

AMEDISYS INC  
Form 10-Q  
November 01, 2011  
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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 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: 0-24260

**AMEDISYS, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware** **11-3131700**  
(State or other jurisdiction of **(I.R.S. Employer**  
**incorporation or organization)** **Identification No.)**  
**5959 S. Sherwood Forest Blvd., Baton Rouge, LA 70816**  
(Address of principal executive offices, including zip code)  
**(225) 292-2031 or (800) 467-2662**  
(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 (§232.405 of this chapter) 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. (Check one):

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

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, \$0.001 par value, 29,435,988 shares outstanding as of October 27, 2011.

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**SPECIAL CAUTION CONCERNING FORWARD-LOOKING STATEMENTS AND AVAILABLE INFORMATION**

**Special Caution Concerning Forward-Looking Statements**

*When included in this Quarterly Report on Form 10-Q, or in other documents that we file with the Securities and Exchange Commission ( SEC ), or in statements made by or on behalf of our company, words like believes, belief, expects, plans, anticipates, intends, projects, estimates, may, might, would, should and similar expressions are intended to identify forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a variety of risks and uncertainties that could cause actual results to differ materially from those described therein. These risks and uncertainties include, but are not limited to the following: changes in Medicare and other medical payment levels, adverse effects of a failure of the Federal government to fund government programs in which we participate, such as Medicare or Medicaid, adverse effects of a possible delay in the Federal budget process or a Federal government shutdown, our ability to open agencies, acquire additional agencies and integrate and operate these agencies effectively, changes in or our failure to comply with existing Federal and State laws or regulations or the inability to comply with new government regulations on a timely basis, competition in the home health industry, changes in the case mix of patients and payment methodologies, changes in estimates and judgments associated with critical accounting policies (including in the estimate of our preliminary impairment charge), our ability to maintain or establish new patient referral sources, our ability to attract and retain qualified personnel, changes in payments and covered services due to the economic downturn and deficit spending by Federal and State governments, future cost containment initiatives undertaken by third-party payors, our access to financing due to the volatility and disruption of the capital and credit markets, our ability to meet debt service requirements and comply with covenants in debt agreements, business disruptions due to natural disasters or acts of terrorism, our ability to integrate and manage our information systems, changes in or developments with respect to any litigation or investigations relating to the Company, including the United States Senate Committee on Finance inquiry, the SEC investigation and the U.S. Department of Justice Civil Investigative Demand and various other matters, many of which are beyond our control.*

*Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on any forward-looking statement as a prediction of future events. We expressly disclaim any obligation or undertaking and we do not intend to release publicly any updates or changes in our expectations concerning the forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based, except as required by law. For a discussion of some of the factors discussed above as well as additional factors, see our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on February 22, 2011, particularly Part I, Item 1A. Risk Factors therein, which are incorporated herein by reference and Part II, Item 1A. Risk Factors of this Quarterly Report on Form 10-Q. Additional risk factors may also be described in reports that we file from time to time with the SEC.*

**Available Information**

*Our company website address is [www.amedisys.com](http://www.amedisys.com). We use our website as a channel of distribution for important company information. Important information, including press releases, analyst presentations and financial information regarding our company, is routinely posted on and accessible on the Investor Relations subpage of our website, which is accessible by clicking on the tab labeled Investors on our website home page. We also use our website to expedite public access to time-critical information regarding our company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information. Therefore, investors should look to the Investor Relations subpage of our website for important and time-critical information. Visitors to our website can also register to receive automatic e-mail and other notifications alerting them when new information is made available on the Investor Relations subpage of our website. In addition, we make available on the Investor Relations subpage of our website (under the link SEC filings ) free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, ownership reports on Forms 3, 4 and 5 and any amendments to those reports as soon as practicable after we electronically file such reports with the SEC. Further, copies of our Certificate of Incorporation and Bylaws, our Code of Ethical Business Conduct, our Corporate Governance Guidelines and the charters for the Audit, Compensation, Quality of Care and Nominating and Corporate Governance Committees of our Board are also available on the Investor Relations subpage of our website (under the link Corporate Governance ).*

*Additionally, our filings can be obtained at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (800) SEC-0330. Our electronically filed reports can also be obtained on the SEC's internet site at <http://www.sec.gov>.*

**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****AMEDISYS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except share data)

(Unaudited)

