Section 1: 10-K (10-K)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2015

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)

Delaware	**11-3131700**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, based on the last sale price as quoted by the NASDAQ Global Select Market on June 30, 2015 (the last business day of the registrant's most recently completed second fiscal quarter) was $679,670,884. For purposes of this determination shares beneficially owned by executive officers, directors and ten percent stockholders have been excluded, which does not constitute a determination that such persons are affiliates.

As of March 4, 2016, the registrant had 33,329,102 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders (the "2016 Proxy Statement") to be filed pursuant to the Securities Exchange Act of 1934 with the Securities and Exchange Commission within 120 days of December 31, 2015 are incorporated herein by reference into Part III of this Annual Report on Form 10-K.

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SPECIAL CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

When included in this Annual Report on Form 10-K, or in other documents that we file with the Securities and Exchange Commission ("SEC") or in statements made by or on behalf of the 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, our ability to open care centers, acquire additional care centers and integrate and operate these care centers 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, 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, our ability to comply with requirements stipulated in our corporate integrity agreement and changes in law or developments with respect to any litigation relating to the Company, including 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 Part I, Item 1A, "Risk Factors" and Part II, Item 7, "Critical Accounting Estimates" within "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Unless otherwise provided, "Amedisys," "we," "us," "our," and the "Company" refer to Amedisys, Inc. and our consolidated subsidiaries and when we refer to 2015, 2014 and 2013, we mean the twelve month period then ended December 31, unless otherwise provided.

A copy of this Annual Report on Form 10-K for the year ended December 31, 2015 as filed with the SEC, including all exhibits, is available on our internet website at http://www.amedisys.com on the "Investors" page under the "SEC Filings" link.

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PART I

ITEM 1. BUSINESS

Overview

Amedisys, Inc. is a leading healthcare at home company, providing outstanding home health, hospice and personal care. We deliver the care that is best for our patients, whether that is home-based recovery and rehabilitation after an operation or injury, care that empowers patients to manage a chronic disease, or hospice care at the end of life.

We are among the largest, best established and most advanced providers of home health and hospice care in the United States, with 408 care centers in 34 states. Our 16,100 employees deliver the highest quality of care to the doorsteps of patients in need, making more than 7.5 million patient visits to 360,000 patients annually. Over 2,200 hospitals and 61,900 physicians nationwide have chosen us as a partner in post-acute care.

Amedisys is headquartered in Baton Rouge, Louisiana, with an executive office in Nashville, Tennessee. Our common stock is currently traded on NASDAQ Global Select Market under the trading symbol "AMED". Founded and incorporated in Louisiana in 1982, Amedisys was reincorporated as a Delaware corporation prior to becoming a publicly traded company in August, 1994.

The company's continuous quality improvement efforts show in outcomes and publicly reported quality measures. We're standardizing our clinical care, streamlining how we operate and partnering as a post-acute care provider to an increasing number of hospitals and health systems across the country. Our mission is nothing less than putting the best clinicians in the home, with the tools needed to provide the best possible care and outcomes. Ultimately, we are in the business of delivering superior value to employees, referral sources, payors – and most of all – patients and their families.

We are privileged to take care of our patients wherever they call home – a private house, an apartment, a rehabilitation facility or an assisted living community. Our clinicians go behind the scenes to enter otherwise private spaces, caring for patients who feel safe and cared for and for others who are struggling with poverty and dysfunction. We see it all – we get the whole picture of our patients – which enables us to develop and administer the right care plan for each one in conjunctions with primary care physicians and other providers.

Our services are primarily paid for by Medicare due to the age demographics of our patient base (average age 81). Medicare represented approximately 80% to 84% of our net service revenue over the last three years. We remain focused on maintaining a profitable and strategically important managed care contract portfolio.

Our Home Health Segment:

Amedisys Home Health provides experienced, compassionate healthcare to help our patients recover from surgery or illness, live with chronic diseases, and prevent avoidable hospital readmissions. Our care team includes skilled nurses who are trained and certified to administer medications, care for wounds, monitor vital signs and provide a wide range of other nursing services; therapists specialized in physical, speech and occupational therapy; and aides who assist our patients with completing important personal tasks.

We take an empowering approach to helping our patients and their families understand their condition, how to manage it and how to live life to the fullest with a chronic disease or other health condition. Our professional and compassionate clinicians are trained to understand the whole patient – not just their medical diagnosis.

This commitment to clinical distinction is evident in our clinical performance measures such as Star Ratings. Amedisys has an average Quality Star Rating of 3.5 and an average Patient Survey Overall Star Rating of 4.4. Our goal is to have all of our care centers achieve a 4.0 Quality Star Rating, and we are implementing targeted action plans to continue to improve the quality of care we deliver for our patients across the country.

Our Hospice Segment:

Hospice is a special form of care that is designed to provide comfort and support for those who are dealing with a terminal illness. It is a compassionate form of care that promotes dignity and affirms quality of life for the patient, family members and other loved ones.

Individuals with a terminal illness such as heart disease, pulmonary disease, Alzheimer's, HIV/AIDS or cancer may be eligible for hospice care, if they have a life expectancy of six months or less.

At Amedisys Hospice, our focus is on building and retaining an exceptional team, delivering the highest quality care and service to our patients and their families, and establishing Amedisys as the preferred and preeminent hospice provider in each community we serve. In order to realize these goals, we invest in tailored training, development, and recognition programs for our employees, with specific focus on our clinicians and caregivers. This has led to our team's consistent achievement at or above the national average in family satisfaction results and quality scores.

Another element of our approach is our outreach strategy to more fully reach the entire community of eligible patients. These outreach efforts have built our hospice patient population to more accurately represent the causes of death in the communities we serve, with a specific focus on heart disease, lung disease, and dementia in order to address the historical underrepresentation of non-cancer diagnoses.

By working to accept every patient with a life expectancy of six months or less who wants our compassionate care, we fulfill our hospice mission and strengthen our standing in the community.

Our Personal Care Segment:

On March 1, 2016, Amedisys acquired its first private-duty – an important step in executing our strategy of improving the continuity of care our patients receive as their clinical needs change.

We believe that private duty services are highly synergistic with our core skilled home health and hospice businesses, and that by acquiring these capabilities in one of our most successful regions we will realize these benefits quickly.

Responding to Changing Regulatory and Reimbursement Environment:

Effective October 2012, Medicare began to impose a financial penalty on hospitals that have excessive rates of patient readmissions within 30 days after hospital discharge. We believe this regulation provides an opportunity for providers of post-acute care who can demonstrate the ability to maintain or reduce patient acute care hospital readmission rates. We are working to take advantage of this opportunity further improving the quality of care we provide and implementing disease management programs designed to be responsive to the needs of patients served by the hospitals we call upon.

The passage of the Patient Protection and Affordable Care Act ("PPACA") has resulted in several programs being introduced by the Centers for Medicare and Medicaid Services ("CMS") that offer the opportunity to participate in initiatives that align home health providers with hospitals, physicians, managed care payors and other referral sources to coordinate care and/or pilot alternative reimbursement structures. One such program is the CMS Bundled Payments for Care Improvement Initiative ("BPCI"). We participated in a "Model 3 – 90-Day Post-Acute" BPCI bundle across two regions during 2014. This is an at-risk model in which CMS sets a bundle target price based on historical costs. On October 29, 2014, we notified CMS of our plan to withdraw from the two Model 3 bundles.

In addition to the BPCI program, PPACA introduced Accountable Care Organization ("ACO") programs. An ACO is a group of doctors, hospitals and other health care providers who come together voluntarily to give coordinated high-quality care to Medicare patients. The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors. While these programs are presently not material to our business or our financial results, we are currently participating in several ACOs and monitoring their results.

AMS3/Homecare Homebase Implementation:

During 2015, we made the strategic decision to discontinue AMS3, our third generation, proprietary operating system, and transition to Homecare Homebase ("HCHB"), a leading home health and hospice platform. As of December 31, 2015, we have 84 care centers on HCHB (44 home health care centers and 40 hospice care centers). We will continue the rollout during 2016, with an anticipated completion date of November 1, 2016.

Acquisitions:

On July 24, 2015, we acquired one hospice care center in Tennessee for a total purchase price of $5.8 million.

On October 2, 2015, we acquired the regulatory assets of home health care center in Georgia for a total purchase price of $0.3 million.

On December 31, 2015, we acquired Infinity HomeCare ("Infinity") for a total purchase price of $63 million. Infinity owned and operated 15 home health care centers servicing the state of Florida.

Financial Information:

Financial information for our home health and hospice segments can be found in our consolidated financial statements included in this Annual Report on Form 10-K.

Our Employees

As of March 4, 2016, we employed approximately 16,100 employees, consisting of approximately 11,200 home health care employees, 2,600 hospice care employees, 1,500 personal care employees and 800 corporate and divisional support employees.

Payment for Our Services

Home Health Medicare

The Medicare home health benefit is available both for patients who need care following discharge from a hospital and patients who suffer from chronic conditions that require ongoing but intermittent care. As a condition of participation under Medicare, beneficiaries must be homebound (meaning that the beneficiary is unable to leave his/her home without a considerable and taxing effort), require intermittent skilled nursing, physical therapy or speech therapy services, and receive treatment under a plan of care established and periodically reviewed by a physician. Medicare rates are based on the severity of the patient's condition, his or her service needs and other factors relating to the cost of providing services and supplies, bundled into 60-day episodes of care. An episode starts with the first day a billable visit is performed and ends 60 days later or upon discharge, if earlier. If a patient is still in treatment on the 60th day, a recertification assessment is undertaken to determine whether the patient needs additional care. If the patient's physician determines that further care is necessary, another episode begins on the 61st day (regardless of whether a billable visit is rendered on that day) and ends 60 days later. The first day of a consecutive episode, therefore, is not necessarily the new episode's first billable visit.

Annually, the Medicare program base episodic rates are set through federal legislation, as follows:

Period	Base episode payment
January 1, 2013 through December 31, 2013	2,138
January 1, 2014 through December 31, 2014	2,869
January 1, 2015 through December 31, 2015	2,961
January 1, 2016 through December 31, 2016	2,965

Payments can be adjusted for: (a) an outlier payment if our patient's care was unusually costly (capped at 10% of total reimbursement per provider number); (b) a low utilization payment adjustment ("LUPA") if the number of visits during the episode was fewer than five; (c) a partial payment if our patient transferred to another provider or we received a patient from another provider before an episode was complete; (d) a payment adjustment based upon the level of therapy services required (with various incremental adjustments made for additional visits, with larger payment increases associated with the sixth, fourteenth and twentieth visit thresholds); (e) a payment adjustment if we are unable to perform periodic therapy assessments; (f) the number of episodes of care provided to a patient, regardless of whether the same home health provider provided care for the entire series of episodes; (g) changes in the base episode payments established by the Medicare program; (h) adjustments to the base episode payments for case mix and geographic wages; and (i) recoveries of overpayments. Medicare can also make various adjustments to payments received if we are unable to produce appropriate billing documentation or acceptable authorizations. In addition, we make adjustments to Medicare revenue if we find that we are unable to obtain appropriate billing documentation, authorizations or face to face documentation.

Home Health Non-Medicare

Payments from Medicaid and private insurance carriers are episodic-based rates (60-day episode of care) or per-visit rates depending upon the terms and conditions established with such payors. Episodic-based rates paid by our non-Medicare payors are paid in a similar manner and subject to the same adjustments as discussed above for Medicare; however, these rates can vary based upon negotiated terms.

Hospice Medicare

The Medicare hospice benefit is also available to Medicare-eligible patients with terminal illnesses, certified by a physician, where life expectancy is six months or less. Medicare rates are based on standard prospective rates for delivering care over a base 90-day or 60-day period (90-day episodes of care for the first two episodes and 60-day episodes of care for any subsequent episodes). Payments are based on daily rates for each day a beneficiary is enrolled in the hospice benefit. Rates are set based on specific levels of care, are adjusted by a wage index to reflect health care labor costs across the country and are established annually through federal legislation. We make adjustments to Medicare revenue when we find we are unable to obtain appropriate billing documentation, authorizations or face to face documentation and other reasons unrelated to credit risk. The levels of care are routine care, general inpatient care, continuous home care and respite care. Beginning January 1, 2016, CMS has provided for two separate payment rates for routine care: payments for the first 60 days of care and care beyond 60 days. In addition to the two routine rates, beginning January 1, 2016, Medicare is also reimbursing for a service intensity add-on ("SIA"). The SIA is based on visits made in the last seven days of life by a registered nurse ("RN") or medical social worker ("MSW") for patients in a routine level of care.

We bill Medicare for hospice services on a monthly basis and our payments are subject to two fixed annual caps, which are assessed on a provider number basis. Generally, each hospice care center has its own provider number. However, where we have created branch care centers to help our parent care centers serve a geographic location, the parent and branch may have the same provider number. The annual caps per patient, known as hospice caps, are calculated and published by the Medicare fiscal intermediary on an annual basis and cover the twelve month period from November 1 through October 31. The caps can be subject to annual and retroactive adjustments, which can cause providers to be required to reimburse the Medicare program if such caps are exceeded.

The two caps are detailed below:

- ***Inpatient Cap.*** When we provide hospice care on an inpatient basis, the payments that we are entitled to receive at the higher inpatient reimbursement rate are subject to a cap. This cap limits the number of days that are paid at the inpatient care rate (both respite and general) under a provider number to 20% of the total number of days of hospice care (both inpatient and in-home) that is furnished to all Medicare patients served by the provider. The daily Medicare payment rate for any inpatient days of service that exceed the cap is at the routine home care rate, and the provider is required to reimburse Medicare for any amounts it receives in excess of the cap; and

- ***Overall Payment Cap.*** This cap is calculated by the Medicare fiscal intermediary at the end of each hospice cap period to determine the maximum allowable payments per provider number. We estimate our potential cap exposure using information available for both inpatient day limits as well as per beneficiary cap amounts. The total cap amount for each provider is calculated by multiplying the number of beneficiaries electing hospice care during the period by a statutory amount that is indexed for inflation.

Our ability to stay within these limitations depends on a number of factors, each determined on a provider number basis, including the average length of stay and mix in level of care.

Hospice Non-Medicare

Non-Medicare payors pay at rates different from established Medicare rates for hospice services, which are based on separate, negotiated agreements. We bill and are paid by these non-Medicare payors based on such negotiated agreements.

Controls over Our Business System Infrastructure

We establish and maintain processes and controls over coding, clinical operations, billing, patient recertifications and compliance to help monitor and promote compliance with Medicare requirements.

- ***Coding*** **–** Specified diagnosis codes are assigned to each of our patients based on their particular health condition and ailment (such as diabetes, coronary artery disease or congestive heart failure). Because coding regulations are complex and are subject to frequent change, we maintain controls surrounding our coding process. In order to reduce associated risk of coding failures, we provide coding training and annual update training to clinical assessment managers; provide coding training during orientation for new employees; provide monthly specialized coding education; obtain outside expert coding instruction; utilize coding software in our POC system; and have automated coding edits based on pre-defined compliance metrics in our POC system.
- ***Clinical Operations*** **–** Regulatory requirements allow patients to be admitted to home health care if they are considered homebound and require certain clinical services. These clinical services include: educating the patient about their disease; assessment and observation of disease status; delivery of clinical skills such as wound care; administration of injections or intravenous fluids; and management and evaluation of a patient’s plan of care. In order to help monitor and promote compliance with regulatory requirements, we complete audits of patient charts; administer survey guideline education; hold recurrent homecare regulatory education; utilize outside expert regulatory services; and have a toll-free hotline to offer additional assistance.
- ***Billing*** **–** We maintain controls over our billing processes to help promote accurate and complete billing. In order to promote the accuracy and completeness of our billing, we have annual billing compliance testing; use formalized billing attestations; limit access to billing systems; hold weekly operational meetings; use automated daily billing operational indicators; and take prompt corrective action with employees who knowingly fail to follow our billing policies and procedures in accordance with a well-publicized “Zero Tolerance Policy”.
- ***Patient Recertification*** **–** In order to be recertified for an additional episode of care, a patient must continue to meet qualifying criteria and have a continuing medical need. This could be caused by changes in the patient’s condition requiring changes to the patient’s medical regimen or modified care protocols within the episode of care. The patient’s progress towards goals is evaluated prior to recertification. As with the initial episode of care, a recertification requires orders from the patient’s physician. Before any employee recommends recertification to a physician, we conduct a care center level, multidisciplinary care team conference. We also monitor centralized automated compliance recertification metrics to identify, monitor, and, where we deem appropriate, audit care centers that have relatively high recertification levels.

