

LHC Group, Inc
Form 10-Q
August 04, 2016
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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, 2016

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

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 1, 2016: 18,153,362 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, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash	\$19,725	\$6,139
Receivables:		
Patient accounts receivable, less allowance for uncollectible accounts of \$28,692 and \$26,712, respectively	121,644	110,350
Other receivables	2,095	2,093
Amounts due from governmental entities	964	1,081
Total receivables, net	124,703	113,524
Prepaid income taxes	6,030	1,949
Prepaid expenses	16,092	10,833
Other current assets	6,987	5,835
Receivable due from insurance carrier	—	550
Total current assets	173,537	138,830
Property, building and equipment, net of accumulated depreciation of \$39,034 and \$38,907, respectively	45,894	38,096
Goodwill	297,160	290,694
Intangible assets, net of accumulated amortization of \$9,716 and \$8,496, respectively	100,690	96,405
Other assets	2,364	2,029
Total assets	\$619,645	\$566,054
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$24,471	\$24,586
Salaries, wages, and benefits payable	49,210	28,098
Self-insurance reserve	12,341	9,636
Current portion of long-term debt	246	241
Amounts due to governmental entities	5,038	7,055
Legal settlement payable	—	550
Total current liabilities	91,306	70,166
Deferred income taxes	25,787	23,729
Income tax payable	1,678	3,415
Revolving credit facility	110,000	98,000
Long-term debt, less current portion	423	543
Total liabilities	229,194	195,853
Noncontrolling interest — redeemable	12,642	12,408
Stockholders' equity:		
LHC Group, Inc. stockholders' equity:		
Common stock — \$0.01 par value; 40,000,000 shares authorized; 22,402,310 and 22,224,423 shares issued in 2016 and 2015, respectively	224	222
Treasury stock — 4,821,124 and 4,776,560 shares at cost, respectively	(38,842)	(37,139)

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Additional paid-in capital	117,142	113,793
Retained earnings	294,856	277,706
Total LHC Group, Inc. stockholders' equity	373,380	354,582
Noncontrolling interest — non-redeemable	4,429	3,211
Total equity	377,809	357,793
Total liabilities and equity	\$619,645	\$566,054

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,	
	2016	2015	2016	2015
Net service revenue	\$226,031	\$200,172	\$448,583	\$393,251
Cost of service revenue	137,128	116,639	272,729	231,065
Gross margin	88,903	83,533	175,854	162,186
Provision for bad debts	3,782	4,805	8,383	10,064
General and administrative expenses	68,261	60,250	134,297	119,264
Loss on disposal of assets	1,043	120	1,247	404
Operating income	15,817	18,358	31,927	32,454
Interest expense	(466) (554) (1,351) (1,099
Income before income taxes and noncontrolling interest	15,351	17,804	30,576	31,355
Income tax expense	3,596	6,220	8,938	10,949
Net income	11,755	11,584	21,638	