	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 29,462	\$ 120,295
Patient accounts receivable, net of allowance for doubtful accounts of \$18,110 and \$20,977	151,208	141,549
Prepaid expenses	10,950	9,947
Other current assets	13,795	22,259
<b>Total current assets</b>	<b>205,415</b>	<b>294,050</b>
Property and equipment, net of accumulated depreciation of \$85,351 and \$78,074	146,928	138,554
Goodwill	335,811	791,412
Intangible assets, net of accumulated amortization of \$19,875 and \$17,135	52,259	53,393
Deferred tax asset	77,173	
Other assets, net	29,190	22,454
<b>Total assets</b>	<b>\$ 846,776</b>	<b>\$ 1,299,863</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 22,347	\$ 20,663
Payroll and employee benefits	77,038	82,961
Accrued expenses	67,939	61,254
Current portion of long-term obligations	33,525	37,178
Current portion of deferred income taxes	8,659	14,285
<b>Total current liabilities</b>	<b>209,508</b>	<b>216,341</b>
Long-term obligations, less current portion	119,726	144,688
Deferred income taxes		52,286
Other long-term obligations	5,561	6,833
<b>Total liabilities</b>	<b>334,795</b>	<b>420,148</b>
Commitments and Contingencies - Note 6		
Equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized; none issued or outstanding		
Common stock, \$0.001 par value, 60,000,000 shares authorized; 30,717,775 and 29,867,701 shares issued; and 30,029,731 and 29,232,807 shares outstanding	30	29
Additional paid-in capital	428,400	407,156
Treasury stock at cost, 688,044 and 634,894 shares of common stock	(15,762)	(14,022)
Accumulated other comprehensive income	15	25

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Retained earnings	97,891	484,669
Total Amedisys, Inc. stockholders' equity	510,574	877,857
Noncontrolling interests	1,407	1,858
Total equity	511,981	879,715
Total liabilities and equity	\$ 846,776	\$ 1,299,863

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Table of Contents****AMEDISYS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except per share data)

(Unaudited)

	For the Three-Month Periods Ended September 30,		For the Nine-Month Periods Ended September 30,	
	2011	2010	2011	2010
Net service revenue	\$ 374,861	\$ 404,680	\$ 1,112,885	\$ 1,239,996
Cost of service, excluding depreciation and amortization	205,657	206,302	589,983	619,654
General and administrative expenses:				
Salaries and benefits	87,106	89,712	253,618	265,266
Non-cash compensation	3,150	2,636	8,265	8,317
Other	47,697	54,852	139,906	152,297
Provision for doubtful accounts	4,628	5,261	9,918	14,069
Depreciation and amortization	9,826	8,832	28,907	25,297
Goodwill and other intangibles impairment charge	574,114		574,114	
Operating expenses	932,178	367,595	1,604,711	1,084,900
Operating (loss) income	(557,317)	37,085	(491,826)	155,096
Other (expense) income:				
Interest income	18	197	225	374
Interest expense	(2,187)	(2,277)	(6,693)	(7,038)
Equity in earnings from unconsolidated joint ventures	325	788	1,114	2,310
Miscellaneous, net	(176)	(42)	(940)	(1,585)
Total other expense, net	(2,020)	(1,334)	(6,294)	(5,939)
(Loss) income before income taxes	(559,337)	35,751	(498,120)	149,157
Income tax benefit (expense)	135,640	(13,943)	111,458	(58,153)
Net (loss) income	(423,697)	21,808	(386,662)	91,004
Net (income) attributable to noncontrolling interests	(25)	(174)	(116)	(522)
Net (loss) income attributable to Amedisys, Inc.	\$ (423,722)	\$ 21,634	\$ (386,778)	\$ 90,482
Net (loss) income per share attributable to Amedisys, Inc. common stockholders:				
Basic	\$ (14.73)	\$ 0.77	\$ (13.53)	\$ 3.23
Diluted	\$ (14.73)	\$ 0.76	\$ (13.53)	\$ 3.18
Weighted average shares outstanding:				
Basic	28,770	28,096	28,587	28,007
Diluted	28,770	28,499	28,587	28,490

The accompanying notes are an integral part of these condensed consolidated financial statements.





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**AMEDISYS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

(Unaudited)

	<b>For the Nine-Month Periods Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash Flows from Operating Activities:</b>		
Net (loss) income	\$ (386,662)	\$ 91,004
Adjustments to reconcile net income to net cash provided by operating activities:		