecurity incident did not impact our day-to-day operations; however, we were delayed in submitting patient claims to certain non-Medicare payors. There was minimal impact to our Medicare claim submissions as we were able to quickly redirect our Medicare claims to an alternative clearinghouse. The delays in submitting non-Medicare claims resulted in a reduction of our operating cash flow and an estimated increase to our accounts receivable of approximately $60 million during the three month-period ended March 31, 2024. Any similar events or circumstances, among others, could have an adverse effect on our business and consolidated financial condition, results of operations and cash flows.

On May 29, 2018, CMS issued a notice indicating its intention to re-launch a home health agency pre-claim review demonstration project. Now called the Review Choice Demonstration for Home Health Services ("RCD") and fully implemented in six states (Florida, Illinois, North Carolina, Ohio, Texas and Oklahoma), RCD gives home health agencies three initial options: pre-claim review of all claims, post-payment review of all claims or minimal post-payment review with a 25% payment reduction for all home health services. Reduced review options are available for home health agencies that demonstrate compliance.

CMS has also implemented the Targeted Probe and Educate ("TPE") program for home health and hospice providers to help reduce provider claim denials and educate providers on appropriate billing practices. Under the TPE program, Medicare Administrative Contractors ("MACs") use data analysis to identify providers who have high claim error rates, unusual billing practices or provide services that have high national error rates. If a provider is selected for a TPE review by a MAC, the initial volume of claims reviewed is limited to 20 to 40 claims and can include up to three rounds of claims review, if necessary, with corresponding provider education and a subsequent period to allow for improvement. If results do not improve sufficiently after three rounds, the MAC may refer the provider to CMS for further action which may include 100% prepay review, extrapolation, referral to a Recovery Auditor and/or referral for revocation from the Medicare program. Providers will not be under TPE review and RCD at the same time. Providers currently on TPE review will be removed prior to CMS implementing RCD in that particular state.

Compliance with the RCD and TPE processes has resulted in increased administrative costs and delays in reimbursement for services in the states subject to RCD and TPE review. These delays could materially adversely affect our working capital.

Additionally, our hospice operations may experience payment delays when attempting to collect funds from state Medicaid programs in certain instances. Delays in receiving payments from these programs may also materially adversely affect our working capital.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides the information with respect to purchases made by us of shares of our common stock during each of the months during the three-month period ended September 30, 2024. The amounts below only relate to employee stock activity as the Merger Agreement limits the Company's ability to repurchase shares of common stock prior to the completion of the Merger, subject to certain exceptions:

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
July 1, 2024 to July 31, 2024	5,675	$ 97.59	—	$ —
August 1, 2024 to August 31, 2024	936	97.44	—	—
September 1, 2024 to September 30, 2024	—	—	—	—
	6,611 (1)	$ 97.57	—	$ —

(1) Includes shares of common stock surrendered to us by certain employees to satisfy tax withholding obligations in connection with the vesting of non-vested stock previously awarded to such employees under our 2018 Omnibus Incentive Compensation Plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) 2024 Annual Meeting of Stockholders

As previously disclosed, on June 26, 2023, Amedisys, UnitedHealth Group Incorporated, a Delaware corporation ("UnitedHealth Group"), and Aurora Holdings Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of UnitedHealth Group ("Merger Sub"), entered into an Agreement and Plan of Merger, pursuant to which Merger Sub will merge with and into Amedisys with Amedisys continuing as the surviving corporation and becoming a wholly owned subsidiary of UnitedHealth Group (the "Merger"). The consummation of the Merger is subject to a number of conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Amedisys and UnitedHealth Group continue to work cooperatively with the DOJ staff in their review of the Merger, but Amedisys cannot be certain as to when the DOJ's review will be completed or the outcome of that review. To ensure continued compliance with Nasdaq listing rules requiring listed companies to hold an annual meeting before the end of each fiscal year, the Company's Board of Directors (the "Board") determined on November 4, 2024 that the 2024 annual meeting of stockholders (the "Annual Meeting") will be held on Monday, December 30, 2024 if the Merger has not closed by that date. If the Merger closes before December 30, 2024, the Board will cancel the Annual Meeting. The record date for the Annual Meeting will be December 5, 2024. Only stockholders of record at the close of business on that date may attend and vote at the Annual Meeting or any adjournment or postponement thereof.

