AMEDISYS INC
Form 8-K/A
February 10, 2004

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): August 1, 2003

AMEDISYS, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

0-24260	**11-3131700**
(Commission File Number)	**(I.R.S. Employer Identification No.)**

11100 Mead Road, Suite 300, Baton Rouge, LA 70816

(Address of principal executive offices including zip code)

(225) 292-2031

(Registrant s telephone number, including area code)

ITEM 1. CHANGES IN CONTROL OF REGISTRANT

Not applicable

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On August 5, 2003, effective August 1, 2003, Amedisys LA Acquisitions, LLC (Purchaser), a wholly-owned subsidiary of Amedisys, Inc. (Amedisys) which acted as Guarantor, purchased certain assets and certain liabilities, of nine home care offices of Standard Home Health Care, Inc. and Cypress Health Services, LLC (Sellers), located in southeast Louisiana. The Purchaser and Amedisys had no relationship with the Sellers or any of their affiliates prior to this transaction. The purchase price of approximately $8 million was comprised of $6 million in cash at closing, 163,000 shares of Amedisys, Inc. common stock, and $1 million in a three-year note subject to performance requirements. The assets acquired consist primarily of Medicare and Medicaid provider numbers; furniture, fixtures, equipment, and leasehold improvements; inventory; prepaid expenses; advances and deposits; office supplies; records and files; transferable governmental licenses and permits; and rights in, to and under specified licenses, contracts, leases and agreements. The liabilities being assumed are the paid-time-off balances of the Sellers employees, the value of which was offset from the cash paid to Sellers at closing, and obligations arising on or subsequent to the closing dates under the assumed contracts. The Sellers and their principals have agreed that for a period of two years from the effective date of the acquisition they will not compete with the Company in the business of providing home care services in the parishes currently served by the acquired offices. Additionally, the principals have entered into employment agreements with the Company that include separate non-competition covenants. This acquisition is being accounted for as a purchase.

ITEM 3. BANKRUPTCY OR RECEIVERSHIP

Not applicable

ITEM 4. CHANGES IN REGISTRANT S CERTIFYING ACCOUNTANT

Not applicable

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

Not applicable

ITEM 6. RESIGNATIONS OF REGISTRANT S DIRECTORS

Not applicable

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired.

The financial statements related to the acquisition required pursuant to Article 3-05 of Regulation S-X are attached hereto as Annex A.

(b) Pro Forma Financial Information.

The pro forma financial information related to the acquisition required pursuant to Article 11 of Regulation S-X is attached hereto as Annex B.

(c) Exhibit No.

Exhibit No.	
2.1(i)	Asset purchase agreement by and among Amedisys LA Acquisitions, LLC, Amedisys, Inc., Standard Home Health Care, Inc., Cypress Health Services, LLC, David J. Martin, Jr., Charles Gregory Eckert, and Brandon J. Migliore.

(i) Previously filed as an exhibit to form 8-K on August 19, 2003.

ITEM 8. CHANGE IN FISCAL YEAR

Not applicable

ITEM 9. REGULATION FD DISCLOSURE

Not applicable

ITEM 10. AMENDMENTS TO THE REGISTRANT S CODE OF ETHICS, OR WAIVER OF A PROVISION OF THE CODE OF ETHICS

Not applicable

ITEM 11. TEMPORARY SUSPENSION OF TRADING UNDER REGISTRANT S EMPLOYEE BENEFIT PLAN

Not applicable

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Not applicable

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMEDISYS, INC.

By: /s/ Gregory H. Browne

Gregory H. Browne

Chief Financial Officer

DATE: February 9, 2004

ANNEX A

[KPMG LOGO]

METRO PREFERRED HOME CARE

Combined Financial Statements

December 31, 2002 and 2001

(With Independent Auditors   Report Thereon)

Independent Auditors Report

The Board of Directors

Metro Preferred Home Care:

We have audited the accompanying combined balance sheets of Standard Home Health Care Inc. and Cypress Health Services, LLC, collectively, Metro Preferred Home Care (the Company) as of December 31, 2002 and 2001, and the related combined statements of operations, shareholders and members equity and cash flows for the years then ended. These combined financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Metro Preferred Home Care as of December 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Baton Rouge, Louisiana

