

 **CASE STUDY****CLIENT TYPE**

Middle market private equity firm

PROJECT SCOPE

The client was evaluating an investment opportunity in a multi-state personal care services (PCS) provider for elderly and disabled Medicaid beneficiaries that qualify for long term services and supports (LTSS). HMA was asked to evaluate the market environment for personal care services providers in 13 states to determine the stability of the regulatory environment and the outlook for Medicaid funding. The timeline for this due diligence engagement was five weeks.

THE APPROACH

HMA developed detailed analyses of each market's PCS program, focusing on the following factors:

- » The condition of each state's budget and likely implications of COVID-19-related tax revenue shortfalls on PCS providers
- » Political support for PCS services and the strength of key stakeholder advocates
- » Regulatory and legislative policy changes affecting relevant waiver programs
- » Trends in the number of beneficiaries receiving waiver services
- » State efforts to promote LTSS rebalancing toward home and community-based service (HCBS) options.
- » Payment model and the role of Medicaid managed care in coordinating and contracting for LTSS
- » Reimbursement outlook (fee for service and managed care)
- » Competitive environment and barriers to entry for potential new entrants
- » Sources of PCS referrals
- » Workforce issues including the status of efforts to increase the minimum wage, the impact of COVID-19 on staffing availability, and capacity within the low-wage labor market
- » The status and impact of quality-based outcome measures and value-based contracting where applicable

HMA encapsulated its findings for each state in one-page executive summaries, capturing the key risks and opportunities for the Target's business over a 3–5-year time horizon.

THE OUTCOME

The client was very satisfied with HMA's evaluation of the potential risks and opportunities and successfully acquired the business.



GREGORY NERESSIAN, CFA
Managing Director
New York, NY
gneressian@healthmanagement.com