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- ***Compliance*** **–** The quality and reputation of our personnel and operations are critical to our success. We develop, implement and maintain ethics, compliance and quality improvement programs as a component of the centralized corporate services provided to our home health and hospice care centers. Our ethics and compliance program includes a Code of Ethical Business Conduct for our employees, officers, directors and affiliates and a process for reporting regulatory or ethical concerns to our Chief Compliance Officer through a confidential hotline, which is augmented by exit interviews of departing employees and monthly interviews with randomly-selected, current employees. We promote a culture of compliance within our company through persistent messages from our senior leadership to our employees stressing the importance of strict compliance with legal requirements and company policies and procedures. We also employ a comprehensive compliance training program that includes mandatory compliance training and testing for all new employees upon hire and annually for all staff thereafter. In addition to our compliance training, we also conduct numerous proactive, compliance audits focusing on key risk areas, which are conducted by clinical auditors who work for our Compliance Department.

Our Regulatory Environment

We are highly regulated by federal, state and local authorities. Regulations and policies frequently change, and we monitor changes through trade and governmental publications and associations. Our home health and hospice subsidiaries are certified by CMS and therefore are eligible to receive payment for services through the Medicare system.

We are also subject to federal, state and local laws and regulations dealing with issues such as occupational safety, employment, medical leave, insurance, civil rights, discrimination, building codes, environmental issues and adverse event reporting and recordkeeping. Federal, state and local governments are expanding the number of regulatory requirements on businesses.

We have set forth below a discussion of the regulations that we believe most significantly affect our home health and hospice businesses.

Licensure, Certificates of Need (CON) and Permits of Approval (POA)

Home health and hospice care centers operate under licenses granted by the health authorities of their respective states. Additionally, certain states, including a number in which we operate, carefully restrict new entrants into the market based on demographic and/or competitive changes. In such states, expansion by existing providers or entry into the market by new providers is permitted only where a given amount of unmet need exists, resulting either from population increases or a reduction in competing providers. These states ration the entry of new providers or services and the expansion of existing providers or services in their markets through a CON process, which is periodically evaluated. Currently, state health authorities in 17 states and the District of Columbia require a CON or, in the State of Arkansas, a POA, in order to establish and operate a home health care center, and state health authorities in 11 states and the District of Columbia require a CON to operate a hospice care center.

We operate home health care centers in the following CON states: Alabama, Arkansas (POA), Georgia, Kentucky, Maryland, Mississippi, New Jersey, New York, North Carolina, South Carolina, Tennessee and West Virginia, as well as the District of Columbia. We provide hospice related services in the following CON states: Alabama, Maryland, North Carolina, Tennessee and West Virginia.

In every state where required, our locations possess a license and/or CON or POA issued by the state health authority that determines the local service areas for the home health or hospice care center. In general, the process for opening a home health or hospice care center begins by a provider submitting an application for licensure and certification to the state and federal regulatory bodies, which is followed by a testing period of transmitting data from the applicant to CMS. Once this process is complete, the care center receives a provider agreement and corresponding number and can begin billing for services that it provides unless a CON or POA is required. For those states that require a CON or POA, the provider must also complete a separate application process before billing can commence and receive required approvals for capital expenditures exceeding amounts above prescribed thresholds.

State CON and POA laws generally provide that, prior to the addition of new capacity, the construction of new facilities or the introduction of new services, a designated state health planning agency must determine that a need exists for those beds, facilities or services. The process is intended to promote comprehensive health care planning, assist in providing high-quality health care at the lowest possible cost and avoid unnecessary duplication by ensuring that only those health care facilities and operations that are needed will be built and opened.

Medicare Participation

Our care centers must comply with regulations promulgated by the United States Department of Health and Human Services in order to participate in the Medicare program and receive Medicare payments. Among other things, these regulations, known as "conditions of participation," relate to the type of facility, its personnel and its standards of medical care, as well as its compliance with state and local laws and regulations. CMS has adopted alternative sanction enforcement options which allow CMS (i) effective as of July 1, 2013, to impose temporary management, direct plans of correction, or direct training, and (ii) effective as of July 1, 2014, to impose payment suspensions and civil monetary penalties in each case on providers out of compliance with the conditions of participation. CMS issued a proposed rule on October 9, 2014, revising the current home health conditions of participation. We provided public comments on the proposed changes, but we cannot predict the content or effective date of any final rule revising the home health conditions of participation. As of the date of this filing, the proposed rule has not been finalized.

CMS has engaged a number of third party firms, including Recovery Audit Contractors ("RACs"), Program Safeguard Contractors ("PSCs"), Zone Program Integrity Contractors ("ZPICs") and Medicaid Integrity Contributors ("MICs"), to conduct extensive reviews of claims data and state and Federal Government health care program laws and regulations applicable to healthcare providers. These audits evaluate the appropriateness of billings submitted for payment. In addition to identifying overpayments, audit contractors can refer suspected violations of law to government enforcement authorities.

Federal and State Anti-Fraud and Anti-Kickback Laws

As a provider under the Medicare and Medicaid systems, we are subject to various anti-fraud and abuse laws, including the Federal health care programs' anti-kickback statute and, where applicable, its state law counterparts. Subject to certain exceptions, these laws prohibit any offer, payment, solicitation or receipt of any form of remuneration to induce or reward the referral of business payable under a government health care program or in return for the purchase, lease, order, arranging for, or recommendation of items or services covered under a government health care program. Affected government health care programs include any health care plans or programs that are funded by the United States government (other than certain federal employee health insurance benefits/programs), including certain state health care programs that receive federal funds, such as Medicaid. A related law forbids the offer or transfer of anything of value, including certain waivers of co-payment obligations and deductible amounts, to a beneficiary of Medicare or Medicaid that is likely to influence the beneficiary's selection of health care providers, again subject to certain exceptions. Violations of the anti-fraud and abuse laws can result in the imposition of substantial civil and criminal penalties and, potentially, exclusion from furnishing services under any government health care program. In addition, the states in which we operate generally have laws that prohibit certain direct or indirect payments or fee-splitting arrangements between health care providers where they are designed to obtain the referral of patients from a particular provider.

Stark Laws

Congress adopted legislation in 1989, known as the "Stark Law," that generally prohibited a physician from ordering clinical laboratory services for a Medicare beneficiary where the entity providing that service has a financial relationship (including direct or indirect ownership or compensation relationships) with the physician (or a member of his/her immediate family), and further prohibits such entity from billing for or receiving payment for such services, unless a specified exception is available. The Stark Law was amended through additional legislation, known as "Stark II," which became effective January 1, 1993. That legislation extended the Stark Law prohibitions beyond clinical laboratory services to a more extensive list of statutorily defined "designated health services," which includes, among other things, home health services, durable medical equipment and outpatient prescription drugs. Violations of the Stark Law result in payment denials and may also trigger civil monetary penalties and program exclusion. Several of the states in which we conduct business have also enacted statutes similar in scope and purpose to the federal fraud and abuse laws and the Stark Laws. These state laws may mirror the Federal Stark Laws or may be different in scope. The available guidance and enforcement activity associated with such state laws varies considerably.

Federal and State Privacy and Security Laws

The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), directed that the Secretary of the U.S. Department of Health and Human Services ("HHS") promulgate regulations prescribing standard requirements for electronic health care transactions and establishing protections for the privacy and security of individually identifiable health information, known as "protected health information." The HIPAA transactions regulations establish form, format and data content requirements for most electronic health care transactions, such as health care claims that are submitted electronically. The HIPAA privacy regulations establish comprehensive requirements relating to the use and disclosure of protected health information. The HIPAA security regulations establish minimum standards for the protection of protected health information that is stored or transmitted electronically. Violations of the privacy and security regulations are punishable by civil and criminal penalties.

The American Recovery and Economic Reinvestment Act of 2009 ("ARRA"), signed into law by President Obama on February 17, 2009, contained significant changes to the privacy and security provisions of HIPAA, including major changes to the enforcement provisions. Among other things, ARRA significantly increased the amount of civil monetary penalties that can be imposed for violations of HIPAA. ARRA also authorized state attorneys general to bring civil enforcement actions under HIPAA. These enhanced penalties and enforcement provisions went into effect immediately upon enactment of ARRA. ARRA also required that HHS promulgate regulations requiring that certain notifications be made to individuals, to HHS and potentially to the media in the event of breaches of the privacy of protected health information. These breach notification regulations went into effect on September 23, 2009, and HHS began to enforce violations on February 22, 2010. Violations of the breach notification provisions of HIPAA can trigger the increased civil monetary penalties described above.

ARRA's numerous other changes to HIPAA have delayed effective dates and require the issuance of implementing regulations by HHS. The Health Information Technology for Economic and Clinical Health ("HITECH") Act was enacted in conjunction with ARRA. On January 25, 2013, HHS issued final modifications to the HIPAA Privacy, Security, and Enforcement Rules mandated by the HITECH Act, which had been previously issued as a proposed rule on July 14, 2010. Among other things, these modifications make business associates of covered entities directly liable for compliance with certain HIPAA requirements, strengthen the limitations on the use and disclosure of protected health information without individual authorizations, and adopt the additional HITECH Act enhancements, including enforcement of noncompliance with HIPAA due to willful neglect. The changes to HIPAA enacted as part of ARRA reflect a Congressional intent that HIPAA's privacy and security provisions be more strictly enforced. It is likely that these changes will stimulate increased enforcement activity and enhance the potential that health care providers will be subject to financial penalties for violations of HIPAA.

In addition to the federal HIPAA regulations, most states also have laws that protect the confidentiality of health information. Also, in response to concerns about identity theft, many states have adopted so-called “security breach” notification laws that may impose requirements regarding the safeguarding of personal information, such as social security numbers and bank and credit card account numbers, and that impose an obligation to notify persons when their personal information has or may have been accessed by an unauthorized person. Some state security breach notification laws may also impose physical and electronic security requirements. Violation of state security breach notification laws can trigger significant monetary penalties.

The False Claims Act

The Federal False Claims Act gives the Federal Government an additional way to police false bills or requests for payment for health care services. Under the False Claims Act, the government may fine any person who knowingly submits, or participates in submitting, claims for payment to the Federal Government which are false or fraudulent, or which contain false or misleading information. Any person who knowingly makes or uses a false record or statement to avoid paying the Federal Government, or knowingly conceals or avoids an obligation to pay money to the Federal Government, may also be subject to fines under the False Claims Act. Under the False Claims Act, the term “person” means an individual, company, or corporation. The Federal Government has widely used the False Claims Act to prosecute Medicare and other governmental program fraud in areas such as violations of the Federal anti-kickback statute or the Stark Laws, coding errors, billing for services not provided, and submitting false cost reports. The False Claims Act has also been used to prosecute people or entities that bill services at a higher reimbursement rate than is allowed and that bill for care that is not medically necessary. In addition to government enforcement, the False Claims Act authorizes private citizens to bring qui tam or “whistleblower” lawsuits, greatly extending the practical reach of the False Claims Act. The penalty for violation of the False Claims Act is a minimum of $5,500 for each fraudulent claim plus three times the amount of damages caused to the government as a result of each fraudulent claim.

The Fraud Enforcement and Recovery Act of 2009 (“FERA”) amended the False Claims Act with the intent of enhancing the powers of government enforcement authorities and whistleblowers to bring False Claims Act cases. In particular, FERA attempts to clarify that liability may be established not only for false claims submitted directly to the government, but also for claims submitted to government contractors and grantees. FERA also seeks to clarify that liability exists for attempts to avoid repayment of overpayments, including improper retention of federal funds. FERA also included amendments to False Claims Act procedures, expanding the government’s ability to use the Civil Investigative Demand process to investigate defendants, and permitting government complaints in intervention to relate back to the filing of the whistleblower’s original complaint. FERA is likely to increase both the volume and liability exposure of False Claims Act cases brought against health care providers.

On February 12, 2016, CMS finalized the so-called “60-day rule,” which is the obligation of providers to report and return Medicare overpayments within 60 days of identifying the same. A provider who retains overpayments beyond 60 days may be liable under the False Claims Act. “Identification” is identified as when a person “has, or should have through the exercise of reasonable diligence,” identified and quantified the amount of an overpayment. Providers must report and return overpayments even if they did not cause the overpayment.

In addition to the False Claims Act, the Federal Government may use several criminal statutes to prosecute the submission of false or fraudulent claims for payment to the Federal Government. Many states have similar false claims statutes that impose liability for the types of acts prohibited by the False Claims Act. As part of the Deficit Reduction Act of 2005 (the “DRA”), Congress provided states an incentive to adopt state false claims acts consistent with the Federal False Claims Act. Additionally, the DRA required providers who receive $5 million or more annually from Medicaid to include information on Federal and state false claims acts, whistleblower protections and the providers’ own policies on detecting and preventing fraud in their written employee policies.

Civil Monetary Penalties

The United States Department of Health and Human Services may impose civil monetary penalties upon any person or entity who presents, or causes to be presented, certain ineligible claims for medical items or services. The amount of penalties varies, depending on the offense, from $2,000 to $50,000 per violation. In addition, persons who have been excluded from the Medicare or Medicaid program and still retain ownership in a participating entity, or who contract with excluded persons, may be penalized. Penalties also are applicable in certain other cases, including violations of the Federal anti-kickback statute, payments to limit certain patient services and improper execution of statements of medical necessity.

FDA Regulation

The U.S. Food and Drug Administration ("FDA") regulates medical device user facilities, which include home health care providers. FDA regulations require user facilities to report patient deaths and serious injuries to FDA and/or the manufacturer of a device used by the facility if the device may have caused or contributed to the death or serious injury of any patient. FDA regulations also require user facilities to maintain files related to adverse events and to establish and implement appropriate procedures to ensure compliance with the above reporting and recordkeeping requirements. User facilities are subject to FDA inspection, and noncompliance with applicable requirements may result in warning letters or sanctions including civil monetary penalties, injunction, product seizure, criminal fines and/or imprisonment.

Patient Protection and Affordable Care Act

In March 2010, comprehensive health care reform legislation was signed into law in the United States through the passage of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, "PPACA"). Even as of December 31, 2015, it is difficult to predict the full impact of PPACA due to the law's complexity and phased in effective dates, as well as our inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law. PPACA calls for a number of changes to be made over time that will likely have a significant impact upon the health care delivery system. For example, PPACA mandates decreases in home health reimbursement rates, including a four-year phased rebasing of the home health payment system that began in 2014 and will continue through 2017. These reimbursement changes are described in detail in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations: Overview – Economic and Industry Factors." PPACA has established a number of new requirements impacting our business operations, and promises to give rise to other changes that could significantly impact our businesses in the future. For example, PPACA also mandates the creation of a home health value-based purchasing program, the development of quality measures, and the testing of alternative payment and delivery models, including ACOs and the Bundled Payments for Care Improvement initiative. See Part I, Item 1A, "Risk Factors: Risks Related to Laws and Government Regulations" for a more complete discussion of PPACA and the risks it presents to our businesses.

Our Competitors

There are few barriers to entry in the home health and hospice jurisdictions that do not require certificates of need or permits of approval. Our primary competition in these jurisdictions comes from local privately and publicly-owned and hospital-owned health care providers. We compete based on the availability of personnel, the quality of services, expertise of visiting staff, and, in certain instances, on the price of our services. In addition, we compete with a number of non-profit organizations that finance acquisitions and capital expenditures on a tax-exempt basis or receive charitable contributions that are unavailable to us.

Available Information

Our company website address is 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 “Investors” 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 “Investors” subpage of our website. In addition, we make available on the Investors 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 reasonably practicable after we electronically file or furnish 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, Nominating and Corporate Governance and Quality of Care Committees of our Board are also available on the Investors subpage of our website (under the link “Corporate Governance”). Reference to our website does not constitute incorporation by reference of the information contained on the website and should not be considered part of this document.

Additionally, the public may read and copy any of the materials we file with the SEC 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.

