

AMEDISYS INC
Form 10-Q
August 01, 2006
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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 June 30, 2006

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 Charter)

Delaware
(State or Other Jurisdiction of

Incorporation or Organization)

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

(Address of principal executive offices including zip code)

11-3131700
(I.R.S. Employer

Identification No.)

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(225) 292-2031

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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, \$.001 par value, 16,106,452 shares outstanding as of July 27, 2006.

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As of June 30, 2006 and December 31, 2005

(Dollar amounts in thousands, except share data)

	June 30, 2006	As of December 31,
	(Unaudited)	2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,957	\$ 17,231
Patient accounts receivable, net of allowance for doubtful accounts of \$7,626 at June 30, 2006 and \$12,387 at December 31, 2005	63,814	68,139
Prepaid expenses	4,286	2,693
Other current assets	5,912	4,277
Total current assets	81,969	92,340
Property and equipment, net	36,700	27,389
Goodwill	207,775	197,002
Intangible assets, net of accumulated amortization of \$4,169 at June 30, 2006 and \$3,108 at December 31, 2005	14,199	11,447
Other assets, net	7,037	11,819
Total assets	\$ 347,680	\$ 339,997
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13,527	\$ 29,922
Accrued expenses	51,672	45,165
Obligations due Medicare	7,873	10,551
Current portion of long-term obligations	11,194	10,144
Current portion of deferred income taxes	4,473	4,173
Total current liabilities	88,739	99,955
Long-term obligations, less current portions	39,217	43,063
Deferred income taxes	2,680	3,556
Other long-term obligations	1,184	824
Total liabilities	131,820	147,398
Stockholders' equity:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized; none issued and outstanding		
Common stock, \$.001 par value, 30,000,000 shares authorized; 16,066,071 and 15,881,691 shares issued at June 30, 2006 and December 31, 2005, respectively, and 16,061,188 and 15,877,524 shares outstanding at June 30, 2006 and December 31, 2005, respectively	16	16
Additional paid-in capital	153,007	146,684
Treasury stock at cost, 4,883 and 4,167 shares held at June 30, 2006 and December 31, 2005, respectively	(52)	(25)
Unearned compensation		(628)
Retained earnings	62,889	46,552

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Total stockholders' equity	215,860	192,599
Total liabilities and stockholders' equity	\$ 347,680	\$ 339,997

See accompanying notes to consolidated financial statements

Table of Contents**AMEDISYS, INC. AND SUBSIDIARIES****CONSOLIDATED INCOME STATEMENTS****For the three and six-month periods ended June 30, 2006 and 2005****(Dollars amounts in thousands, except per share data)****(Unaudited)**

	Three-month period ended		Six-month period ended	
	June 30,	June 30,	June 30,	June 30,
	2006	2005	2006	2005
Net service revenue	\$ 132,910	\$ 80,061	\$ 260,097	\$ 150,498
Cost of service, excluding depreciation and amortization	56,664	33,044	112,434	61,505
General and administrative expenses:				
Salaries and benefits	34,025	18,792	66,170	36,712
Non-cash compensation	597	65	1,193	150
Other	23,458	13,916	47,041	25,042
Depreciation and amortization	2,477	1,523	4,850	2,856
Operating expense	117,221	67,340	231,688	126,265
Operating income	15,689	12,721	28,409	24,233
Other (expense) income:				
Interest income	220	519	426	900
Interest expense	(1,122)	(142)	(2,246)	(287)
Miscellaneous, net	5	(12)	105	(27)
Total other (expense) income	(897)	365	(1,715)	586
Income before income taxes	14,792	13,086	26,694	24,819
Income tax expense	5,739	5,156	10,357	9,779
Net income	\$ 9,053	\$ 7,930	\$ 16,337	\$ 15,040
Net income per common share:				
Basic	\$ 0.57	\$ 0.51	\$ 1.03	\$ 0.97
Diluted	\$ 0.55	\$ 0.50	\$ 1.00	\$ 0.95
Weighted average common shares outstanding:				
Basic	15,976	15,509	15,926	15,450
Diluted	16,326	15,837	16,291	15,789

See accompanying notes to consolidated financial statements

Table of Contents**AMEDISYS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the six-month periods ended June 30, 2006 and 2005****(Amounts in thousands)**

	(Unaudited)	
	Six-month period ended	June 30,
	2006	June 30,
		2005
Cash Flows from Operating Activities:		
Net income	\$ 16,337	\$ 15,040
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,850	2,862
Provision for bad debts	4,004	1,774
Non-cash compensation expense	1,193	113
Loss on disposal of property and equipment	179	53
Deferred income taxes	(253)	759
Amortization of deferred debt issue costs	242	
Tax benefit from stock option exercises		1,029
Write off of inventory		1,063
Changes in assets and liabilities, net of acquisitions:		
(Increase) in accounts receivable	(63)	(14,290)
(Increase) in other current assets	(3,226)	(2,069)
Decrease (increase) in other assets	962	(3,606)
(Decrease) in accounts payable	(17,055)	(2,161)
Increase in accrued expenses	8,789	13,037
Increase in other long-term obligations	358	
(Decrease) in Medicare liabilities	(1,509)	(209)
Net cash provided by operating activities	14,808	13,395
Cash Flows from Investing Activities:		
Proceeds from the sale of property and equipment	50	74
Purchases of property and equipment	(12,608)	(11,691)
Acquisitions of businesses, net	(8,767)	(19,668)
Net cash used in investing activities	(21,325)	(31,285)
Cash Flows from Financing Activities:		
Proceeds from issuance of stock to employee stock purchase plan	834	661
Proceeds from issuance of stock upon exercise of stock options and warrants	1,071	1,102
Tax benefit from stock option exercises	653	
Principal payments of long-term obligations	(5,315)	(1,468)
Other (decreases)		(21)
Net cash (used in) provided by financing activities	(2,757)	274
Net decrease in cash and cash equivalents	(9,274)	(17,616)
Cash and cash equivalents at beginning of period	17,231	89,679

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Cash and cash equivalents at end of period	\$ 7,957	\$ 72,063
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 2,073	\$ 152
Cash paid for 2005 payroll taxes under Hurricane Relief Act extended deadlines	26,906	
Cash paid for income taxes, net of refunds received	1,933	7,076
Supplemental Disclosures of Non Cash Financing and Investing Activities:		
Stock issued for 401(k) Plan	\$ 3,199	\$ 1,672
Notes payable issued for acquisitions	2,520	3,400
Stock issued for acquisitions		1,500

See accompanying notes to consolidated financial statements

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AMEDISYS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2006

(Unaudited)

1. Organization and Nature of Operations

Amedisys, Inc., a Delaware corporation, is a multi-state provider of home health care and hospice services. At June 30, 2006, the Company operated 235 Medicare-certified home health agencies and 12 Medicare-certified hospice agencies in 17 states primarily located in the southern and southeastern United States. In the six-month period ended June 30, 2006, the Company added 13 home health agencies through acquisition, initiated operations at 13 new home health locations and closed four home health locations.

The Company derived approximately 93% of its net service revenue from Medicare for the three and six-month periods ended June 30, 2006 and June 30, 2005.

Primarily as a result of the Company's rapid growth through acquisition, operating results may not be comparable for the periods that are presented.

In the opinion of management of the Company, the accompanying unaudited cons