

LHC Group, Inc  
Form 10-Q  
November 09, 2011  
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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 September 30, 2011

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)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**71-0918189**  
(I.R.S. Employer  
Identification No.)

**420 West Pinhook Rd, Suite A**

**Lafayette, LA 70503**

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter periods 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

Number of shares of common stock, par value \$0.01, outstanding as of November 3, 2011: 18,808,399 shares.

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	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash	\$ 11,134	\$ 288
Receivables:		
Patient accounts receivable, less allowance for uncollectible accounts of \$10,808 and \$9,769, respectively	78,594	79,939
Other receivables	2,407	5,210
Amounts due from governmental entities	315	429
Total receivables, net	81,316	85,578
Deferred income taxes	7,745	5,941
Prepaid income taxes	30,309	5,326
Prepaid expenses	5,311	6,573
Other current assets	4,148	3,442
Total current assets	139,963	107,148
Property, building and equipment, net of accumulated depreciation of \$20,163 and \$15,329, respectively	27,901	26,862
Goodwill	164,731	157,338
Intangible assets, net of accumulated amortization of \$2,129 and \$1,499, respectively	59,585	54,051
Advance payment on acquisitions		6,947
Other assets	5,713	4,959
Total assets	\$ 397,893	\$ 357,305
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 22,929	\$ 21,017
Salaries, wages, and benefits payable	22,925	27,289
Amounts due to governmental entities	3,262	3,159
Total current liabilities	49,116	51,465
Deferred income taxes	21,455	16,817
Income tax payable	3,415	
Revolving credit facility	54,000	
Total liabilities	127,986	68,282
Noncontrolling interest redeemable	11,858	13,535
Stockholders equity:		

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LHC Group, Inc. stockholders' equity:

Common stock \$0.01 par value; 40,000,000 shares authorized; 21,352,211 and 21,180,286 shares issued and 18,281,181 and 18,172,022 shares outstanding, respectively	183	181
Treasury stock 3,071,030 and 3,008,264 shares at cost, respectively	(6,146)	(4,453)
Additional paid-in capital	94,559	91,017
Retained earnings	166,518	186,996
<b>Total LHC Group, Inc. stockholders' equity</b>	<b>255,114</b>	<b>273,741</b>
Noncontrolling interest - non-redeemable	2,935	1,747
<b>Total equity</b>	<b>258,049</b>	<b>275,488</b>
Total liabilities and equity	\$ 397,893	\$ 357,305

See accompanying notes to the condensed consolidated financial statements.

**Table of Contents****LHC GROUP, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS***(Amounts in thousands, except share and per share data)**(Unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net service revenue	\$ 153,398	\$ 165,672	\$ 476,196	\$ 464,475
Cost of service revenue	87,815	87,227	262,987	239,952
Gross margin	65,583	78,445	213,209	224,523
Provision for bad debts	3,199	1,699	8,903	5,299
Settlement with government agencies	65,000		65,000	
General and administrative expenses	52,656	51,056	159,851	146,509
Operating income (loss)	(55,272)	25,690	(20,545)	72,715
Interest expense	(217)	(33)	(507)	(83)
Non-operating income	1,396	90	1,573	711
Income (loss) before income taxes and noncontrolling interest	(54,093)	25,747	(19,479)	73,343
Income tax expense (benefit)	(18,130)	8,631	(6,420)	24,119
Net income (loss)	(35,963)	17,116	(13,059)	49,224
Less net income attributable to noncontrolling interests	1,997	3,818	7,419	11,910
Net income (loss) attributable to LHC Group, Inc.	(37,960)	13,298	(20,478)	37,314
Redeemable noncontrolling interest				41
Net income (loss) available to LHC Group, Inc.'s common stockholders	\$ (37,960)	\$ 13,298	\$ (20,478)	\$ 37,355
Earnings per share - basic:				
Net income (loss) attributable to LHC Group, Inc.	(2.08)	0.73	(1.12)	2.06
Redeemable noncontrolling interest				
Net income (loss) available to LHC Group, Inc.'s common stockholders	\$ (2.08)	\$ 0.73	\$ (1.12)	\$ 2.06
Earnings per share - diluted:				
Net income (loss) attributable to LHC Group, Inc.	(2.08)	0.73	(1.12)	2.05
Redeemable noncontrolling interest				
Net income (loss) available to LHC Group, Inc.'s common stockholders	\$ (2.08)	\$ 0.73	\$ (1.12)	\$ 2.05
Weighted average shares outstanding:				
Basic	18,263,237	18,148,678	18,251,648	18,103,196
Diluted	18,263,237	18,224,019	18,251,648	18,208,445

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See accompanying notes to the condensed consolidated financial statements.

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**LHC GROUP, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(Amounts in thousands except share data)*

*(Unaudited)*

	Common Stock		Treasury		Additional Paid-In Capital	Retained Earnings	Non-controlling Interest Non Redeemable	Total Equity
	Amount	Shares	Amount	Shares				
Balances at December 31, 2010	\$ 181	21,180,286	\$ (4,453)	(3,008,264)	\$ 91,017	\$ 186,996	\$ 1,747	\$ 275,488
Net income (loss)								