ITEM 1A. RISK FACTORS

The risks described below, and risks described elsewhere in this Form 10-K, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows and the actual outcome of matters as to which forward-looking statements are made in this Form 10-K. The risk factors described below and elsewhere in this Form 10-K are not the only risks faced by Amedisys. Our business and consolidated financial condition, results of operations and cash flows may also be materially adversely affected by factors that are not currently known to us, by factors that we currently consider immaterial or by factors that are not specific to us, such as general economic conditions.

If any of the following risks are actually realized, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected. In that case, the trading price of our common stock could decline.

You should refer to the explanation of the qualifications and limitations on forward-looking statements under "Special Caution Concerning Forward-Looking Statements." All forward-looking statements made by us are qualified by the risk factors described below.

Risks Related to Reimbursement

Because a high percentage of our revenue is derived from Medicare, reductions in Medicare rates, rate increases that do not cover cost increases and/or significant changes to the Medicare payment methodology or eligibility requirements could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our net service revenue is primarily derived from Medicare, which accounted for 80%, 82% and 84% of our revenue during 2015, 2014 and 2013, respectively. Payments received from Medicare are subject to changes made through federal legislation. When such changes are implemented, we must also modify our internal billing processes and procedures accordingly, which can require significant time and expense. These changes, as further detailed in Part I, Item 1, "Business: Payment for Our Services," can include changes to base episode payments and adjustments for home health services, changes to cap limits and per diem rates for hospice services and changes to Medicare eligibility and documentation requirements or changes designed to restrict utilization. Any such changes, including retroactive adjustments, adopted in the future by CMS could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

There are continuing efforts to reform governmental health care programs that could result in major changes in the health care delivery and reimbursement system on a national and state level, including changes directly impacting the reimbursement systems for our home health and hospice care centers. Though we cannot predict what, if any, reform proposals will be adopted, health care reform and legislation may have a material adverse effect on our business and our financial condition, results of operations and cash flows through decreasing payments made for our services.

We could be affected adversely by the continuing efforts of governmental payors to contain health care costs. We cannot assure you that reimbursement payments under governmental payor programs, including Medicare supplemental insurance policies, will remain at levels comparable to present levels or will be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to these programs. Any such changes could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our hospice operations are subject to two annual Medicare caps. If such caps were to be exceeded by any of our hospice providers, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

With respect to our hospice operations, overall payments made by Medicare to each provider number (generally corresponding to a hospice care center) are subject to an inpatient cap amount and an overall payment cap, which are calculated and published by the Medicare fiscal intermediary on an annual basis covering the period from November 1 through October 31. If payments received by any one of our hospice provider numbers exceeds either of these caps, we may be required to reimburse the Medicare program for payments received in excess of the caps, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Any economic downturn, deepening of an economic downturn, continued deficit spending by the Federal Government or state budget pressures may result in a reduction in payments and covered services.

Adverse developments in the United States could lead to a reduction in Federal Government expenditures, including governmentally funded programs in which we participate, such as Medicare and Medicaid. In addition, if at any time the Federal Government is not able to meet its debt payments unless the federal debt ceiling is raised, and legislation increasing the debt ceiling is not enacted, the Federal Government may stop or delay making payments on its obligations, including funding for government programs in which we participate, such as Medicare and Medicaid. Failure of the government to make payments under these programs could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Further, any failure by the United States Congress to complete the federal budget process and fund government operations may result in a Federal Government shutdown, potentially causing us to incur substantial costs without reimbursement under the Medicare program, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. As an example, the failure of the 2011 Joint Select Committee to meet its Deficit Reduction goal resulted in an automatic reduction in Medicare home and hospice payments of 2% beginning April 1, 2013.

Historically, state budget pressures have resulted in reductions in state spending. Given that Medicaid outlays are a significant component of state budgets, we can expect continuing cost containment pressures on Medicaid outlays for our services.

In addition, sustained unfavorable economic conditions may affect the number of patients enrolled in managed care programs and the profitability of managed care companies, which could result in reduced payment rates and could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Future cost containment initiatives undertaken by private third party payors may limit our future revenue and profitability.

Our non-Medicare revenue and profitability are affected by continuing efforts of third party payors to maintain or reduce costs of health care by lowering payment rates, narrowing the scope of covered services, increasing case management review of services and negotiating pricing. There can be no assurance that third party payors will make timely payments for our services, and there is no assurance that we will continue to maintain our current payor or revenue mix. We are continuing our efforts to develop our non-Medicare sources of revenue and any changes in payment levels from current or future third party payors could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Risks Related to Laws and Government Regulations

We are operating under a Corporate Integrity Agreement. Violations of this agreement could result in substantial penalties or exclusion from participation in the Medicare program.

On April 23, 2014, with no admissions of liability on our part, we entered into a settlement agreement with the U.S. Department of Justice relating to certain of our clinical and business operations. Concurrently with our entry into this agreement, we entered into a Corporate Integrity Agreement ("CIA") with the Office of Inspector General-HHS ("OIG"). The CIA, which has a term of five years, formalizes various aspects of our already existing ethics and compliance programs and contains other requirements designed to help ensure our ongoing compliance with federal health care program requirements. Among other things, the CIA requires us to maintain our existing compliance program, executive compliance committee and compliance committee of the Board of Directors; provide certain compliance training; continue screening new and current employees to ensure they are eligible to participate in federal health care programs; engage an independent review organization ("IRO") to perform certain auditing and reviews and prepare certain reports regarding our compliance with federal health care programs, our billing submissions to federal health care programs and our compliance and risk mitigation programs; and provide certain reports and management certifications to the OIG. Additionally, the CIA specifically requires that we report substantial overpayments that we discover we have received from the federal health care programs, as well as probable violations of federal health care laws. Upon breach of the CIA, we could become liable for payment of certain stipulated penalties, or could be excluded from participation in federal health care programs. Although we believe that we are currently in compliance with the CIA, any violations of the agreement could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Pending civil litigation could have a material adverse effect on the Company.

We and certain of our current and former directors, senior executives and other employees are defendants in a federal securities class action. We are also a defendant in several wage and hour law putative collective and class action lawsuits. See Part II, Item 8, Note 10 – Commitments and Contingencies for a more detailed description of these proceedings. These actions remain in preliminary stages and it is not yet possible to assess their probable outcome or our potential liability, if any. We cannot provide any assurances that the legal and other costs associated with the defense of these actions, the amount of time required to be spent by management on these matters and the ultimate outcome of these actions will not have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our insurance may not cover all of the costs associated with defending the pending federal securities class action, and any potential liability costs associated with this matter, and we maintain no insurance that covers any portion of the pending wage and hour putative collective and class action lawsuits.

With respect to the pending securities class action, we may be obligated to indemnify (and advance legal expenses to) both current and former officers, employees and directors in connection with this matter. We maintain directors' and officers' liability insurance that we believe should cover a portion of the legal costs and potential liability costs associated with this matter. However, such insurance coverage does not extend to all of these expenditures, and the insurance limits may be insufficient even with respect to expenditures that would otherwise be covered. Furthermore, our insurance carriers may seek to deny coverage in this matter, in which case we may have to fund the indemnification amounts owed to such directors and officers ourselves. We do not maintain any insurance that will cover any part of the wage and hour putative collective and class action lawsuits in which we are defendants. If our insurance coverage is denied or is not adequate, it may have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

We are subject to extensive government regulation. Any changes to the laws and regulations governing our business, or to the interpretation and enforcement of those laws or regulations, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our industry is subject to extensive federal and state laws and regulations. See Part I, Item 1, "Our Regulatory Environment" for additional information on such laws and regulations. Federal and state laws and regulations impact how we conduct our business, the services we offer and our interactions with patients, our employees and the public and impose certain requirements on us such as:

- licensure and certification;
- adequacy and quality of health care services;
- qualifications of health care and support personnel;

- quality and safety of medical equipment;
- confidentiality, maintenance and security issues associated with medical records and claims processing;
- relationships with physicians and other referral sources;
- operating policies and procedures;
- policies and procedures regarding employee relations;
- addition of facilities and services;
- billing for services;
- requirements for utilization of services;
- documentation required for billing and patient care; and
- reporting and maintaining records regarding adverse events.

These laws and regulations, and their interpretations, are subject to change. Changes in existing laws and regulations, or their interpretations, or the enactment of new laws or regulations could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows by:

- increasing our administrative and other costs;
- increasing or decreasing mandated services;
- causing us to abandon business opportunities we might have otherwise pursued;
- decreasing utilization of services;
- forcing us to restructure our relationships with referral sources and providers; or
- requiring us to implement additional or different programs and systems.

Additionally, we are subject to various routine and non-routine reviews, audits and investigations by the Medicare and Medicaid programs and other federal and state governmental agencies, which have various rights and remedies against us if they establish that we have overcharged the programs or failed to comply with program requirements. Violation of the laws governing our operations, or changes in interpretations of those laws, could result in the imposition of fines, civil or criminal penalties, and the termination of our rights to participate in federal and state-sponsored programs and/or the suspension or revocation of our licenses. If we become subject to material fines, or if other sanctions or other corrective actions are imposed on us, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

We face periodic and routine reviews, audits and investigations under our contracts with federal and state government agencies and private payors, and these audits could have adverse findings that may negatively impact our business.

As a result of our participation in the Medicare and Medicaid programs, we are subject to various governmental reviews, audits and investigations to verify our compliance with these programs and applicable laws and regulations. We also are subject to audits under various government programs, including the RAC, ZPIC, PSC and MIC programs as well as in accordance with the requirements of our CIA, in which third party firms engaged by CMS or by the Company conduct extensive reviews of claims data and medical and other records to identify potential improper payments under the Medicare program. Private pay sources also reserve the right to conduct audits. If billing errors are identified in the sample of reviewed claims, the billing error can be extrapolated to all claims filed which could result in a larger overpayment than originally identified in the sample of reviewed claims. Our costs to respond to and defend reviews, audits and investigations may be significant and could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Moreover, an adverse review, audit or investigation could result in:

- required refunding or retroactive adjustment of amounts we have been paid pursuant to the federal or state programs or from private payors;
- state or federal agencies imposing fines, penalties and other sanctions on us;
- loss of our right to participate in the Medicare program, state programs, or one or more private payor networks; or
- damage to our business and reputation in various markets.

These results could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

If a care center fails to comply with the conditions of participation in the Medicare program, that care center could be subjected to sanctions or terminated from the Medicare program.

Each of our care centers must comply with required conditions of participation in the Medicare program. If we fail to meet the conditions of participation at a care center, we may receive a notice of deficiency from the applicable state surveyor. If that care center then fails to institute an acceptable plan of correction to remediate the deficiency within the correction period provided by the state surveyor, that care center could be terminated from the Medicare program or subjected to alternative sanctions. CMS outlined its alternative sanction enforcement options for home health care centers through a regulation published in 2012; under the regulation, CMS may impose temporary management, direct a plan of correction, direct training or impose payment suspensions and civil monetary penalties, in each case, upon providers who fail to comply with the conditions of participation. Termination of one or more of our care centers from the Medicare program for failure to satisfy the program's conditions of participation, or the imposition of alternative sanctions, could disrupt operations, require significant attention by management, or have a material adverse effect on our business and reputation and consolidated financial condition, results of operations and cash flows. CMS issued a proposed rule on October 9, 2014, revising the Medicare conditions of participation for home health care centers across the industry, with an unknown effective date. We provided public comments on the proposed changes, but do not know at this time what effect the finalized revisions will have on our operations, and there can be no assurances that the revisions will not have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

We are subject to federal and state laws that govern our financial relationships with physicians and other health care providers, including potential or current referral sources.

We are required to comply with federal and state laws, generally referred to as "anti-kickback laws," that prohibit certain direct and indirect payments or other financial arrangements between health care providers that are designed to encourage the referral of patients to a particular provider for medical services. In addition to these anti-kickback laws, the Federal Government has enacted specific legislation, commonly known as the "Stark Law," that prohibits certain financial relationships, specifically including ownership interests and compensation arrangements, between physicians (and the immediate family members of physicians) and providers of designated health services, such as home health care centers, to whom the physicians refer patients. Some of these same financial relationships are also subject to additional regulation by states. Although we believe we have structured our relationships with physicians and other potential referral sources to comply with these laws where applicable, we cannot assure you that courts or regulatory agencies will not interpret state and federal anti-kickback laws and/or the Stark Law and similar state laws regulating relationships between health care providers and physicians in ways that will adversely implicate our practices or that isolated instances of noncompliance will not occur. Violations of federal or state Stark or anti-kickback laws could lead to criminal or civil fines or other sanctions, including denials of government program reimbursement or even exclusion from participation in governmental health care programs, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

We may face significant uncertainty in the industry due to government health care reform.

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. In March 2010, comprehensive health care reform legislation was signed into law in the United States through the passage of the Patient Protection and Affordable Health Care Act and the Health Care and Education Reconciliation Act (collectively, “PPACA”). However, it is difficult to predict the full impact of PPACA due to the law’s complexity and phased-in effective dates, as well as our inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law.

PPACA makes a number of changes to Medicare payment rates and also calls for a rebasing of the home health payment system that began in 2014 and will continue through 2017. These reimbursement changes are described in detail in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations: Overview – Economic and Industry Factors.”

For example, as a result of the PPACA, CMS added two regulations that became effective April 1, 2011: (1) a face-to-face encounter requirement for home health and hospice services and (2) changes to the home health therapy assessment schedule, which requires additional patient evaluations and certifications. These and other regulations implementing the provisions of the PPACA may similarly increase our costs, decrease our revenues, expose us to expanded liability or require us to revise the ways in which we conduct our business.

PPACA also calls for a number of other changes to be made over time that will likely have a significant impact upon the health care delivery system. For example, PPACA mandates creation of a home health value-based purchasing program, the development of quality measures, and decreases in home health reimbursement rates, including rebasing, as further described in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations: Overview – Economic and Industry Factors.” In addition, PPACA requires the Secretary of Health and Human Services to test different models for delivery of care, some of which will involve home health services. It also requires the Secretary to establish a national pilot program for integrated care for patients with certain conditions, bundling payment for acute hospital care, physician services, outpatient hospital services (including emergency department services) and post-acute care services, which would include home health. PPACA created the Center for Medicare and Medicaid Innovation (“CMMI”), which has launched the Bundled Payments for Care Improvement initiative designed to encourage doctors, hospitals and other health care providers, including home health providers, to work together to better coordinate care for patients both when they are in the hospital and after they are discharged. In October 2011 CMS published final Medicare Shared Savings Program regulations, which use accountable care organizations (“ACOs”) to facilitate coordination and cooperation among providers to improve the quality of care for Medicare fee-for-service beneficiaries and reduce unnecessary costs. PPACA further directs the Secretary to conduct a study to evaluate cost and quality of care among efficient home health care centers and specifically focusing on access to care and treating Medicare beneficiaries with varying severity levels of illness, and provide a report to Congress no later than March 1, 2014, which report was issued in 2014 after the March 1 deadline. At this time, it is not possible to predict with any certainty how these initiatives will be implemented and what impact they may have on our business.

In addition, various health care reform proposals similar to the federal reforms described above have also emerged at the state level, including in several states which we operate. Moreover, in January 2011, the Medicare Payment Advisory Commission voted to recommend to Congress that it make additional changes to the home health payment system, noting that such recommendations may include further payment reductions and/or a beneficiary copayment obligation. We cannot predict with certainty what health care initiatives, if any, will be implemented at the state level, or what the ultimate effect of federal health care reform or any future legislation or regulation may have on us or on our business and consolidated financial condition, results of operations and cash flows.

Finally, in addition to impacting our Medicare businesses, PPACA may also significantly affect our non-Medicare businesses. PPACA makes many changes to the underwriting and marketing practices of private payors. The resulting economic pressures could prompt these payors to seek to lower their rates of reimbursement for the services we provide. At this time, it is not possible to estimate what impact PPACA may have on our non-Medicare businesses.