Because the date of the Annual Meeting will differ by more than 30 days from the anniversary date of the Company's 2023 Annual Meeting of Stockholders, the previously announced deadline for stockholder proposals pursuant to Rule 14a-8 under the Exchange Act is no longer applicable. Under the new deadline set by the Company, any stockholder proposal intended to be included in the Company's proxy materials for the Annual Meeting pursuant to Exchange Act Rule 14a-8 must be delivered to, or mailed to and received at, the Company's principal executive offices located at 3854 American Way, Suite A, Baton Rouge, LA 70816, Attn: Corporate Secretary, on or before the close of business on November 18, 2024, which the Company has determined to be a reasonable time before it expects to begin to print and distribute its proxy materials for the Annual Meeting. In addition to complying with this deadline, stockholder proposals intended to be included in the Company's proxy materials for the Annual Meeting must also comply with all applicable U.S. Securities and Exchange Commission rules, including Exchange Act Rule 14a-8.

In addition, because the date of the Annual Meeting will be more than 60 days after the anniversary date of the Company's 2023 Annual Meeting of Stockholders, the previously announced deadline for stockholder proposals or nominations under Section 2.8 of the Company's Amended and Restated By-Laws (the "By-Laws") is no longer applicable. Pursuant to the By-Laws, the new deadline for any stockholder proposal or nomination (including nominations pursuant to Rule 14a-19 under the Exchange Act), other than pursuant to Exchange Act Rule 14a-8, intended to be brought before the Annual Meeting must be delivered to, or mailed to and received at, the Company's principal executive offices located at 3854 American Way, Suite A, Baton Rouge, LA 70816, Attn: Corporate Secretary, on or before the close of business on November 17, 2024. In addition to complying with this deadline, stockholder proposals or nominations intended to be brought before the Annual Meeting must also comply with all applicable U.S. Securities and Exchange Commission rules, the By-Laws and applicable law, including the additional requirements of Rule 14a-19 under the Exchange Act.

Compensation Adjustments for Nick Muscato

On November 5, 2024, the Compensation Committee of the Board approved and ratified the following compensation adjustments for Nick Muscato, the Company's Chief Strategy Officer: (i) an increase in Mr. Muscato's base salary from $437,750 to $525,000 effective immediately, (ii) a one-time equity award grant of time-based restricted stock units, with a $1 million grant date value, which will vest ratably over three years from the date of grant assuming Mr. Muscato remains employed on each such vesting date, in exchange for Mr. Muscato's agreeing not to resign his employment with UnitedHealth

Group for Good Reason (as defined in the Amended and Restated Severance Plan for Executive Officers and the Amedisys 2018 Omnibus Incentive Compensation Plan) due to a material diminution of his authority, responsibilities or duties during the six-month period following the Effective Time of the Merger, and (iii) a special cash performance bonus in the amount of $200,000 in recognition of Mr. Muscato's exceptional performance in support of the pending Merger, which is required to be repaid to the Company if Mr. Muscato voluntarily leaves the Company prior to the closing of the Merger.

(b) The disclosure included in section (a) of this Part II, Item 5 related to the 2024 Annual Meeting is hereby incorporated by reference into this section (b).

(c) None.

ITEM 6. EXHIBITS

The exhibits marked with the cross symbol (†) are filed and the exhibits marked with a double cross (††) are furnished with this Form 10-Q. Any exhibits marked with the asterisk symbol (*) are management contracts or compensatory plans or arrangements filed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
3.1	Composite of Certificate of Incorporation of the Company inclusive of all amendments through June 14, 2007	The Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007	0-24260	3.1
3.2	Composite of By-Laws of the Company inclusive of all amendments through December 14, 2022	The Company’s Current Report on Form 8-K filed on December 16, 2022	0-24260	3.1
†*10.1	Third Amendment to the Amedisys Inc. 2018 Omnibus Incentive Compensation Plan			
†31.1	Certification of Richard Ashworth, President and Chief Executive Officer (principal executive officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
†31.2	Certification of Scott G. Ginn, Chief Operating Officer, Executive Vice President and Chief Financial Officer (principal financial officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
††32.1	Certification of Richard Ashworth, President and Chief Executive Officer (principal executive officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
††32.2	Certification of Scott G. Ginn, Chief Operating Officer, Executive Vice President and Chief Financial Officer (principal financial officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
†101.INS	Inline XBRL Instance - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
†101.SCH	Inline XBRL Taxonomy Extension Schema Document			
†101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
†101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase			
†101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document			
†101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMEDISYS, INC.
(Registrant)