August 4, 2003

METRO PREFERRED HOME CARE

Combined Balance Sheets

December 31, 2002 and 2001

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	$ 1,592,406	686,392
Patient accounts receivable, net of allowance for doubtful accounts of $257,394 and $143,725 at December 2002 and 2001, respectively	1,895,955	1,577,429
Prepaid expenses and other current assets	27,517	5,371
Total current assets	3,515,878	2,269,192
Property and equipment, net	169,136	285,436
Other assets	18,618	18,618
Total assets	$ 3,703,632	2,573,246
Liabilities and Shareholders and Members Equity		
Current liabilities:		
Accounts payable	$ 162,676	667,057
Accrued expenses:		
Payroll and payroll taxes	547,274	598,753
Accrued management fee	120,000	
Customer refunds payable	76,040	28,479
Deferred revenue	205,167	148,062
Capital leases payable short-term	37,138	105,466
Due to Medicare		64,380
Total current liabilities	1,148,295	1,612,197
Long-term liabilities:		
Capital leases payable long-term	75,040	112,178
Total liabilities	1,223,335	1,724,375
Shareholders and members equity:		
Common stock, 1,000 shares authorized, issued and outstanding; no par value		
Shareholders and members contributed/distributed equity	(751,881)	23,023
Retained earnings	3,232,178	825,848
Total shareholders and members equity	2,480,297	848,871
Commitments and contingencies		

Total liabilities and shareholders and members equity	$ 3,703,632	2,573,246

See accompanying notes to combined financial statements.

METRO PREFERRED HOME CARE

Combined Statements of Operations

Years Ended December 31, 2002 and 2001

	2002	2001
Revenue:		
Net service revenue	$ 17,250,522	13,749,447
Cost of service revenue	5,708,595	4,820,354
Gross profit	11,541,927	8,929,093
General and administrative expenses:		
Salaries and benefits	4,436,254	4,354,156
Other	4,680,391	3,717,950
Total general and administrative expenses	9,116,645	8,072,106
Operating income	2,425,282	856,987
Other income (expense):		
Other income		4,378
Other expense	(18,952)	(33,114)
Total other expense, net	(18,952)	(28,736)
Net income	$ 2,406,330	828,251

See accompanying notes to combined financial statements.

METRO PREFERRED HOME CARE

Combined Statements of Shareholders and Members Equity

Years Ended December 31, 2002 and 2001

	Shareholders Contributed/ Distributed Equity	**Members Contributed Equity**	**Retained Earnings (Deficit)**	**Total Shareholder s and Member s Equity**
Balance, December 31, 2000	$ 102,771	131,000	(2,403)	231,368
Contributions	356,000	580,000		936,000
Distributions	(999,168)	(147,580)		(1,146,748)
Net income			828,251	828,251
Balance, December 31, 2001	(540,397)	563,420	825,848	848,871
Contributions	13,000	205,000		218,000
Distributions	(961,164)	(31,740)		(992,904)
Net income			2,406,330	2,406,330
Balance, December 31, 2002	$ (1,488,561)	736,680	3,232,178	2,480,297

Shareholders contributed/distributed equity includes $10,000 of additional paid-in capital.

See accompanying notes to combined financial statements.

METRO PREFERRED HOME CARE

Combined Statements of Cash Flows

Years Ended December 31, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Net income	$ 2,406,330	828,251
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	137,249	162,098
Provision for uncollectible accounts	257,394	143,725
Changes in assets and liabilities:		
Increase in patient accounts receivable	(575,920)	(1,241,541)
Increase in prepaid expenses and other current assets	(22,146)	(5,371)
(Decrease) increase in accounts payable	(504,381)	285,254
Increase in accrued management fee	120,000	
(Decrease) increase in payroll liabilities	(51,479)	176,741
(Decrease) increase in other accrued liabilities	(16,819)	68,614
Deferred revenue	57,105	148,062
Net cash provided by operating activities	1,807,333	565,833
Cash flows from investing activities:		
Purchases of property and equipment	(20,949)	(35,400)
Cash flows from financing activities:		
Payments on capital leases	(105,466)	(98,356)
Contributions from members and shareholders	218,000	936,000
Distributions to members and shareholders	(992,904)	(1,146,748)
Net cash used in financing activities	(880,370)	(309,104)
Net increase in cash and cash equivalents	906,014	221,329
Cash and cash equivalents at beginning of year	686,392	465,063
Cash and cash equivalents at end of year	$ 1,592,406	686,392
Supplemental information:		
Interest paid	$ 17,313	25,406

See accompanying notes to combined financial statements.