Risks Related to our Growth Strategies

Our growth strategy depends on our ability to acquire additional care centers and integrate and operate these care centers effectively. If our growth strategy is unsuccessful or we are not able to successfully integrate newly acquired care centers into our existing operations, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

We may not be able to fully integrate the operations of our acquired businesses with our current business structure in an efficient and cost-effective manner. Acquisitions involve significant risks and uncertainties, including difficulties in recouping partial episode payments and other types of misdirected payments for services from the previous owners; difficulties integrating acquired personnel and business practices into our business; the potential loss of key employees, referral sources or patients of acquired care centers; the delay in payments associated with change in ownership, control and the internal process of the Medicare fiscal intermediary; and the assumption of liabilities and exposure to unforeseen liabilities of acquired care centers. Further, the financial benefits we expect to realize from many of our acquisitions are largely dependent upon our ability to improve clinical performance, overcome regulatory deficiencies, improve the reputation of the acquired business in the community and control costs. The failure to accomplish any of these objectives or to effectively integrate any of these businesses could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

State efforts to regulate the establishment or expansion of health care providers could impair our ability to expand our operations.

Some states require health care providers (including skilled nursing facilities, hospice care centers, home health care centers and assisted living facilities) to obtain prior approval, known as a CON or POA, in order to commence operations. See Part I, Item 1, “Our Regulatory Environment” for additional information on CONs and POAs. If we are not able to obtain such approvals, our ability to expand our operations could be impaired, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Federal regulation may impair our ability to consummate acquisitions or open new care centers.

Changes in federal laws or regulations may materially adversely impact our ability to acquire care centers or open new start-up care centers. For example, PPACA authorized CMS to impose temporary moratoria on the enrollment of new Medicare providers, if deemed necessary to combat fraud, waste or abuse under government programs. The moratoria on new enrollments may be applied to categories of providers or to specific geographic regions. For example, in 2014, CMS adopted a temporary moratorium on new provider locations in certain regions of Texas, Michigan, Florida and Illinois. If a moratorium is imposed on the enrollment of new home health or hospice providers in a geographic area we desire to service, it could have a material impact on our ability to open new care centers. Additionally, in 2010, CMS implemented and amended a regulation known as the “36 Month Rule” that is applicable to home health care center acquisitions. Subject to certain exceptions, the 36 Month Rule prohibits buyers of certain home health care centers – those that either enrolled in Medicare or underwent a change in majority ownership fewer than 36 months prior to the acquisition – from assuming the Medicare billing privileges of the acquired care center. These changes in federal laws and regulations, and similar future changes, may further increase competition for acquisition targets and could have a material detrimental impact on our acquisition strategy.

Risks Related to our Operations

Because we are limited in our ability to control rates received for our services, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected if we are not able to maintain or reduce our costs to provide such services.

As Medicare is our primary payor and rates are established through federal legislation, we have to manage our costs of providing care to achieve a desired level of profitability. Additionally, non-Medicare rates are difficult for us to negotiate as such payors are under pressure to reduce their own costs. As a result, we manage our costs in order to achieve a desired level of profitability including, but not limited to, centralization of various processes, the use of technology and management of the number of employees utilized. If we are not able to continue to streamline our processes and reduce our costs, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

Our industry is highly competitive, with few barriers to entry in certain states.

There are few barriers to entry in home health markets that do not require a CON or POA. Our primary competition comes from local privately-owned and hospital-owned health care providers. We compete based on the availability of personnel; the quality of services, expertise of visiting staff; and in certain instances, on the price of our services. Increased competition in the future may limit our ability to maintain or increase our market share.

Further, the introduction of new and enhanced service offerings by others, in combination with industry consolidation and the development of strategic relationships by our competitors, could cause a decline in revenue or loss of market acceptance of our services or make our services less attractive. Additionally, we compete with a number of non-profit organizations that can finance acquisitions and capital expenditures on a tax-exempt basis or receive charitable contributions that are unavailable to us.

Managed care organizations and other third party payors continue to consolidate, which enhances their ability to influence the delivery of health care services. Consequently, the health care needs of patients in the United States are increasingly served by a smaller number of managed care organizations. These organizations generally enter into service agreements with a limited number of providers. Our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected if these organizations terminate us as a provider and/or engage our competitors as a preferred or exclusive provider. In addition, should private payors, including managed care payors, seek to negotiate additional discounted fee structures or the assumption by health care providers of all or a portion of the financial risk through prepaid capitation arrangements, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

If we are unable to react competitively to new developments, our operating results may suffer. Further, if states remove existing CONs or POAs, we would face increased competition in these states. For example, in 2013, the Governor of South Carolina vetoed funding for that state’s CON program, effectively shutting down the program. Following a judicial challenge, the South Carolina Supreme Court ruled in April 2014 that the South Carolina Department of Health and Environmental Control was statutorily obligated to administer the CON program, regardless of the Governor’s veto. Following this ruling, legislation has been introduced in the South Carolina House of Representatives for the purpose of limiting the application of that state’s CON program. We do not know at this time what the outcome of this matter will be in South Carolina, and whether this will have any impact upon our operations. Similarly, there can be no assurances that other states will not seek to eliminate or limit their existing CON or POA programs in a similar manner, leading to increased competition in these states, Further, we cannot assure you that we will be able to compete successfully against current or future competitors, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

If we are unable to maintain relationships with existing patient referral sources, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

Our success depends on referrals from physicians, hospitals and other sources in the communities we serve and on our ability to maintain good relationships with existing referral sources. Our referral sources are not contractually obligated to refer patients to us and may refer their patients to other providers. Our growth and profitability depends, in part, on our ability to establish and maintain close working relationships with these patient referral sources and to increase awareness and acceptance of the benefits of home health and hospice care by our referral sources and their patients. Our loss of, or failure to maintain, existing relationships or our failure to develop new referral relationships could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

If we are unable to provide consistently high quality of care, our business will be adversely impacted.

Providing quality patient care is the cornerstone of our business. We believe that hospitals, physicians and other referral sources refer patients to us in large part because of our reputation for delivering quality care. Clinical quality is becoming increasingly important within our industry. Effective October 2012, Medicare began to impose a financial penalty upon hospitals that have excessive rates of patient readmissions within 30 days from hospital discharge. We believe this new regulation provides a competitive advantage to home health providers who can differentiate themselves based upon quality, particularly by achieving low patient acute care hospitalization readmission rates and by implementing disease management programs designed to be responsive to the needs of patients served by referring hospitals. We are focused intently upon improving our patient outcomes, particularly our patient acute care hospitalization readmission rates. If we should fail to attain our goals regarding acute care hospitalization readmission rates and other quality metrics, we expect our ability to generate referrals would be adversely impacted, which could have a material adverse effect upon our business and consolidated financial condition, results of operations and cash flows.

Our business depends on our information systems. Our inability to effectively integrate, manage and keep our information systems secure and operational could disrupt our operations.

Our business depends on effective, secure and operational information systems which include software that was developed in-house and systems provided by external contractors and other service providers. We have developed and use a proprietary Windows™-based clinical software system with our POC system to collect assessment data, schedule and log patient visits, communicate with patients' physicians regarding their plan of care and monitor treatments and outcomes in accordance with established medical standards. Our clinical software system integrates several of the key processes critical to our business: billing and collections functionality; accounting; human resources; payroll; and employee benefits programs provided by third parties. During 2015, we made the strategic decision to discontinue our proprietary operating system and transition to a leading home health and hospice platform. While we anticipate the completion of the rollout of this new platform to all of our care centers during 2016, we continue to operate on both systems as of the date of this filing. Problems with, or the failure of, our technology and systems or any system upgrades or programming changes associated with such technology and systems, including any problems we may experience with the implementation of the new clinical software system, could have a material adverse effect on data capture, medical documentation, billing, collections, assessment of internal controls and management and reporting capabilities. Any such problems or failures and the costs incurred in correcting any such problems or failures, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Further, to the extent our external information technology contractors or other service providers become insolvent or fail to support the software or systems we have licensed from them, our operations could be materially adversely affected.

Our care centers also depend upon our information systems for accounting, billing, collections, risk management, quality assurance, human resources, payroll and other information. If we experience a reduction in the performance, reliability, or availability of our information systems, our operations and ability to produce timely and accurate reports could be materially adversely affected.

Our information systems and applications require continual maintenance, upgrading and enhancement to meet our operational needs. Our acquisition activity requires transitions and integration of various information systems. We regularly upgrade and expand our information systems' capabilities. If we experience difficulties with the transition and integration of information systems or are unable to implement, maintain, or expand our systems properly, we could suffer from, among other things, operational disruptions, regulatory problems and increases in administrative expenses.

We may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches, including unauthorized access to patient data and personally identifiable information stored in our information systems, and the introduction of computer viruses to our systems. Our security measures may be inadequate to prevent security breaches and our business operations could be materially adversely affected by federal and state fines and penalties, cancellation of contracts and loss of patients if security breaches are not prevented.

We have installed privacy protection systems and devices on our network and POC laptops in an attempt to prevent unauthorized access to information in our database. However, our technology may fail to adequately secure the confidential health information and personally identifiable information we maintain in our databases. In such circumstances, we may be held liable to our patients and regulators, which could result in fines, litigation or adverse publicity that could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Even if we are not held liable, any resulting negative publicity could harm our business and distract the attention of management.

Further, our information systems are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, break-ins and similar events. A failure to restore our information systems after the occurrence of any of these events could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Because of the confidential health information we store and transmit, loss of electronically stored information for any reason could expose us to a risk of regulatory action and litigation and possible liability and loss.

We believe we have all the necessary licenses from third parties to use technology and software that we do not own. A third party could, however, allege that we are infringing its rights, which may deter our ability to obtain licenses on commercially reasonable terms from the third party, if at all, or cause the third party to commence litigation against us. In addition, we may find it necessary to initiate litigation to protect our trade secrets, to enforce our intellectual property rights and to determine the scope and validity of any proprietary rights of others. Any such litigation, or the failure to obtain any necessary licenses or other rights, could materially and adversely affect our business.

Possible changes in the case mix of patients, as well as payor mix and payment methodologies, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our revenue is determined by a number of factors, including our mix of patients and the rates of payment among payors. Changes in the case mix of our patients, payment methodologies or the payor mix among Medicare, Medicaid and private payors could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our failure to negotiate favorable managed care contracts, or our loss of existing favorable managed care contracts, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

One of our strategies is to diversify our payor sources by increasing the business we do with managed care companies, and we strive to put in place favorable contracts with managed care payors. However, we may not be successful in these efforts. Additionally, there is a risk that the favorable managed care contracts that we put in place may be terminated, and managed care contracts typically permit the payor to terminate the contract without cause, on very short notice, typically 60 days, which can provide payors leverage to reduce volume or obtain favorable pricing. Our failure to negotiate and put in place favorable managed care contracts, or our failure to maintain in place favorable managed care contracts, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

A write off of a significant amount of intangible assets or long-lived assets could have a material adverse effect on our consolidated financial condition and results of operations.

A significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate, or slower growth rates could result in the need to perform an impairment analysis under Accounting Standard Codification ("ASC") Topic 350 "Intangibles – Goodwill and Other" in future periods in addition to our annual impairment test. If we were to conclude that a write down of goodwill is necessary, then we would record the appropriate charge, which could result in material charges that are adverse to our consolidated financial condition and results of operations. See Part II, Item 8, Note 5 – Goodwill and Other Intangible Assets, Net to our consolidated financial statements for additional information.

Because we have grown in part through acquisitions, goodwill and other acquired intangible assets represent a substantial portion of our assets. Goodwill was approximately $261.7 million as of December 31, 2015 and if we make additional acquisitions, it is likely that we will record additional intangible assets in our consolidated financial statements. We also have long-lived assets consisting of property and equipment and other identifiable intangible assets of $86.7 million as of December 31, 2015, which we review both on a periodic basis for indefinite lived intangible assets as well as when events or circumstances indicate that the carrying amount of an asset may not be recoverable. If a determination that a significant impairment in value of our unamortized intangible assets or long-lived assets occurs, such determination could require us to write off a substantial portion of our assets. A write off of these assets could have a material adverse effect on our consolidated financial condition and results of operations.

A shortage of qualified registered nursing staff and other clinicians, such as therapists and nurse practitioners, could materially impact our ability to attract, train and retain qualified personnel and could increase operating costs.

We compete for qualified personnel with other healthcare providers. Our ability to attract and retain clinicians depends on several factors, including our ability to provide these personnel with attractive assignments and competitive salaries and benefits. We cannot be assured we will succeed in any of these areas. In addition, there are shortages of qualified health care personnel in some of our markets. As a result, we may face higher costs of attracting clinicians and providing them with attractive benefit packages than we originally anticipated which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. In addition, if we expand our operations into geographic areas where health care providers historically have been unionized, or if any of our care center employees become unionized, being subject to a collective bargaining agreement may have a negative impact on our ability to timely and successfully recruit qualified personnel and may increase our operating costs. Generally, if we are unable to attract and retain clinicians, the quality of our services may decline and we could lose patients and referral sources, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our insurance liability coverage may not be sufficient for our business needs.

As a result of operating in the home health industry, our business entails an inherent risk of claims, losses and potential lawsuits alleging incidents involving our employees that are likely to occur in a patient's home. We maintain professional liability insurance to provide coverage to us and our subsidiaries against these risks. However, we cannot assure you claims will not be made in the future in excess of the limits of our insurance, nor can we assure you that any such claims, if successful and in excess of such limits, will not have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows. Our insurance coverage also includes fire, property damage and general liability with varying limits. We cannot assure you that the insurance we maintain will satisfy claims made against us or that insurance coverage will continue to be available to us at commercially reasonable rates, in adequate amounts or on satisfactory terms. Any claims made against us, regardless of their merit or eventual outcome, could damage our reputation and business.

We may be subject to substantial malpractice or other similar claims.

The services we offer involve an inherent risk of professional liability and related substantial damage awards. As of March 4, 2016, we had approximately 16,100 employees (11,200 home health, 2,600 hospice, 1,500 personal care and 800 corporate employees). In addition, we employ direct care workers on a contractual basis to support our existing workforce. Due to the nature of our business, we, through our employees and caregivers who provide services on our behalf, may be the subject of medical malpractice claims. A court could find these individuals should be considered our agents, and, as a result, we could be held liable for their acts or omissions. We cannot predict the effect that any claims of this nature, regardless of their ultimate outcome, could have on our business or reputation or on our ability to attract and retain patients and employees. While we maintain malpractice liability coverage that we believe is appropriate given the nature and breadth of our operations, any claims against us in excess of insurance limits, or multiple claims requiring us to pay deductibles could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

If we are unable to maintain our corporate reputation, our business may suffer.

Our success depends on our ability to maintain our corporate reputation, including our reputation for providing quality patient care and for compliance with Medicare requirements and the other laws to which we are subject. Adverse publicity surrounding any aspect of our business, including the death or disability of any of our patients due to our failure to provide proper care, or due to any failure on our part to comply with Medicare requirements or other laws to which we are subject, could negatively affect our Company's overall reputation and the willingness of referral sources to refer patients to us.

We depend on the services of our executive officers and other key employees.

We depend greatly on the efforts of our executive officers and other key employees to manage our operations. The loss or departure of any one of these executives or other key employees could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our operations could be impacted by natural disasters.

The occurrence of natural disasters in the markets in which we operate could not only impact the day-to-day operations of our care centers, but could also disrupt our relationships with patients, employees and referral sources located in the affected areas and, in the case of our corporate office, our ability to provide administrative support services, including billing and collection services. In addition, any episode of care that is not completed due to the impact of a natural disaster will generally result in lower revenue for the episode. For example, our corporate office and a number of our care centers are located in the southeastern United States and the Gulf Coast Region, increasing our exposure to hurricanes. Future hurricanes or other natural disasters may have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Risks Related to Liquidity

Delays in payment may cause liquidity problems.

Our business is characterized by delays from the time we provide services to the time we receive payment for these services. If we have difficulty in obtaining documentation, such as physician orders, experience information system problems or experience other issues that arise with Medicare or other payors, we may encounter additional delays in our payment cycle.

In addition, timing delays in billings and collections may cause working capital shortages. Working capital management, including prompt and diligent billing and collection, is an important factor in achieving our financial results and maintaining liquidity. It is possible that documentation support, system problems, Medicare or other provider issues or industry trends may extend our collection period, which may materially adversely affect our working capital, and our working capital management procedures may not successfully mitigate this risk.

