

LHC Group, Inc
Form 10-Q
August 03, 2017
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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, 2017

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 71-0918189
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
901 Hugh Wallis Road South
Lafayette, LA 70508
(Address of principal executive offices including zip code)
(337) 233-1307
(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 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
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.

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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 July 31, 2017: 18,281,941 shares.

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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, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	\$6,968	\$3,264
Receivables:		
Patient accounts receivable, less allowance for uncollectible accounts of \$26,020 and \$29,036, respectively	130,948	124,803
Other receivables	6,749	5,115
Amounts due from governmental entities	830	942
Total receivables, net	138,527	130,860
Prepaid income taxes	3,296	—
Prepaid expenses	10,888	9,821
Other current assets	6,087	5,796
Total current assets	165,766	149,741
Property, building and equipment, net of accumulated depreciation of \$39,111 and \$35,226, respectively	43,885	43,251
Goodwill	345,179	307,317
Intangible assets, net of accumulated amortization of \$12,143 and \$10,968, respectively	114,966	102,006
Other assets	2,870	11,756
Total assets	\$672,666	\$614,071
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$38,513	\$26,805
Salaries, wages, and benefits payable	37,259	34,265
Self-insurance reserve	13,627	10,691
Current portion of long-term debt	258	252
Amounts due to governmental entities	5,341	4,955
Income tax payable	—	3,499
Total current liabilities	94,998	80,467
Deferred income taxes	34,463	31,941
Revolving credit facility	84,000	87,000
Long-term debt, less current portion	409	544
Total liabilities	213,870	199,952
Noncontrolling interest — redeemable		
	13,420	12,567
Stockholders' equity:		
LHC Group, Inc. stockholders' equity:		
Common stock — \$0.01 par value; 40,000,000 shares authorized; 22,617,280 and 22,429,041 shares issued in 2017 and 2016, respectively	226	224
Treasury stock — 4,884,497 and 4,828,679 shares at cost, respectively	(41,879)	(39,135)
Additional paid-in capital	123,456	119,748
Retained earnings	335,060	314,289

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Total LHC Group, Inc. stockholders' equity	416,863	395,126
Noncontrolling interest — non-redeemable	28,513	6,426
Total equity	445,376	401,552
Total liabilities and equity	\$672,666	\$614,071

See accompanying notes to condensed consolidated financial statements.

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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,	
	2017	2016	2017	2016
Net service revenue	\$260,210	\$226,031	\$506,828	\$448,583
Cost of service revenue	161,158	137,128	315,528	272,729
Gross margin	99,052	88,903	191,300	175,854
Provision for bad debts	2,675	3,782	5,044	8,383
General and administrative expenses	73,550	68,261	145,409	134,297
Loss on disposal of assets	2	1,043	154	1,247
Operating income	22,825	15,817	40,693	31,927
Interest expense	(840) (466) (1,620) (1,351
Income before income taxes and noncontrolling interest	21,985	15,351	39,073	30,576
Income tax expense	7,792	3,596	12,965	8,938
Net income	14,193	11,755	26,108	