

LHC Group, Inc  
Form 10-Q  
August 06, 2015  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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: 001-33989

LHC GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

420 West Pinhook Road, Suite A

Lafayette, LA 70503

(Address of principal executive offices including zip code)

(337) 233-1307

(Registrant's telephone number, including area code)

71-0918189

(I.R.S. Employer  
Identification No.)

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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.

Large accelerated filer " Accelerated filer ✓

Non-accelerated filer " (Do not check if a smaller reporting company) 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 ✓

Number of shares of common stock, par value \$0.01, outstanding as of August 4, 2015: 17,959,562 shares.



Table of Contents

LHC GROUP, INC.  
INDEX

	Page
Part I. Financial Information	
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets — June 30, 2015 and December 31, 2014</u>	<u>3</u>
<u>Condensed Consolidated Statements of Income — Three and Six months ended June 30, 2015 and 2014</u>	<u>4</u>
<u>Condensed Consolidated Statement of Changes in Equity — Six months ended June 30, 2015</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows — Six months ended June 30, 2015 and 2014</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>35</u>
Item 4. <u>Controls and Procedures</u>	<u>35</u>
Part II. Other Information	
Item 1. <u>Legal Proceedings</u>	<u>36</u>
Item 1A. <u>Risk Factors</u>	<u>36</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>36</u>
Item 6. <u>Exhibits</u>	<u>36</u>
<u>Signatures</u>	<u>38</u>

Table of Contents

## PART I — FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

## LHC GROUP, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

(Unaudited)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash	\$ 18,270	\$ 531
Receivables:		
Patient accounts receivable, less allowance for uncollectible accounts of \$23,900 and \$18,582, respectively	100,124	97,498
Other receivables	1,419	1,334
Amounts due from governmental entities	979	1,164
Total receivables, net	102,522	99,996
Deferred income taxes	13,890	11,381
Prepaid income taxes	2,225	3,093
Prepaid expenses	10,799	8,724
Other current assets	5,430	3,777
Receivable due from insurance carrier	—	7,850
Total current assets	153,136	135,352
Property, building and equipment, net of accumulated depreciation of \$47,873 and \$44,683, respectively	34,765	34,787
Goodwill	240,214	240,019
Intangible assets, net of accumulated amortization of \$7,538 and \$6,560, respectively	79,027	79,685
Other assets	1,903	1,896
Total assets	\$ 509,045	\$ 491,739
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 23,444	\$ 19,278
Salaries, wages, and benefits payable	40,489	22,466
Self-insurance reserve	8,716	6,559
Current portion of long-term debt	235	230
Amounts due to governmental entities	3,559	4,459
Legal settlement payable	—	7,850
Total current liabilities	76,443	60,842
Deferred income taxes	37,109	33,592
Income tax payable	3,415	3,415
Revolving credit facility	40,000	60,000
Long-term debt, less current portion	660	778
Total liabilities	157,627	158,627
Noncontrolling interest — redeemable	11,981	11,517
Stockholders' equity:		
LHC Group, Inc. stockholders' equity:		
Common stock — \$0.01 par value; 40,000,000 shares authorized; 22,207,136 and 22,015,211 shares issued in 2015 and 2014, respectively	222	220

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Treasury stock — 4,773,160 and 4,734,363 shares at cost, respectively	(36,989 )	(35,660 )
Additional paid-in capital	111,849	108,708
Retained earnings	261,126	245,371
Total LHC Group, Inc. stockholders' equity	336,208	318,639
Noncontrolling interest — non-redeemable	3,229	2,956
Total equity	339,437	321,595
Total liabilities and equity	\$509,045	\$491,739

See accompanying notes to condensed consolidated financial statements.

3

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Table of Contents

LHC GROUP, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Amounts in thousands, except share and per share data)  
 (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net service revenue	\$200,172	\$188,867	\$393,251	\$352,548
Cost of service revenue	116,639	111,527	231,065	208,861
Gross margin	83,533	77,340	162,186	143,687
Provision for bad debts	4,805	4,363	10,064	7,725
General and administrative expenses	60,370	59,723	119,668	114,302
Operating income	18,358	13,254	32,454	21,660
Interest expense	(554	) (830	) (1,099	) (1,218
Income before income taxes and noncontrolling interest	17,804	12,424	31,355	20,442
Income tax expense	6,220	4,352	10,949	7,275
Net income	11,584	8,072	20,406	13,167
Less net income attributable to noncontrolling interests	2,634	2,011	4,651	3,038