Additionally, our hospice operations may experience payment delays. We have experienced payment delays when attempting to collect funds from state Medicaid programs in certain instances. Delays in receiving payments from these programs may also materially adversely affect our working capital.

The volatility and disruption of the capital and credit markets and adverse changes in the United States and global economies could impact our ability to access both available and affordable financing, and without such financing, we may be unable to achieve our objectives for strategic acquisitions and internal growth.

While we intend to finance strategic acquisitions and internal growth with cash flows from operations and borrowings under our revolving credit facility, we may require sources of capital in addition to those presently available to us. Uncertainty in the capital and credit markets may impact our ability to access capital on terms acceptable to us (i.e. at attractive/affordable rates) or at all, and this may result in our inability to achieve present objectives for strategic acquisitions and internal growth. Further, in the event we need additional funds, and we are unable to raise the necessary funds on acceptable terms, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

Our indebtedness could impact our financial condition and impair our ability to fulfill other obligations.

As of December 31, 2015, we had total outstanding indebtedness of approximately $100.0 million, comprised mainly of indebtedness incurred in connection with our April 23, 2014 settlement agreement with the U.S. Department of Justice relating to certain of our clinical and business operations. Our level of indebtedness could have a material adverse effect on our business and consolidated financial position, results of operations and cash flows and impair our ability to fulfill other obligations in several ways, including:

- it could require us to dedicate a portion of our cash flow from operations to payments on our indebtedness, which could reduce the availability of cash flow to fund acquisitions, start-ups, working capital, capital expenditures and other general corporate purposes;
- it could limit our ability to borrow money or sell stock for working capital, capital expenditures, debt service requirements and other purposes;
- it could limit our flexibility in planning for, and reacting to, changes in our industry or business;
- it could make us more vulnerable to unfavorable economic or business conditions; and
- it could limit our ability to make acquisitions or take advantage of other business opportunities.

In the event we incur additional indebtedness, the risks described above could increase.

The agreements governing our indebtedness contain various covenants that limit our discretion in the operation of our business and our failure to satisfy requirements in these agreements could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

The agreements governing our indebtedness (the “Debt Agreements”) contain certain obligations, including restrictive covenants that require us to comply with or maintain certain financial covenants and ratios and restrict our ability to:

- incur additional debt;
- redeem or repurchase stock, pay dividends or make other distributions;
- make certain investments;
- create liens;
- enter into transactions with affiliates;
- make acquisitions;
- enter into joint ventures;
- merge or consolidate;
- invest in foreign subsidiaries;
- amend acquisition documents;
- enter into certain swap agreements;
- make certain restricted payments;
- transfer, sell or leaseback assets; and
- make fundamental changes in our corporate existence and principal business.

In addition, events beyond our control could affect our ability to comply with the Debt Agreements. Any failure by us to comply with or maintain all applicable financial covenants and ratios and to comply with all other applicable covenants could result in an event of default with respect to the Debt Agreements. If we are unable to obtain a waiver from our lenders in the event of any non-compliance, our lenders could accelerate the maturity of any outstanding indebtedness and terminate the commitments to make further extensions of credit (including our ability to borrow under our revolving credit facility). Any failure to comply with these covenants could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Risks Related to Ownership of Our Common Stock

The price of our common stock may be volatile.

The price at which our common stock trades may be volatile. The stock market from time to time experiences significant price and volume fluctuations that impact the market prices of securities, particularly those of health care companies. The market price of our common stock may be influenced by many factors, including:

- our operating and financial performance;
- variances in our quarterly financial results compared to research analyst expectations;
- the depth and liquidity of the market for our common stock;
- future sales of common stock by the Company or large stockholders or the perception that such sales could occur;
- investor, analyst and media perception of our business and our prospects;

- developments relating to litigation or governmental investigations;
- changes or proposed changes in health care laws or regulations or enforcement of these laws and regulations, or announcements relating to these matters;
- departure of key personnel;
- changes in the Medicare, Medicaid and private insurance payment rates for home health and hospice;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments; or
- general economic and stock market conditions.

In addition, the stock market in general, and the NASDAQ Global Select Market ("NASDAQ") in particular, has experienced price and volume fluctuations that we believe have often been unrelated or disproportionate to the operating performance of health care provider companies. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. Securities class-action cases have often been brought against companies following periods of volatility in the market price of their securities.

The activities of short sellers could reduce the price or prevent increases in the price of our common stock. "Short sale" is defined as the sale of stock by an investor that the investor does not own. Typically, investors who sell short believe the price of the stock will fall, and anticipate selling shares at a higher price than the purchase price at which they will buy the stock. As of December 31, 2015, investors held a short position of approximately 1.2 million shares of our common stock which represented 3.7% of our outstanding common stock. The anticipated downward pressure on our stock price due to actual or anticipated sales of our stock by some institutions or individuals who engage in short sales of our common stock could cause our stock price to decline.

Sales of substantial amounts of our common stock or the availability of those shares for future sale, could materially impact our stock price and limit our ability to raise capital.

The following table presents information about our outstanding common and preferred stock and our outstanding securities exercisable for or convertible into shares of common stock:

	As of December 31, 2015
Common stock outstanding	33,607,282
Preferred stock outstanding	—
Common stock available under 2008 Omnibus Incentive Compensation Plan	1,274,934
Stock options outstanding	838,494
Stock options exercisable	62,500
Non-vested stock outstanding	500,888
Non-vested stock units outstanding	498,929

If we were to sell substantial amounts of our common stock in the public market or if there was a public perception that substantial sales could occur, the market price of our common stock could decline. These sales or the perception of substantial future sales may also make it difficult for us to sell common stock in the future to raise capital.

Our Board of Directors may use anti-takeover provisions or issue stock to discourage a change of control.

Our certificate of incorporation currently authorizes us to issue up to 60,000,000 shares of common stock and 5,000,000 shares of undesignated preferred stock. Our Board of Directors may cause us to issue additional stock to discourage an attempt to obtain control of our company. For example, shares of stock could be sold to

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purchasers who might support our Board of Directors in a control contest or to dilute the voting or other rights of a person seeking to obtain control. In addition, our Board of Directors could cause us to issue preferred stock entitling holders to vote separately on any proposed transaction, convert preferred stock into common stock, demand redemption at a specified price in connection with a change in control, or exercise other rights designed to impede a takeover.

The issuance of additional shares may, among other things, dilute the earnings and equity per share of our common stock and the voting rights of common stockholders.

We have implemented other anti-takeover provisions or provisions that could have an anti-takeover effect, including advance notice requirements for director nominations and stockholder proposals. These provisions, and others that our Board of Directors may adopt hereafter, may discourage offers to acquire us and may permit our Board of Directors to choose not to entertain offers to purchase us, even if such offers include a substantial premium to the market price of our stock. Therefore, our stockholders may be deprived of opportunities to profit from a sale of control.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our executive office is located in Nashville, Tennessee in a leased property consisting of approximately 15,825 square feet; our corporate headquarters is located in Baton Rouge, Louisiana in a leased property consisting of approximately 110,000 square feet. We believe we have adequate space to accommodate our corporate staff located in these locations for the foreseeable future.

In addition to our executive office and corporate headquarters, we also lease facilities for our home health and hospice care centers. Generally, these leases have an initial term of five years with a three year early termination option, but range from one to seven years. Most of these leases also contain an option to extend the lease period. The following table shows the location of our 329 Medicare-certified home health care centers and 79 hospice care centers at December 31, 2015:

State	Home Health	Hospice	State	Home Health	Hospice
Alabama	30	7	New Jersey	2	1
Arkansas	5	—	New York	4	—
Arizona	3	—	New Hampshire	2	2
California	4	—	North Carolina	8	6
Connecticut	4	1	Ohio	—	1
Delaware	2	—	Oklahoma	6	—
Florida	28	—	Oregon	4	1
Georgia	62	6	Pennsylvania	7	6
Illinois	3	—	Rhode Island	1	2
Indiana	5	1	South Carolina	19	7
Kansas	1	1	Tennessee	43	11
Kentucky	17	—	Texas	—	1
Louisiana	11	4	Virginia	14	1
Massachusetts	5	8	West Virginia	11	6
Maine	2	4	Wisconsin	1	—
Maryland	8	2	Washington, D.C.	1	—
Mississippi	10	—	Total	329	79
Missouri	6	—			

ITEM 3. LEGAL PROCEEDINGS

See Part II, Item 8, Note 10 – Commitments and Contingencies for information concerning our legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common stock trades on the NASDAQ under the trading symbol "AMED." The following table presents the range of high and low sales prices for our common stock for the periods indicated as reported on NASDAQ:

	Price Range of Common Stock	
	High	Low
Year Ended December 31, 2015:		
First Quarter	$31.27	$25.83
Second Quarter	43.61	24.81
Third Quarter	48.34	36.11
Fourth Quarter	45.00	34.72
Year Ended December 31, 2014:		
First Quarter	$17.61	$13.85
Second Quarter	18.20	12.86
Third Quarter	22.58	15.31
Fourth Quarter	30.48	19.03

As of March 4, 2016, there were approximately 521 holders of record of our common stock.

Dividend Policy

We have not declared or paid any cash dividends on our common stock or any other of our securities and do not expect to pay cash dividends for the foreseeable future. We currently intend to retain our future earnings, if any, to fund the development and growth of our business. Future decisions concerning the payment of dividends will depend upon our results of operations, financial condition, capital expenditure plans and debt service requirements, as well as such other factors as our Board of Directors, in its sole discretion, may consider relevant. In addition, our outstanding indebtedness restricts, and we anticipate any additional future indebtedness may restrict, our ability to pay cash dividends.

Purchases of Equity Securities

The following table provides the information with respect to purchases made by us of shares of our common stock during each of the months during the three-month period ended December 31, 2015:

Period	(a) Total Number of Share (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
October 1, 2015 to October 31, 2015	—	$ —	—	$ —
November 1, 2015 to November 30, 2015	2,474	39.58	—	—
December 1, 2015 to December 31, 2015	6,360	40.61	116,859	70,418,957
	8,834(1)	$ 40.32	116,859	$ 70,418,957

(1) Includes shares of common stock surrendered to us by certain employees to satisfy tax withholding obligations in connection with the vesting of stock previously awarded to such employees under our 2008 Omnibus Incentive Compensation Plan.

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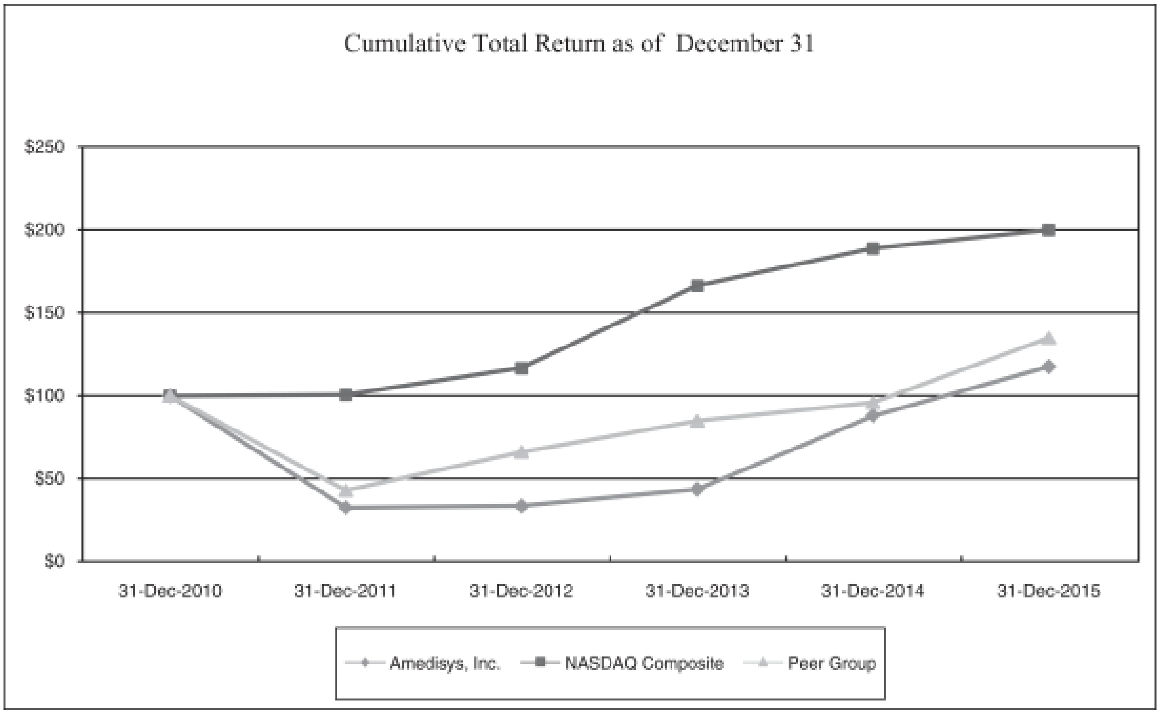
Stock Performance Graph

The Performance Graph below compares the cumulative total stockholder return on our common stock, $0.001 par value per share, for the five-year period ended December 31, 2015, with the cumulative total return on the NASDAQ composite index and an industry peer group over the same period (assuming the investment of $100 in our common stock, the NASDAQ composite index and the industry peer group) on December 31, 2010 and the reinvestment of dividends. The peer group we selected is comprised of: LHC Group, Inc. ("LHCG") and Almost Family, Inc. ("AFAM"). The cumulative total stockholder return on the following graph is historical and is not necessarily indicative of future stock price performance. No cash dividends have been paid on our common stock.



	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Amedisys, Inc.	$ 100.00	$ 32.57	$ 33.75	$ 43.67	$ 87.61	$ 117.37
NASDAQ Composite	$ 100.00	$ 100.53	$ 116.92	$ 166.19	$ 188.78	$ 199.95
Peer Group	$ 100.00	$ 42.92	$ 65.93	$ 84.73	$ 95.67	$ 134.79

This stock performance information is "furnished" and shall not be deemed to be "soliciting material" or subject to Regulation 14A under the Securities Exchange Act of 1934 (the "Exchange Act"), shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this report and irrespective of any general incorporation by reference language in any such filing, except to the extent we specifically incorporate the information by reference.

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ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below is derived from our audited consolidated financial statements for the five-year period ended December 31, 2015, based on our continuing operations. The financial data for the years ended December 31, 2015, 2014 and 2013 should be read together with our consolidated financial statements and related notes included in Item 8, "Financial Statements and Supplementary Data" and the information included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein.

	2015 (1)	2014 (2)	2013 (3)	2012 (4)	2011 (5)
	(Amounts in thousands, except per share data)				
Income Statement Data:					
Net service revenue	$ 1,280,541	$ 1,204,554	$ 1,249,344	$ 1,440,836	$ 1,418,464
Operating (loss) income from continuing operations	$ (9,166)	$ 24,047	$ (154,971)	$ (108,855)	$ (469,190)
Net (loss) income from continuing operations attributable to Amedisys, Inc.	$ (3,021)	$ 12,992	$ (93,105)	$ (80,262)	$ (374,430)
Net (loss) income from continuing operations attributable to Amedisys, Inc. per basic share	$ (0.09)	$ 0.40	$ (2.98)	$ (2.68)	$ (13.05)
Net (loss) income from continuing operations attributable to Amedisys, Inc. per diluted share	$ (0.09)	$ 0.40	$ (2.98)	$ (2.68)	$ (13.05)

(1) During 2015, we recorded non-cash charges to write off the software costs incurred related to the development of AMS3 Home Health and Hospice in the amount of $75.2 million ($45.5 million, net of tax) and to reduce the carrying value of our corporate headquarters in the amount of $2.1 million ($1.2 million, net of tax).
(2) During 2014, we recorded charges for relators' fees and exit and restructuring activity in the amount of $13.9 million ($8.5 million, net of tax) and recognized non-cash other intangibles impairment charges of $3.1 million ($2.0 million, net of tax).
(3) During 2013, we recorded a charge for the accrual for the U.S. Department of Justice settlement, which amounted to $150.0 million ($93.9 million, net of tax) and recognized non-cash goodwill and other intangibles impairment charges of $9.5 million ($5.8 million, net of tax).
(4) During 2012, we recorded a $162.1 million ($110.2 million, net of tax and non-controlling interests) charge for the impairment of goodwill and other intangibles and incurred certain costs associated with our exit activities in the amount of $2.7 million ($1.6 million, net of tax).
(5) During 2011, we recorded a $579.9 million ($438.4 million, net of tax) charge for the impairment of goodwill and other intangibles and incurred certain costs associated with our exit activities in the amount of $6.6 million ($4.0 million, net of tax).