METRO PREFERRED HOME CARE

Combined Financial Statements

December 31, 2002 and 2001

(1) Nature of Operations and Summary of Significant Accounting Policies

(a) Organization and Nature of Operations

Metro Preferred Home Care (Metro Preferred or the Company) is a provider of home health care nursing services in Southeast Louisiana. Metro Preferred is comprised of two operating entities, Standard Home Health Care, Inc. (Standard), a Louisiana corporation and Cypress Health Services, L.L.C. (Cypress), a Louisiana limited liability company. The shares of outstanding common stock of Standard and the membership interests in Cypress are owned by the following individuals in the stated percentages:

	Standard	Cypress
Owner A	40%	40%
Owner B	40%	40%
Owner C	20%	20%

(b) Basis of Accounting

The Company maintains its books and records on the accrual basis of accounting, and the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

(c) Use of Estimates

The preparation of the combined financial statements requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those amounts.

(d) Principles of Combination

The combined financial statements include the accounts of Standard and Cypress, based on common control and similar business, referred to collectively as the Company . All significant intercompany balances and transactions have been eliminated in combination.

(e) Revenue Recognition

The Company has agreements with third party payors that provide for payments to the Company at amounts different from its established rates. Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to the Company s established rates or estimated reimbursement rates, as applicable. Allowances and contractual adjustments are recorded for the difference between the established rates and the amounts estimated to be payable by third parties and are deducted from gross revenue to determine net service revenue. Net service revenue is the estimated net amounts realizable from patients, third party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements.

 (Continued)

METRO PREFERRED HOME CARE

Combined Financial Statements

December 31, 2002 and 2001

Prior to the implementation of the Medicare Prospective Payment System (PPS) on October 1, 2000, reimbursement for home health care services to patients covered by the Medicare program was based on reimbursement of allowable costs subject to certain limits. Final reimbursement was determined after submission of annual cost reports and audits thereof by the fiscal intermediaries. Under the new PPS rules, annual cost reports are still required as a condition of participation in the Medicare program. However, there are no final settlements or retroactive adjustments.

Under PPS, the Company is paid by Medicare based on episodes of care. An episode of care is defined as a length of care of up to sixty days with multiple continuous episodes allowed. A base episode payment is established by the Medicare Program through federal legislation for all episodes of care ended on or after the applicable time periods detailed below:

Period	Base episode payment
Beginning October 1, 2000 through March 31, 2001	$2,115 per episode
April 1, 2001 through September 30, 2001	$2,264 per episode
October 1, 2001 through September 30, 2002	$2,274 per episode
October 1, 2002 through September 30, 2003	$2,159 per episode

With respect to Medicare reimbursement changes, the applicability of the reimbursement change is dependent upon the completion date of the episode; therefore, changes in reimbursement, both positive and negative, will impact the financial results of the Company up to sixty days in advance of the effective date.

The base episode payment is adjusted by applicable regulations including, but not limited to, the following: a case mix adjuster consisting of eighty (80) home health resource groups (HHRG), the applicable geographic wage index, low utilization, intervening events and other factors. The episode payment will be made to providers regardless of the cost to provide care. The services covered by the episode payment include all disciplines of care, in addition to medical supplies, within the scope of the home health benefit.

Revenue is recognized ratably over the 60-day episode. If an episode is terminated before the 60th day, any remaining unrecognized revenue is recognized at the time of termination. Deferred revenue represents payments received from the intermediary in advance of rendering services to patients.

(f) Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include certificates of deposit and all highly liquid debt instruments with maturities of three months or less when purchased.

METRO PREFERRED HOME CARE

Combined Financial Statements

December 31, 2002 and 2001

(g) Provision for Doubtful Accounts

The Company provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their net realizable value. The Company estimates this allowance based on the aging of its accounts receivable and its historical collection experience for each type of payor.

(h) Property and Equipment