

AMEDISYS INC
Form 10-Q
April 27, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

or

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

For the transition period from _____ to _____

Commission File Number: 0-24260

AMEDISYS, INC.

(Exact Name of Registrant as Specified in its Charter)

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Delaware **11-3131700**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
5959 S. Sherwood Forest Blvd., Baton Rouge, LA 70816
(Address of principal executive offices, including zip code)
(225) 292-2031 or (800) 467-2662
(Registrant's telephone number, including area code)

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

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

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

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

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

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, is as follows: Common stock, \$0.001 par value, 28,559,614 shares outstanding as of April 22, 2010.

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SPECIAL CAUTION CONCERNING FORWARD-LOOKING STATEMENTS AND AVAILABLE INFORMATION

Special Caution Concerning Forward-Looking Statements

When included in this Quarterly Report on Form 10-Q, or in other documents that we file with the Securities and Exchange Commission (SEC) or in statements made by or on behalf of our company, words like believes, belief, expects, plans, anticipates, intends, projects, estimates, may, might, would, should and similar expressions are intended to identify forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a variety of risks and uncertainties that could cause actual results to differ materially from those described therein. These risks and uncertainties include, but are not limited to the following: changes in Medicare and other medical payment levels, our ability to open agencies, acquire additional agencies and integrate and operate these agencies effectively, changes in or our failure to comply with existing Federal and State laws or regulations or the inability to comply with new government regulations on a timely basis, competition in the home health industry, changes in the case mix of patients and payment methodologies, changes in estimates and judgments associated with critical accounting policies, our ability to maintain or establish new patient referral sources, our ability to attract and retain qualified personnel, changes in payments and covered services due to the economic downturn and deficit spending by Federal and State governments, future cost containment initiatives undertaken by third-party payors, our access to financing due to the volatility and disruption of the capital and credit markets, our ability to meet debt service requirements and comply with covenants in debt agreements, business disruptions due to natural disasters or acts of terrorism, our ability to integrate and manage our information systems and various other matters, many of which are beyond our control.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on any forward-looking statement as a prediction of future events. We expressly disclaim any obligation or undertaking and we do not intend to release publicly any updates or changes in our expectations concerning the forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based, except as required by law. For a discussion of some of the factors discussed above as well as additional factors, see our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on February 23, 2010, particularly Part I, Item 1A. Risk Factors therein, which are incorporated herein by reference. Additional risk factors may also be described in reports that we file from time to time with the SEC.

Available Information

Our company website address is www.amedisys.com. We use our website as a channel of distribution for important company information. Important information, including press releases, analyst presentations and financial information regarding our company, is routinely posted on and accessible on the Investor Relations subpage of our website, which is accessible by clicking on the tab labeled Investors on our website home page. We also use our website to expedite public access to time-critical information regarding our company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information. Therefore, investors should look to the Investor Relations subpage of our website for important and time-critical information. Visitors to our website can also register to receive automatic e-mail and other notifications alerting them when new information is made available on the Investor Relations subpage of our website. In addition, we make available on the Investor Relations subpage of our website (under the link SEC filings) free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, ownership reports on Forms 3, 4 and 5 and any amendments to those reports as soon as practicable after we electronically file such reports with the SEC. Further, copies of our Certificate of Incorporation and Bylaws, our Code of Ethical Business Conduct, Corporate Governance Guidelines and the charters for the Audit, Compensation and Nominating and Corporate Governance Committees of our Board are also available on the Investor Relations subpage of our website (under the link Corporate Governance).

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

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

(Amounts in thousands, except share data)