	2015	2014	2013	2012	2011
	(Amounts in thousands)				
Balance Sheet Data:					
Total assets	$ 685,085	$ 669,742	$ 726,406	$ 730,595	$ 858,285
Total debt, including current portion	$ 100,000	$ 116,372	$ 46,904	$ 102,711	$ 145,439
Total Amedisys, Inc. stockholders' equity	$ 409,568	$ 397,167	$ 372,201	$ 452,340	$ 518,868
Cash dividends declared per common share	$ —	$ —	$ —	$ —	$ —

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information we believe is relevant to an assessment and understanding of our results of operations and financial condition for 2015, 2014 and 2013. This discussion should be read in conjunction with our audited financial statements included in Item 8, "Financial Statements and Supplementary Data" and Part I, Item 1, "Business" of this Annual Report on Form 10-K. The following analysis contains forward-looking statements about our future revenues, operating results and expectations. See "Special Caution Concerning Forward-Looking Statements" for a discussion of the risks, assumptions and uncertainties affecting these statements as well as Part I, Item 1A, "Risk Factors."

Overview

We are a provider of high-quality, low-cost home health services to the chronic, co-morbid, aging American population, with approximately 80%, 82% and 84% of our revenue derived from Medicare for 2015, 2014 and 2013, respectively.

Our operations involve servicing patients through our two reportable business segments: home health and hospice. Our home health segment delivers a wide range of services in the homes of individuals who may be recovering from an illness, injury or surgery. Our hospice segment provides care that is designed to provide comfort and support for those who are facing a terminal illness. As of December 31, 2015, we owned and operated 329 Medicare-certified home health care centers and 79 Medicare-certified hospice care centers in 34 states within the United States and the District of Columbia, including 15 home health care centers acquired from Infinity HomeCare on December 31, 2015, which are not included in our operating results.

2015 Developments

- Discontinued AMS3, our third generation, proprietary operating system and transitioned to Homecare Homebase ("HCHB"), a leading platform for home health and hospice companies.
- Entered into new Credit Agreement that provides for senior secured facilities in an initial aggregate principal amount of up to $300 million and terminated each of our Prior Credit Agreement and Second Lien Credit Agreement.
- Operationalized the transition to the 10th revision of the International Classification of Diseases ("ICD-10")
- Closed the acquisition of Infinity HomeCare on December 31, 2015 (Infinity HomeCare is not included in our operating results).

2016 Outlook

- Continue the rollout of HCHB with anticipated completion date in the second half of 2016.
- Renew focus on potential acquisitions.
- 1.4% reduction in Medicare reimbursement payments for home health industry.
- 1.1% increase in Medicare reimbursement payments for hospice industry.
- Transition to new hospice payment methodology

Financial Performance

The year ended December 31, 2015 continued our significant operational improvement that began during 2014. Our improvement began with the closure and/or consolidation of care centers that had a material, negative impact on our operating results. The reduction in the number of operating care centers enabled us to restructure our regional and corporate support functions. Additionally, we have seen improvement in the remaining care centers in both of our operating segments with a return to home health same store Medicare admissions growth and a significant increase in hospice admissions and average daily census.

Our home health care centers have experienced same store Medicare revenue and admissions growth. The home health segment has seen a significant increase in non-Medicare revenue, an increase in revenue per episode while maintaining a relatively flat cost per visit and reductions in operating expenses which have helped deliver a $29 million improvement in our operating results over the year ended December 31, 2014 (see "Results of Operations").

Our hospice segment has shown consistent growth in admissions and average daily census combined with strong cost controls, all of which have helped deliver a $13 million improvement in our operating results over the year ended December 31, 2014 (see "Results of Operations").

Owned and Operated Care Centers

	Home Health	Hospice
At December 31, 2012	435	97
Acquisitions/Startups	2	1
Closed/Consolidated	(70)	(6)
At December 31, 2013	367	92
Closed/Consolidated/Sold	(51)	(12)
At December 31, 2014	316	80
Acquisitions (1)	15	1
Closed/Consolidated/Sold	(2)	(2)
At December 31, 2015	329	79

(1) The 15 home health care centers acquired from Infinity HomeCare on December 31, 2015 are not included in our operating results.

When we refer to "same store business," we mean home health and hospice care centers that we have operated for at least the last twelve months; when we refer to "acquisitions," we mean home health and hospice care centers that we acquired within the last twelve months; and when we refer to "start-ups," we mean home health or hospice care centers opened by us in the last twelve months. Once a care center has been in operation for a twelve month period, the results for that particular care center are included as part of our same store business from that date forward. Non-Medicare revenue, admissions, recertifications or completed episodes, includes home health revenue, admissions, recertifications or completed episodes of care for those payors that pay on an episodic or per visit basis, which includes Medicare Advantage programs and private payors.

Economic and Industry Factors

Home health and hospice services are a highly fragmented, highly competitive industry. The degree of competiveness varies depending upon whether our care centers operate in states that require a certificate of need (CON) or permit of approval (POA). In such states, expansion by existing providers or entry into the market by new providers is permitted only where determination is made by state health authorities that a given amount of unmet need exists. Currently, 67% and 40% of our home health and hospice care centers, respectively operate in CON/POA states.

As the Federal government continues to debate a reduction in expenditures and a reform of the Medicare system, our industry continues to face reimbursement pressures. Specifically, the industry has been impacted by a 2% sequestration payment reduction beginning April 1, 2013. In addition to the sequestration cut, the Centers for

Medicare and Medicaid Services ("CMS") instituted a rebasing cut of approximately $81 (2.7%) per year for 2014 – 2017; however, we do expect some offset from a market basket updated in each of these years. The following payment adjustments are effective for the years indicated based on CMS's final rules relative to Medicare reimbursement:

	Home Health(1)			Hospice		
	2016	2015	2014	2016 (2)	2015	2014
Market Basket Update	2.3 %	2.6 %	2.3 %	2.4 %	2.9 %	2.5 %
Rebasing	(2.4)	(2.8)	(2.7)	—	—	—
ICD-9 Coding Change	—	—	(0.6)	—	—	—
50/50 Blend of Wage Index	—	—	—	0.2	—	—
Nominal Case Mix Adjustment	(0.9)	—	—	—	—	—
PPACA Adjustment	—	—	—	(0.3)	(0.3)	(0.3)
Budget Neutrality Adjustment Factor	—	0.4	—	(0.7)	(0.7)	(0.7)
Productivity Adjustment	(0.4)	(0.5)	—	(0.5)	(0.5)	(0.5)
	(1.4)%	(0.3)%	(1.0)%	1.1 %	1.4 %	1.0 %

(1) Our impact could differ depending on differences in the wage index and coding changes.
(2) Effective for services provided from October 1, 2015 to September 30, 2016.

As part of the 2016 final rule issued in October 2015, CMS finalized their proposal to implement a Home Health Value-Based Purchasing model in nine states that seeks to test whether incentives for better care can improve outcomes in the delivery of home health services. Financial impacts from this change, either positive or negative, would begin January 1, 2018, applied to that calendar year based on 2015 performance data. Currently, care centers operating in the states included in the proposed model account for approximately 26% of our home health Medicare revenue.

Governmental Inquiries and Investigations and Other Litigation

September 2010 Civil Investigative Demand Issued by the U.S. Department of Justice

On September 27, 2010, we received a Civil Investigative Demand ("CID") issued by the U.S. Department of Justice pursuant to the federal False Claims Act. The CID required the delivery of a wide range of documents and information relating to the Company's clinical and business operations, including reimbursement and billing claims submitted to Medicare for home health services, and related compliance activities. The CID generally covered the period from January 1, 2003. On April 26, 2011, we received a second CID related to the CID issued in September 2010, which generally covered the same time period as the previous CID and required the production of additional documents. Such CIDs are often associated with previously filed qui tam actions, or lawsuits filed under seal under the False Claims Act ("FCA"), 31 U.S.C. § 3729 et seq. Qui tam actions are brought by private plaintiffs suing on behalf of the federal government for alleged FCA violations. Subsequently, the Company and certain current and former employees received additional CIDs for additional documents and/or testimony.

In May 2012, we made a disclosure to CMS under the agency's Stark Law Self-Referral Disclosure Protocol relating to certain services agreements between a subsidiary of ours and a large physician group (the "Stark Law Self-Referral Matter"). During some period of time since December 2007, the arrangements appear not to have complied in certain respects with an applicable exemption to the Stark Law referral prohibition. Medicare revenue earned as a result of referrals from the physician group from May 2008 to May 2012, the relevant four year "lookback" period under the Stark Law Self-Referral Disclosure Protocol, was approximately $4 million. On January 11, 2013, one of our subsidiaries received a CID from the United States Attorney's Office for the Northern District of Georgia seeking certain information relating to that subsidiary's relationship with this physician group

On April 23, 2014, with no admission of liability on our part, we entered into a settlement agreement to resolve both the U.S. Department of Justice investigation and the Stark Law Self-Referral Matter. Pursuant to the settlement agreement, on May 2, 2014, we paid the United States an initial payment in the amount of $116.5 million representing the first installment of $115 million plus interest thereon due under the settlement agreement, and on October 23, 2014, we paid the United States an additional payment in the amount of $35.8 million, representing the second and final installment of $35 million plus interest thereon due under the settlement agreement.

The settlement agreement also resolves allegations made against us by various qui tam relators, who are required to dismiss their claims with prejudice. We accrued and paid various relators' attorneys' fees and expenses in the aggregate sum of approximately $3.9 million during 2014.

In connection with the settlement agreement, on April 23, 2014, we entered into a corporate integrity agreement ("CIA") with the Office of Inspector General-HHS ("OIG"). The CIA formalizes various aspects of our already existing ethics and compliance programs and contains other requirements designed to help ensure our ongoing compliance with federal health care program requirements. Among other things, the CIA requires us to maintain our existing compliance program, executive compliance committee and compliance committee of the Board of Directors; provide certain compliance training; continue screening new and current employees to ensure they are eligible to participate in federal health care programs; engage an independent review organization to perform certain auditing and reviews and prepare certain reports regarding our compliance with federal health care programs, our billing submissions to federal health care programs and our compliance and risk mitigation programs; and provide certain reports and management certifications to the OIG. Additionally, the CIA specifically requires that we report substantial overpayments that we discover we have received from federal health care programs, as well as probable violations of federal health care laws. Upon breach of the CIA, we could become liable for payment of certain stipulated penalties, or could be excluded from participation in federal health care programs. The CIA has a term of five years. We expect the CIA to impact operating expenses by approximately $1 to $2 million annually.

May 2015 Subpoena Duces Tecum Issued by the U.S. Department of Justice

On May 21, 2015, we received a Subpoena Duces Tecum ("Subpoena") issued by the U.S. Department of Justice. The Subpoena requests the delivery of information regarding 53 identified hospice patients to the United States Attorney's Office for the District of Massachusetts. It also requests the delivery of documents relating to our hospice clinical and business operations and related compliance activities.

November 2015 Civil Investigative Demand Issued by the U.S. Department of Justice

On November 3, 2015, we received a CID issued by the U.S. Department of Justice pursuant to the federal False Claims Act relating to claims submitted to Medicare and/or Medicaid for hospice services provided through designated facilities in the Morgantown, West Virginia area.

See Item 8, Note 10 – Commitments and Contingencies to our consolidated financial statements for additional information regarding our April 2014 CIA, the May 2015 Subpoena issued by the U.S. Department of Justice, the November 2015 CID issued by the U.S. Department of Justice and for a discussion of and updates regarding class action litigation we are involved in. No assurances can be given as to the timing or outcome of these items.

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Results of Operations

Consolidated

The following table summarizes our results from continuing operations (amounts in millions):

	For the Years Ended December 31,		
	2015	2014	2013
Net service revenue	$1,280.5	$1,204.5	$1,249.3
Gross margin, excluding depreciation and amortization	554.6	513.4	531.3
% of revenue	*43.3 %*	*42.6 %*	*42.5 %*
Other operating expenses	486.5	486.3	526.8
% of revenue	*38.0 %*	*40.4 %*	*42.2 %*
U.S. Department of Justice settlement	—	—	150.0
Asset impairment charge	77.3	3.1	9.5
Operating (loss) income	(9.2)	24.0	(155.0)
Total other income (expense), net	8.9	(3.1)	1.5
Income tax (expense) benefit	(2.0)	(7.7)	58.8
Effective income tax rate	*650.6 %*	*36.6 %*	*(38.3 %)*
(Loss) income from continuing operations	(2.3)	13.3	(94.7)
Net loss from discontinued operations	—	(0.2)	(3.1)
Net (income) loss attributable to noncontrolling interests	(0.7)	(0.3)	1.6
Net (loss) income attributable to Amedisys, Inc.	$ (3.0)	$ 12.8	$ (96.2)

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Our 2015 results were impacted by a $75 million non-cash charge to write off the software costs incurred related to the development of AMS3 Home Health and Hospice and a $2 million non-cash charge to reduce the carrying value of our corporate headquarters.

During the first quarter of 2014, we committed to a plan to consolidate 21 operating home health care centers and four operating hospice care centers with care centers servicing the same markets and close 23 home health care centers and six hospice care centers. As a result of this exit activity, we reduced our regional leadership structure and corporate support functions. Separate from the restructuring costs, we also recorded severance costs associated with the departure of our former Chief Executive Officer, a charge for relator fees associated with our U.S. Department of Justice settlement during the first quarter of 2014 and a non-cash other intangibles impairment charge during the fourth quarter of 2014. The following details the costs associated with these activities (amounts in millions):

	For the Year Ended December 31, 2014			
	Home Health	Hospice	Corporate	Total
Severance(a)	$ 2.0	$ 0.1	$ —	$ 2.1
Restructuring severance	2.1	0.6	3.0	5.7
Lease terminations	1.9	0.2	—	2.1
Other intangibles impairment	1.6	1.5	—	3.1
Exit and restructuring activities cost	7.6	2.4	3.0	13.0
U.S. Department of Justice Settlement/Relator Fees	—	—	3.9	3.9
Total	$ 7.6	$ 2.4	$ 6.9	$16.9

(a) Includes $0.8 million and $0.1 million for severance included in cost of service for home health and hospice, respectively.

Our operating results have been impacted by the sale, closure and consolidation of numerous care centers as mentioned above. Accordingly, our results for the year ended December 31, 2015 are not fully comparable to the year ended December 31, 2014.

Our operating income, excluding the $77 million asset impairment charges in 2015 and the $17 million in costs incurred in 2014 noted above, increased $27 million as our home health operating income increased $29 million, our hospice operating income increased $13 million and our corporate operating expense increased $15 million. The primary drivers of our improvement in performance were the closure/consolidation of care centers that had a negative operating contribution, an increase in our revenue per episode, an increase in non-Medicare revenue, growth in hospice census and a reduction in operating expenses. The increase in corporate operating expenses is primarily due to the $6 million Wage and Hour Litigation settlement accrual and HCHB maintenance and hosting and implementation costs of $8 million. The increase in HCHB maintenance and hosting is offset by a $4 million decrease in depreciation and amortization as we move from our proprietary software to HCHB.

Total other income (expense), net decreased $1 million from prior year after considering the impact of the following items (amounts in millions):

	For the Years Ended December 31, 2015	2014
Legal settlements	$ 7.4	$ 1.1
Equity in earnings from equity method investment	6.7	—
Life insurance proceeds	1.0	—
Debt refinance costs	(3.2)	(0.5)
Gain (loss) on disposal of property and equipment or sale of care centers	0.2	0.7
	$ 12.1	$ 1.3

The difference in income tax expense in 2015 and 2014 is driven primarily by the decrease in income before income taxes. Additionally, the effective tax rate for the year ended December 31, 2015 does not provide a meaningful comparison to other periods. The effective tax rate for the year is influenced by the relationship of the amount of “effective tax rate drivers” (i.e. non-deductible expenses, non-taxable income, tax credits, valuation allowance, uncertain tax positions, etc.) to (loss) income before income taxes. A significant asset impairment was recorded during the three-month period ended March 31, 2015, resulting in a scenario where the company’s (loss) income before income taxes for 2015 was near zero. Consequently, for 2015, the relationship between the “effective tax rate drivers” and (loss) income before income taxes is distorted.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Our operating results have been impacted by the sale, closure and consolidation of 54 care centers mentioned above as well as the closure of an additional 9 care centers since December 31, 2013. Additionally, 76 care centers were exited during 2013. Accordingly, our results for the year ended December 31, 2014 are not fully comparable to the year ended December 31, 2013.