By: /s/ Allyson D. Guidroz

Allyson D. Guidroz
Principal Accounting Officer and
Duly Authorized Officer

Date: November 7, 2024

Exhibit 10.1

THIRD AMENDMENT TO
THE
AMEDISYS, INC. 2018 OMNIBUS INCENTIVE COMPENSATION PLAN

This Third Amendment (this "Amendment") to the Amedisys, Inc. 2018 Omnibus Incentive Compensation Plan, as amended (the "Plan"), is entered into this 31st day of July, 2024, by the Compensation Committee of the Board of Directors (the "Committee") of Amedisys, Inc. (the "Company"), as authorized pursuant to Section 19 of the Plan.

WHEREAS, the Company established and maintains the Plan, as it may be amended and/or restated from time to time;

WHEREAS, Section 19 of the Plan permits the Committee to amend the Plan without stockholder approval as set forth therein; and

WHEREAS, the Committee now desires to amend the Plan, effective as of the day immediately preceding the closing date of the Company's merger (the "Merger") with UnitedHealth Group Incorporated (the "Effective Date"), yet contingent upon such closing, to provide that vested stock options be exercised automatically on the day they expire if they are "in-the-money" at the time of expiration.

NOW, THEREFORE, for Awards that are outstanding on the Effective Date, the Plan is hereby amended, contingent upon the closing of the Merger, effective as of the Effective Date, as follows:

1.

Section 8 of the Plan is hereby amended by adding a new subsection 8.6 as follows:

8.6. Automatic Exercise of Certain Expiring Options. Notwithstanding any other provision of this Plan or any Award Notice or Award agreement (other than this Section 8), on the last trading day on which all or a portion of an outstanding Option may be exercised, if as of the close of trading on such day the then Fair Market Value of a share of Common Stock exceeds the per share Exercise Price of the Option by at least $.01 (such expiring portion of an Option that is so in-the-money, an "Auto-Exercise Eligible Option"), the optionee shall be deemed to have automatically exercised such Auto-Exercise Eligible Option (to the extent it has not previously been exercised, forfeited, or terminated) as of the close of trading in accordance with the provisions of this Section 8.6. In the event of an automatic exercise pursuant to this Section 8.6, the Company shall reduce the number of shares of Common Stock issued to the optionee upon such optionee's automatic exercise of the Auto-Exercise Eligible Option in an amount necessary to satisfy (1) the optionee's Exercise Price obligation for the Auto-Exercise Eligible Option and (2) the minimum amount of tax required to be withheld in connection with the automatic exercise (or such other rate that will not cause adverse accounting consequences for the Company) unless the Committee deems that a different method of satisfying such withholding obligations is practicable and advisable, in each case based on the Fair Market Value of the Common Stock as of the close of trading on the date of exercise. In accordance with procedures established by the Committee, an optionee may notify the Company's record-keeper in writing in advance that he or she does not wish for the Auto-Exercise Eligible Option to be exercised. This Section 8.6 shall not apply to any Option to the extent that this Section causes the Option to fail to qualify for favorable tax treatment under applicable law. In its discretion, the Company may determine to cease automatically exercising Options at any time.

2.

Capitalized terms used in this Amendment and not defined herein shall have the meanings set forth in the Plan.

3.

This Amendment shall be void and of no force and effect if the Merger does not close.

Except as specifically set forth above, the terms of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Committee has caused this Amendment to be adopted and executed on the date first set forth above.

Amedisys, Inc.

By: /s/Teresa L. Kline

Name: Teresa L. Kline

Title: Compensation Committee Chair

Exhibit 31.1

CERTIFICATION

I, Richard Ashworth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, of Amedisys, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/S/ Richard Ashworth

Richard Ashworth
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Scott G. Ginn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, of Amedisys, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 7, 2024

/S/ Scott G. Ginn

Scott G. Ginn
Chief Operating Officer, Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amedisys, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2024 (the "Report"), I, Richard Ashworth, Chief Executive Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

Date: November 7, 2024

/S/ Richard Ashworth

Richard Ashworth
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amedisys, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2024 (the “Report”), I, Scott G. Ginn, Chief Operating Officer, Executive Vice President and Chief Financial Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

Date: November 7, 2024

/s/ Scott G. Ginn

Scott G. Ginn
Chief Operating Officer, Executive Vice President and Chief Financial Officer
(Principal Financial Officer)