(Unaudited)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 81,980	\$ 34,485
Patient accounts receivable, net of allowance for doubtful accounts of \$25,806 and \$26,371	150,572	150,269
Prepaid expenses	12,651	10,279
Other current assets	15,905	23,003
Total current assets	261,108	218,036
Property and equipment, net of accumulated depreciation of \$65,658 and \$59,780	95,440	91,919
Goodwill	789,054	786,923
Intangible assets, net of accumulated amortization of \$13,337 and \$11,824	59,093	57,608
Other assets, net	17,750	17,865
Total assets	\$ 1,222,445	\$ 1,172,351
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 21,554	\$ 16,535
Payroll and employee benefits	124,832	119,619
Accrued expenses	35,592	33,035
Obligations due Medicare	4,618	4,618
Current portion of long-term obligations	40,581	44,254
Current portion of deferred income taxes	11,446	11,245
Total current liabilities	238,623	229,306
Long-term obligations, less current portion	162,799	170,899
Deferred income taxes	30,821	29,399
Other long-term obligations	5,787	6,412
Total liabilities	438,030	436,016
Commitments and Contingencies - Note 6		
Equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued or outstanding	-	-
Common stock, \$0.001 par value, 60,000,000 shares authorized; 28,548,967 and 28,303,216 shares issued; and 28,435,994 and 28,191,174 shares outstanding	29	28
Additional paid-in capital	374,981	363,670
Treasury stock at cost, 112,973 and 112,042 shares of common stock	(791)	(735)
Accumulated other comprehensive income	108	114
Retained earnings	408,735	372,089

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Total Amedisys, Inc. stockholders' equity	783,062	735,166
Noncontrolling interests	1,353	1,169
Total equity	784,415	736,335
Total liabilities and equity	\$ 1,222,445	\$ 1,172,351

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

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AMEDISYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS

(Amounts in thousands, except per share data)

(Unaudited)

	For the three-month periods ended March 31,	
	2010	2009
Net service revenue	\$ 412,967	\$ 341,838
Cost of service, excluding depreciation and amortization	204,062	165,039
General and administrative expenses:		
Salaries and benefits	87,499	73,025
Non-cash compensation	2,513	2,141
Other	44,648	42,266
Provision for doubtful accounts	4,345	6,166
Depreciation and amortization	8,186	6,282
Operating expenses	351,253	294,919
Operating income	61,714	46,919
Other (expense) income:		
Interest income	85	81
Interest expense	(2,411)	(3,455)
Equity in earnings from unconsolidated joint ventures	788	424
Miscellaneous, net	201	354
Total other expense	(1,337)	(2,596)
Income before income taxes	60,377	44,323
Income tax expense	(23,547)	(17,286)
Net income	36,830	27,037
Net income attributable to noncontrolling interests	(184)	(15)
Net income attributable to Amedisys, Inc.	\$ 36,646	\$ 27,022
Net income per share attributable to Amedisys, Inc. common stockholders:		
Basic	\$ 1.32	\$ 1.01
Diluted	\$ 1.29	\$ 0.99
Weighted average shares outstanding:		
Basic	27,821	26,854
Diluted	28,359	27,293

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

Table of Contents**AMEDISYS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

(Unaudited)

	For the three-month periods ended March 31,	
	2010	2009
Cash Flows from Operating Activities:		
Net income	\$ 36,830	\$ 27,037
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,186	6,282
Provision for doubtful accounts	4,345	6,166
Non-cash compensation	2,513	2,141
401(k) employer match	5,705	4,530
Loss on disposal of property and equipment	171	98
Deferred income taxes	1,623	1,141
Equity in earnings of unconsolidated joint ventures	(788)	(424)
Amortization of deferred debt issuance costs	394	394
Return on equity investment	90	-
Changes in operating assets and liabilities, net of impact of acquisitions:		
Patient accounts receivable	(4,648)	15,112
Other current assets	4,885	(2,981)
Other assets	295	507
Accounts payable	4,636	(99)
Accrued expenses	7,425	(5,252)
Other long-term obligations	(625)	(167)
Net cash provided by operating activities	71,037	54,485
Cash Flows from Investing Activities:		
Proceeds from sale of deferred compensation plan assets	-	356
Purchases of deferred compensation plan assets	(54)	(454)
Purchases of property and equipment	(9,966)	(7,478)
Acquisitions of businesses, net of cash acquired	(1,969)	(7,490)
Acquisitions of reacquired franchise rights	(2,377)	-
Net cash (used in) investing activities	(14,366)	(15,066)
Cash Flows from Financing Activities:		
Outstanding checks in excess of bank balance	-	313
Proceeds from issuance of stock upon exercise of stock options and warrants	939	425
Proceeds from issuance of stock to employee stock purchase plan	1,445	1,222
Tax benefit from stock option exercises	714	672
Proceeds from Revolving Line of Credit	-	24,200
Repayments of Revolving Line of Credit	-	(31,200)
Principal payments of long-term obligations	(12,274)	(12,250)
Net cash (used in) financing activities	(9,176)	