Our 2013 results were impacted by an accrual of $150 million and recognition of a deferred tax benefit of $56 million for the settlement to resolve both the U.S. Department of Justice investigation and the Stark Law Self-Referral Matter. In addition, we recorded asset impairment charges of $9 million related to other intangibles during 2013.

Our operating income, excluding the $17 million in costs incurred in 2014 noted above and the U.S. Department of Justice settlement and the asset impairment charge in 2013, increased $36 million as our home health operating income increased $27 million, our hospice operating income increased $5 million and corporate

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expenses decreased $4 million. Additionally, the first quarter of 2013 was not impacted by sequestration as it was not in effect until April 1, 2013. The estimated impact of sequestration was $21 million for 2014 compared to $18 million in 2013.

Income tax expense for 2014 and 2013 includes a favorable adjustment of $2 million related to various tax credits for state employment and training and state and federal research development.

Home Health Division

The following table summarizes our home health segment results from continuing operations:

	For the Years Ended December 31,		
	2015	2014	2013
Financial Information *(in millions)*:			
Medicare	$ 761.4	$ 751.5	$ 803.8
Non-Medicare	243.7	205.4	183.9
Net service revenue	1,005.1	956.9	987.7
Cost of service	584.2	559.4	578.9
Gross margin	420.9	397.5	408.8
Other operating expenses	280.6	294.4	333.8
Operating income	$ 140.3	$ 103.1	$ 75.0
Key Statistical Data:			
Medicare:			
Same Store Volume (1):			
Revenue	3%	1%	(10%)
Admissions	3%	0%	0%
Recertifications	(1%)	1%	(18%)
Total (2):			
Admissions	178,226	177,243	190,507
Recertifications	99,762	102,263	107,908
Completed episodes	269,227	272,864	292,984
Visits	4,797,734	4,794,609	5,177,976
Average revenue per episode (3)	$ 2,825	$ 2,768	$ 2,758
Visits per completed episode (4)	17.5	17.3	17.5
Non-Medicare:			
Same Store Volume (1):			
Revenue	21%	19%	(20%)
Admissions	18%	17%	(13%)
Recertifications	14%	13%	(24%)
Total (2):			
Admissions	96,934	83,940	76,669
Recertifications	35,870	32,074	30,304
Visits	1,954,543	1,651,745	1,531,781
Total (2):			
Cost per Visit	$ 86.52	$ 86.77	$ 86.27
Visits	6,752,277	6,446,354	6,709,757

(1) Same store Medicare and Non-Medicare revenue, admissions or recertifications growth is the percent increase (decrease) in our Medicare and Non-Medicare revenue, admissions or recertifications for the period as a percent of the Medicare and Non-Medicare revenue, admissions or recertifications of the prior period.

(2) Based on continuing operations for all periods presented.

(3) Average Medicare revenue per completed episode is the average Medicare revenue earned for each Medicare completed episode of care which includes the impact of sequestration.
(4) Medicare visits per completed episode are the home health Medicare visits on completed episodes divided by the home health Medicare episodes completed during the period.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Overall, our operating income excluding the $8 million in exit activity costs in 2014, increased $29 million on a $22 million increase in gross margin and a $7 million decline in other operating expenses. 2014 results included revenue of $16 million and operating losses of $5 million for those care centers that were closed, consolidated or sold.

Net Service Revenue

Our Medicare revenue increase of approximately $10 million consisted of a $16 million increase due to higher revenue per episode offset by $6 million due to lower volumes. The decrease in volumes is primarily due to the sale, closure and consolidation of 51 care centers since December 31, 2013, as we experienced a 3% increase in same store admissions in 2015. Net service revenue includes a reduction of $1 million for the estimated impact of the 2016 rate change. The impact for 2016 is estimated to be approximately $14 million.

Our non-Medicare revenue increased $38 million as we have focused on contracted payors with significant concentrations in our markets and those that add incremental margin to our operations.

As mentioned above, we have closed numerous care centers since December 31, 2013. Accordingly, our results are not fully comparable to prior year. The following table summarizes our net service revenue for our operating care centers and those care centers that were closed, consolidated or sold.

	For the Years Ended December 31,		
	2015	2014	2013
Revenue *(in millions)*:			
Operating care centers	$ 1,005.1	$941.2	$895.6
Closed/Consolidated/Sold care centers	—	15.7	92.1
Net service revenue	1,005.1	956.9	987.7

Cost of Service, Excluding Depreciation and Amortization

Our cost of service, excluding the $1 million in exit activity costs in 2014, increased $26 million primarily as a result of a 5% increase in visits. Our cost per visit remained relatively flat.

Other Operating Expenses

Other operating expenses, excluding the $7 million in exit activity costs in 2014, decreased $7 million due to decreases in other care center related expenses as a result of our closure and consolidation strategy and the reduction in divisional leadership; the majority of the reductions were in salaries and benefits and rent expense, offset by $5 million increase in legal expense related to the self-disclosure matter. In addition, our provision for doubtful accounts decreased $3 million and our depreciation and amortization expense decreased $4 million compared to 2014.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Overall, our operating income, excluding the $8 million in exit activity costs in 2014 and the $8 million asset impairment charge in 2013, increased $27 million on an $11 million decline in gross margin offset by a $38 million decline in other operating expenses.

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Net Service Revenue

Our Medicare revenue decline of approximately $52 million consisted of $53 million due to lower volumes and $2 million due to sequestration offset by a $3 million increase related to revenue per episode. The decrease in volumes is primarily due to the sale, closure and consolidation of 51 care centers since December 31, 2013, as we experienced an increase in same store revenue and recertifications.

Our non-Medicare revenue increased $21 million which is primarily due to increases in volumes and an increase in our revenue per visit. We are experiencing significant growth in our non-Medicare business as we have focused on contract payors with significant concentrations in our markets.

Cost of Service, Excluding Depreciation and Amortization

Our cost of service, excluding the $1 million in exit activity costs in 2014, decreased $20 million primarily as a result of our decrease in Medicare volumes which was offset by an 8% increase in non-Medicare visits as our cost per visit remained relatively flat.

Other Operating Expenses

Other operating expenses, excluding the $7 million in exit activity costs in 2014 and the $8 million asset impairment charge in 2013, decreased $38 million due to a $43 million decrease in other care center related expenses as a result of our closure and consolidation strategy and the reduction in divisional leadership; the majority of the reductions were in salaries and benefits, rent expense and travel costs offset by a $5 million increase in our provision for doubtful accounts due to the increase in non-Medicare revenue.

Hospice Division

The following table summarizes our hospice segment results from continuing operations:

	For the Years Ended December 31,		
	2015	2014	2013
Financial Information *(in millions)*:			
Medicare	$ 258.5	$ 232.6	$ 246.4
Non-Medicare	16.9	15.0	15.2
Net service revenue	275.4	247.6	261.6
Cost of service	141.7	131.7	139.1
Gross margin	133.7	115.9	122.5
Other operating expenses	66.0	63.4	73.5
Operating income	$ 67.7	$ 52.5	$ 49.0
Key Statistical Data:			
Same Store Volume (1):			
Medicare revenue	13%	(2%)	(9%)
Non-Medicare revenue	18%	6%	(3%)
Hospice admits	16%	(3%)	(3%)
Average daily census	12%	(4%)	(8%)
Total (2):			
Hospice admits	19,205	17,081	18,335
Average daily census	5,105	4,632	4,987
Revenue per day	$147.78	$146.51	$143.77
Cost of service per day	$ 76.06	$ 77.93	$ 76.45
Discharge average length of stay	92	100	100

(1) Same store Medicare and Non-Medicare revenue, Hospice admits or average daily census volume is the percent increase (decrease) in our Medicare and Non-Medicare revenue, Hospice admits or average daily census for the period as a percent of the Medicare and Non-Medicare revenue, Hospice admits or average daily census of the prior period.
(2) Based on continuing operations for all periods presented.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Overall, our operating income, excluding the $2 million in exit activity costs in 2014, increased $13 million on an $18 million increase in gross margin offset by a $5 million increase in other operating expenses.

Net Service Revenue

Our hospice revenue increased $28 million, primarily as the result of an increase in our average daily census as a result of a 16% increase in hospice admissions. We benefitted from a 1.4% hospice rate increase effective October 1, 2014. The base rate for hospice services provided from October 1, 2015 to September 30, 2016 will increase 1.1% as a result of the final rule issued by CMS in August 2015.

As mentioned above, we have closed numerous care centers since December 31, 2013. Accordingly, our results are not fully comparable to prior year. The following table summarizes our net service revenue for our operating care centers and those care centers that were closed, consolidated or sold.

	For the Years Ended December 31,		
	2015	2014	2013
Revenue *(in millions)*:			
Operating care centers	$275.4	$243.4	$243.7
Closed/Consolidated/Sold care centers	—	4.2	17.9
Net service revenue	275.4	247.6	261.6

Cost of Service, Excluding Depreciation and Amortization

Our hospice cost of service increased $10 million as the result of a 10% increase in average daily census offset by a decrease in cost of service per day. We experienced significant improvement in pharmacy and DME cost per day during 2015.

Other Operating Expenses

Other operating expenses, excluding the $2 million in exit activity costs in 2014, increased $5 million due to increases in other care center related expenses, primarily salaries and benefits expense and travel costs.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Overall, our operating income, excluding the $2 million in exit activity costs in 2014 and the $1 million impairment charge in 2013, increased $5 million on a $14 million decline in revenue, an $8 million decline in cost of service and an $11 million decline in other operating expenses.

Net Service Revenue

Our hospice revenue decreased $14 million, primarily as the result of a decrease in our average daily census. The decrease in average daily census is primarily due to the sale, closure and consolidation of 12 care centers since

December 31, 2013. The decrease in revenue was offset by a $2 million decrease in our hospice cap expense as our decline in average daily census and a decrease in admissions has resulted in a decrease in our overall cap expense. We benefitted from a 1.0% hospice rate increase effective October 1, 2013, and beginning October 1, 2014, the fiscal year 2015 hospice base rate increased approximately 1.4%.

Cost of Service, Excluding Depreciation and Amortization

Our hospice cost of service decreased $8 million, or 5%, as the result of a 7% decrease in average daily census offset by an increase in cost of service per day. Our cost of service per day has been negatively impacted by an increase in pharmacy costs as a result of new CMS guidance which became effective on May 1, 2014.

Other Operating Expenses

Other operating expenses, excluding the $2 million in exit activity costs in 2014 and the $1 million impairment charge in 2013, decreased $11 million due to a $7 million decrease in other care center related expenses due to our care center closure and consolidation strategy and a $4 million decrease in our provision for doubtful accounts.

Corporate

The following table summarizes our corporate results from continuing operations:

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Financial Information *(in millions)*:			
Other operating expenses	$126.5	$114.4	$104.5
Depreciation and amortization	13.4	17.2	24.5
Total before impairment and U.S. Department of Justice settlement (1)	$139.9	$131.6	$129.0

(1) Total of $217.2 million on a GAAP basis for the year ended December 31, 2015 (including $77.3 million asset impairment charge). Total of $279.0 million on a GAAP basis for the year ended December 31, 2013 (including $150.0 U.S. Department of Justice settlement).

Corporate expenses consist of cost relating to our executive management and administrative support functions, primarily information services, accounting, finance, billing and collections, legal, compliance, risk management, procurement, marketing, clinical administration, training, human resources and administration.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Excluding the $77 million asset impairment charge in 2015 and the $7 million in exit and restructuring activities costs and relator fees associated with our U.S. Department of Justice settlement agreement during 2014, corporate other operating expenses increased $15 million which is inclusive of the $6 million Wage and Hour Litigation settlement accrual, $4 million in HCHB maintenance and hosting costs, $4 million related to HCHB implementation and $2 million in severance costs.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

Excluding the 2014 exit and restructuring activities costs and relator fees associated with our U.S. Department of Justice settlement agreement and the U.S. Department of Justice settlement in 2013, corporate expenses decreased $4 million primarily due to a decrease in depreciation and amortization. Our corporate salaries and wages experienced an increase due to the addition of resources for the roll-out of AMS3, our enhanced point of care system.

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows for the periods indicated (amounts in millions):

	For the Years Ended December 31,		
	2015	2014	2013
Cash provided by (used in) operating activities	$107.8	$(65.5)	$102.3
Cash used in investing activities	(67.4)	(14.3)	(46.5)
Cash (used in) provided by financing activities	(20.9)	70.5	(53.0)
Net increase (decrease) in cash and cash equivalents	19.5	(9.3)	2.8
Cash and cash equivalents at beginning of period	8.0	17.3	14.5
Cash and cash equivalents at end of period	$ 27.5	$ 8.0	$ 17.3

Cash provided by operating activities increased $173.3 million during 2015 compared to 2014 primarily due to an increase in our operating performance as compared to 2014 and the payment of $150.0 million in 2014 under our settlement agreement with the U.S. Department of Justice. For additional information regarding our operating performance, see “Results of Operations”. The recognition of the asset impairment charge of $77.3 million, which resulted in the net loss for 2015 is a non-cash item and therefore has no impact on our cash flow from operations. Cash used in operating activities increased $167.8 million during 2014 compared to 2013 primarily due to the payment of the U.S. Department of Justice Settlement. Adjusting for the $152.3 million settlement and interest payment, we generated $86.8 million in cash from operating activities during 2014.

Cash used in investing activities increased $53.1 million during 2015 compared to 2014 primarily due to our acquisition activity ($69.1 million) and an increase in capital expenditures ($9.4 million), offset by proceeds from the sale of property and equipment ($20.0 million) and investments ($5.0 million). Cash used in investing activities decreased $32.2 million during 2014 compared to 2013 primarily due to a decrease in capital expenditures of $29.7 million, primarily related to AMS3 development, and a $3.7 million decrease in the purchase of investments.

Cash used in financing activities increased $91.4 million during 2015 compared to 2014 primarily due to an increase in our principal payments of long-term obligations, net of borrowings. We decreased our outstanding long-term obligations, net of borrowings by $16.4 million from December 31, 2014. Cash provided by financing activities increased $123.5 million during 2014 compared to 2013 primarily due to an increase in our borrowings on our revolving line of credit and our Second Lien Loan. We increased our outstanding long-term obligations, net of repayments by $71.1 million from December 31, 2013, primarily to fund the U.S. Department of Justice settlement payment.

Liquidity

Typically, our principal source of liquidity is the collection of our patient accounts receivable, primarily through the Medicare program. In addition to our collection of patient accounts receivable, from time to time, we can and do obtain additional sources of liquidity by the incurrence of additional indebtedness.

During 2015, we spent $9.3 million in routine capital expenditures compared to $7.0 million and $6.5 million during 2014 and 2013, respectively. Routine capital expenditures primarily include equipment and computer software and hardware. In addition, we spent $12.1 million in non-routine capital expenditures related to software licenses and interfaces compared to $5.0 million and $35.2 million during 2014 and 2013, respectively, related to enhancements to our point of care software. Our routine and non-routine capital expenditures for 2016 are expected to be approximately $9.1 million and $13.3 million, respectively.

On April 23, 2014, we entered into a settlement agreement to resolve both the U.S. Department of Justice investigation and the Stark Law Self-Referral Matter. Pursuant to the settlement agreement, on May 2, 2014, we paid the United States an initial payment in the amount of $116.5 million, representing the first installment of $115 million plus interest thereon due under the settlement agreement, and on October 23, 2014, we paid the United States an additional payment in the amount of $35.8 million, representing the second and final installment of $35 million plus interest thereon due under the settlement agreement.

