Addus HomeCare Comments on New Department of Health and Human Services Proposed Rule

May 1, 2023

FRISCO, Texas--(BUSINESS WIRE)--May 1, 2023-- Addus HomeCare Corporation (Nasdaq: ADUS), a provider of home care services, commented on the proposed new rule announced last week by the Biden Administration's Department of Health and Human Services (HHS) known as "Assuring Access to Medicaid Services." The proposed rule is in addition to those adopted under the Obama Administration in 2016 and incorporates new requirements covering additional Medicaid Services, including Home and Community-Based Services (HCBS). The proposed rule is not final and is subject to a sixty-day public comment period.

The proposed rule has a stated goal of improving access to services for Medicaid beneficiaries. However, one part of the rule proposes that state Medicaid agencies be required to provide assurances that a minimum of 80% of Medicaid payments for personal care and similar services be spent on compensation to direct care workers. We believe the specific approach and the proposed minimum threshold would be contradictory to the goal of assuring access to Medicaid services, which we fully support, due to the wide variance in state waiver programs which directly impacts the administrative burden in individual states. We also believe it may adversely affect many smaller providers. Those operating in states with larger rural populations may be unable to continue providing care due to the significant administrative burden required to provide quality, regulatory compliant HCBS services.

Dirk Allison, Chairman and Chief Executive Officer of Addus HomeCare, stated, "As a provider of home care services, we share the goals of expanding access to more services like ours for Medicaid beneficiaries while providing for a stable ongoing workforce, and we are encouraged that HHS recognizes the complexity of implementing any such provision by proposing a four-year timeframe before implementation is required. We note the express willingness of HHS, stated in the proposed rule, to entertain comments regarding both the appropriate minimum percentage and the related components in calculating such percentage.

For over a decade, Addus and other HCBS providers have advocated for higher rates of reimbursement to increase wages and benefits for the direct caregivers who provide these essential services. We welcome the opportunity to share our thoughts on these challenges and the appropriate means to improve access to quality care for our vulnerable population of Medicaid beneficiaries from a stable workforce of caregivers."

Forward-Looking Statements

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by words such as "preliminary," "continue," "expect," and similar expressions. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. Forward-looking statements involve a number of risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements, including discretionary determinations by government officials, the consummation and integration of acquisitions, transition to managed care providers, our ability to successfully execute our growth strategy, unexpected increases in SG&A and other expenses, expected benefits and unexpected costs of acquisitions and dispositions, management plans related to dispositions, the possibility that expected benefits may not materialize as expected, the failure of the business to perform as expected, changes in reimbursement, changes in government regulations, changes in Addus HomeCare's relationships with referral sources, increased competition for Addus HomeCare's services, changes in the interpretation of government regulations, the uncertainty regarding the outcome of discussions with managed care organizations, changes in tax rates, the impact of adverse weather, higher than anticipated costs, lower than anticipated cost savings, estimation inaccuracies in future revenues, margins, earnings and growth, whether any anticipated receipt of payments will materialize, any security breaches, cyber-attacks, loss of data or cybersecurity threats or incidents, and other risks set forth in the Risk Factors section in Addus HomeCare's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2023, which is available at www.sec.gov. The financial information described herein and the periods to which they relate are preliminary estimates that are subject to change and finalization. There is no assurance that the final amounts and adjustments will not differ materially from the amounts described above, or that additional adjustments will not be identified, the impact of which may be material. Addus HomeCare undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, these forward-looking statements necessarily depend upon assumptions, estimates and dates that may be incorrect or imprecise and involve known and unknown risks, uncertainties, and other factors. Accordingly, any forward-looking statements included in this press release do not purport to be predictions of future events or circumstances and may not be realized.

About Addus HomeCare

Addus HomeCare is a provider of home care services that primarily include personal care services that assist with activities of daily living, as well as hospice and home health services. Addus HomeCare's consumers are primarily persons who, without these services, are at risk of hospitalization or institutionalization, such as the elderly, chronically ill and disabled. Addus HomeCare's payor clients include federal, state and local governmental agencies, managed care organizations, commercial insurers and private individuals. Addus HomeCare currently provides home care services to approximately 47,500 consumers through 203 locations across 22 states. For more information, please visit www.addus.com.

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