On August 28, 2015, we entered into a Credit Agreement that provides for senior secured facilities in an initial aggregate principal amount of up to $300 million comprised of (a) a term loan facility in an initial aggregate principal amount of $100 million and (b) a revolving credit facility in an initial aggregate principal amount of up to $200 million. The net proceeds of the term loan and existing cash on hand were used to pay off (i) our existing term loan under our prior Credit Agreement dated as of October 22, 2012, as amended with a principal balance of $27 million and (ii) our existing term loan under our prior Second Lien Credit Agreement dated July 28, 2014, with a principal balance of $70 million.

As of December 31, 2015, we had $27.5 million in cash and cash equivalents and $179.0 million in availability under our $200.0 million Revolving Credit Facility. Based on our operating forecasts and our new debt service requirements, we believe we will have sufficient liquidity to fund our operations, capital requirements and debt service requirements.

Outstanding Patient Accounts Receivable

Our patient accounts receivable, net increased $25.7 million from December 31, 2014 to December 31, 2015. Our cash collection as a percentage of revenue was 100% and 103% for December 31, 2015 and 2014, respectively. Our days revenue outstanding, net at December 31, 2015 was 31.9 days which is an increase of 2.5 days from December 31, 2014. Our days revenue outstanding, net at December 31, 2015 does not include Infinity HomeCare.

Our patient accounts receivable includes unbilled receivables and are aged based upon our initial service date. We monitor unbilled receivables on a care center by care center basis to ensure that all efforts are made to bill claims within timely filing deadlines. Our unbilled patient accounts receivable can be impacted by acquisition activity, probe edits or regulatory changes which result in additional information or procedures needed prior to billing. The timely filing deadline for Medicare is one year from the date the episode was completed and varies by state for Medicaid-reimbursable services and among insurance companies and other private payors.

Our provision for estimated revenue adjustments (which is deducted from our service revenue to determine net service revenue) and provision for doubtful accounts were as follows for the periods indicated (amounts in millions). We fully reserve for both our Medicare and other patient accounts receivable that are aged over 365 days.

	For the Years Ended December 31,	
	2015	2014
Provision for estimated revenue adjustments (1)	$ 6.1	$ 5.1
Provision for doubtful accounts (2)	14.1	16.4
Total	$ 20.2	$ 21.5
As a percent of revenue	1.6%	1.8%

(1) Includes $0.1 million from discontinued operations for the year ended December 31, 2014.

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(2) Includes $0.1 million from discontinued operations for the year ended December 31, 2014.

The following schedules detail our patient accounts receivable, net of estimated revenue adjustments, by payor class, aged based upon initial date of service (amounts in millions, except days revenue outstanding, net):

	0-90	91-180	181-365	Over 365	Total
At December 31, 2015:					
Medicare patient accounts receivable, net (1)	$73.5	$ 7.0	$ (0.4)	$ —	$ 80.1
Other patient accounts receivable:					
Medicaid	12.4	1.7	0.9	—	15.0
Private	31.2	8.1	5.1	2.0	46.4
Total	$43.6	$ 9.8	$ 6.0	$ 2.0	$ 61.4
Allowance for doubtful accounts (2)					(16.5)
Non-Medicare patient accounts receivable, net					$ 44.9
Total patient accounts receivable, net					$125.0
Days revenue outstanding, net (3)					31.9

	0-90	91-180	181-365	Over 365	Total
At December 31, 2014:					
Medicare patient accounts receivable, net (1)	$62.1	$ 6.3	$ —	$ —	$ 68.4
Other patient accounts receivable:					
Medicaid	9.1	1.4	0.7	0.4	11.6
Private	23.4	5.4	2.5	2.3	33.6
Total	$32.5	$ 6.8	$ 3.2	$ 2.7	$ 45.2
Allowance for doubtful accounts (2)					(14.3)
Non-Medicare patient accounts receivable, net					$ 30.9
Total patient accounts receivable, net					$ 99.3
Days revenue outstanding, net (3)					29.4

(1) The following table summarizes the activity and ending balances in our estimated revenue adjustments (amounts in millions), which is recorded to reduce our Medicare outstanding patient accounts receivable to their estimated net realizable value, as we do not estimate an allowance for doubtful accounts for our Medicare claims.

	For the Years Ended December 31,	
	2015	2014
Balance at beginning of period	$ 3.1	$ 3.9
Provision for estimated revenue adjustments (a)	6.1	5.1
Write offs	(5.2)	(5.9)
Balance at end of period	$ 4.0	$ 3.1

(a) Includes $0.1 million from discontinued operations for the year ended December 31, 2014.

Our estimated revenue adjustments were 4.8% and 4.3% of our outstanding Medicare patient accounts receivable at December 31, 2015 and December 31, 2014, respectively.

(2) The following table summarizes the activity and ending balances in our allowance for doubtful accounts (amounts in millions), which is recorded to reduce only our Medicaid and private payer outstanding patient accounts receivable to their estimated net realizable value.

	For the Years Ended December 31, 2015	2014
Balance at beginning of period	$ 14.3	$ 14.2
Provision for doubtful accounts (a)	14.1	16.4
Write offs	(11.9)	(16.3)
Balance at end of period	$ 16.5	$ 14.3

(a) Includes $0.1 million from discontinued operations for the year ended December 31, 2014.

Our allowance for doubtful accounts was 26.9% and 31.6% of our outstanding Medicaid and private patient accounts receivable at December 31, 2015 and 2014, respectively.

(3) Our calculation of days revenue outstanding, net is derived by dividing our ending net patient accounts receivable (i.e., net of estimated revenue adjustments and allowance for doubtful accounts) at December 31, 2015 and 2014 by our average daily net patient revenue for the three-month periods ended December 31, 2015 and 2014, respectively.

Indebtedness

Credit Agreement

On August 28, 2015, we entered into a Credit Agreement that provides for senior secured facilities in an initial aggregate principal amount of up to $300 million.

The Credit Facilities are comprised of (a) a term loan facility in an initial aggregate principal amount of $100 million (the “Term Loan”); and (b) a revolving credit facility in an initial aggregate principal amount of up to $200 million (the “Revolving Credit Facility”). The Revolving Credit Facility provides for and includes within its $200 million limit a $25 million swingline facility and commitments for up to $50 million in letters of credit. Upon lender approval, we may increase the aggregate loan amount under the Credit Facilities by a maximum amount of $150 million.

The net proceeds of the Term Loan and existing cash on hand were used to pay off (i) our existing term loan under our Prior Credit Agreement, dated as of October 22, 2012, as amended (the “Prior Credit Agreement”) with a principal balance of $27 million and (ii) our existing term loan under our prior Second Lien Credit Agreement dated July 28, 2014 (the “Second Lien Credit Agreement”), with a principal balance of $70 million. The final maturity of the Term Loan is August 28, 2020. The Term Loan will amortize beginning on March 31, 2016 in 18 quarterly installments (eight quarterly installments of $1.25 million followed by eight quarterly installments of $2.5 million, followed by two quarterly installments of $3.1 million, subject to adjustment for prepayments), with the remaining balance due upon maturity.

The Revolving Credit Facility may be used to provide ongoing working capital and for general corporate purposes of the Company and its subsidiaries, including permitted acquisitions, as defined in the Credit Agreement. The final maturity of the Revolving Credit Facility is August 28, 2020 and will be payable in full at that time.

The interest rate in connection with the Credit Facilities shall be selected from the following by us: (i) the Base Rate plus the Applicable Rate or (ii) the Eurodollar Rate plus the Applicable Rate. The “Base Rate” means a fluctuating rate per annum equal to the highest of (a) the federal funds rate plus 0.50% per annum, (b) the prime rate of interest established by the Administrative Agent, and (c) the Eurodollar Rate for an interest period of one month plus 1% per annum. The "Eurodollar Rate" means the rate at which Eurodollar deposits in the London interbank market for an interest period of one, two, three or six months (as selected by us) are quoted. The "Applicable Rate" is based on the consolidated leverage ratio and is presented in the table below. As of December 31, 2015, the Applicable Rate is 1.00% per annum for Base Rate Loans and 2.00% per annum for Eurodollar Rate Loans. We are also subject to a commitment fee and letter of credit fee under the terms of the Credit Facilities, as presented in the table below.

Consolidated Leverage Ratio	Margin for ABR Loans	Margin for Eurodollar Loans	Commitment Fee	Letter of Credit Fee
≥ 2.75 to 1.0	2.00%	3.00%	0.40%	3.00%
< 2.75 to 1.0 but ≥ 1.75 to 1.0	1.50%	2.50%	0.35%	2.50%
< 1.75 to 1.0 but ≥ 0.75 to 1.0	1.00%	2.00%	0.30%	2.00%
< 0.75 to 1.0	0.50%	1.50%	0.25%	1.50%

Our weighted average interest rate for our $100.0 million Term Loan, under our Credit Agreement, was 2.7% for the period August 28, 2015 to December 31, 2015.

As of December 31, 2015, our availability under our $200.0 million Revolving Credit Facility was $179.0 million as we had $21.0 million outstanding in letters of credit.

The Credit Agreement requires maintenance of two financial covenants: (i) a consolidated leverage ratio of funded indebtedness to EBITDA, as defined in the Credit Agreement, and (ii) a consolidated fixed charge coverage ratio of EBITDA plus rent expense (less cash taxes less capital expenditures) to scheduled debt repayments plus interest expense plus rent expense, all as defined in the Credit Agreement. Each of these covenants is calculated over rolling four-quarter periods and also is subject to certain exceptions and baskets. As of December 31, 2015, our consolidated leverage ratio was 0.9 and our consolidated fixed charge coverage ratio was 3.7 and we are in compliance with the Credit Agreement. The Credit Agreement also contains customary covenants, including, but not limited to, restrictions on: incurrence of liens; incurrence of additional debt; sales of assets and other fundamental corporate changes; investments; and declarations of dividends. These covenants contain customary exclusions and baskets.

The Credit Facilities are guaranteed by substantially all of our wholly-owned direct and indirect subsidiaries. The Credit Agreement requires at all times that we (i) provide guaranties from wholly-owned subsidiaries that in the aggregate represent not less than 95% of our consolidated net revenues and adjusted EBITDA from all wholly-owned subsidiaries and (ii) provide guarantees from subsidiaries that in the aggregate represent not less than 70% of consolidated adjusted EBITDA, subject to certain exceptions.

In connection with entering into the Credit Agreement, we entered into (i) a Security Agreement with the Administrative Agent dated August 28, 2015 and (ii) a Pledge Agreement with the Administrative Agent dated as of August 28, 2015 for the purpose of securing the payment of our obligations under the Credit Agreement. Pursuant to the Security Agreement and the Pledge Agreement, as of the effective date of the Credit Agreement, our obligations under the Credit Agreement are secured by (i) the grant of a first lien security interest in the non-real estate assets of substantially all of our direct and indirect, wholly-owned subsidiaries (subject to exceptions) and (ii) the pledge of the equity interests in (a) substantially all of our direct and indirect, wholly-owned corporate, limited liability company and limited partnership subsidiaries and (b) those joint ventures which constitute subsidiaries under the Credit Agreement (subject, in the case of the Pledge Agreement, to exceptions).

In connection with the entry into the Credit Agreement, on August 28, 2015, each of the Prior Credit Agreement and the Second Lien Credit Agreement were terminated. The Company paid a call premium of $700,000 associated with the termination of the Second Lien Credit Agreement and the voluntary prepayment of the amounts owed thereunder as of August 28, 2015, and expensed $2.5 million in deferred debt issuance costs during the three-month period ended September 30, 2015. Also in connection with our entry into the Credit Agreement, we recorded $2.4 million in deferred debt issuance costs as other assets in our consolidated balance sheet.

Stock Repurchase Program

On September 9, 2015, we announced that our Board of Directors authorized a stock repurchase program, under which we may repurchase up to $75 million of our outstanding common stock on or before September 6, 2016.

Under the terms of the program, we may repurchase shares from time to time in open market transactions, block purchases or in private transactions in accordance with applicable federal securities laws and other legal requirements. We may enter into Rule 10b5-1 plans to effect some or all of the repurchases. The timing and the amount of the repurchases, if any, will be determined by management based on a number of factors, including but not limited to share price, trading volume and general market conditions, as well as on working capital requirements, general business conditions and other factors.

During 2015, pursuant to this program, we repurchased 116,859 shares of our common stock at a weighted average price of $39.20 per share and a total cost of approximately $4.6 million. The repurchased shares are classified as treasury shares.

Contractual Obligations and Medicare Liabilities

Our future contractual obligations and Medicare liabilities at December 31, 2015 were as follows (amounts in millions):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term obligations	$100.0	$ 5.0	$15.0	$80.0	$ —
Interest on long-term obligations (1)	9.6	2.4	4.3	2.9	—
Operating leases	67.9	23.5	27.2	11.7	5.5
Capital commitments	3.1	3.1	—	—	—
Purchase obligations	30.5	9.3	17.2	4.0	—
Uncertain tax positions	4.7	0.6	4.1	—	—
	$215.8	$ 43.9	$67.8	$98.6	$ 5.5

(1) Interest on debt with variable rates was calculated using the current rate of that particular debt instrument at December 31, 2015.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, collectability of accounts receivable, reserves related to insurance and litigation, goodwill, intangible assets, income taxes and contingencies. We base these estimates on our historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results experienced may vary materially and adversely from our estimates. To the extent there are material differences between our estimates and the actual results, our future results of operations may be affected.

We believe the following critical accounting policies represent our most significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We earn net service revenue through our home health and hospice care centers by providing a variety of services almost exclusively in the homes of our patients. This net service revenue is earned and billed either on an episode of care basis, on a per visit basis or on a daily basis depending upon the payment terms and conditions established with each payor for services provided. We refer to home health revenue earned and billed on a 60-day episode of care as episodic-based revenue.

When we record our service revenue, we record it net of estimated revenue adjustments and contractual adjustments to reflect amounts we estimate to be realizable for services provided, as discussed below. We believe, based on information currently available to us and based on our judgment, that changes to one or more factors that impact the accounting estimates (such as our estimates related to revenue adjustments, contractual adjustments and episodes in progress) we make in determining net service revenue, which changes are likely to occur from period to period, will not materially impact our reported consolidated financial condition, results of operations, cash flows or our future financial results.

Home Health Revenue Recognition

Medicare Revenue

Net service revenue is recorded under the Medicare prospective payment system (“PPS”) based on a 60-day episode payment rate that is subject to adjustment based on certain variables. We make adjustments to Medicare revenue on completed episodes to reflect differences between estimated and actual payment amounts, and our discovered inability to obtain appropriate billing documentation or authorizations and other reasons unrelated to credit risk. We estimate the impact of such adjustments based on our historical experience, which primarily includes a historical collection rate of over 99% on Medicare claims, and record this estimate during the period in which services are rendered as an estimated revenue adjustment and a corresponding reduction to patient accounts receivable. In addition, management evaluates the potential for revenue adjustments and, when appropriate, provides allowances based upon the best available information.

In addition to revenue recognized on completed episodes, we also recognize a portion of revenue associated with episodes in progress. Episodes in progress are 60-day episodes of care that begin during the reporting period, but were not completed as of the end of the period. We estimate this revenue on a monthly basis based upon historical trends. The primary factors underlying this estimate are the number of episodes in progress at the end of the reporting period, expected Medicare revenue per episode and our estimate of the average percentage complete based on visits performed.

Non-Medicare Revenue

Episodic-based Revenue. We recognize revenue in a similar manner as we recognize Medicare revenue for episodic-based rates that are paid by other insurance carriers, including Medicare Advantage programs; however, these rates can vary based upon the negotiated terms.

Non-episodic Based Revenue. Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to our established or estimated per-visit rates, as applicable. Contractual adjustments are recorded for the difference between our standard rates and the contracted rates to be realized from patients, third parties and others for services provided and are deducted from gross revenue to determine net service revenue and are also recorded as a reduction to our outstanding patient accounts receivable. In addition, we receive a minimal amount of our net service revenue from patients who are either self-insured or are obligated for an insurance co-payment.

Hospice Revenue Recognition

Hospice Medicare Revenue

Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to the estimated payment rates. The estimated payment rates are daily or hourly rates for each of the four levels of care we deliver. We make adjustments to Medicare revenue for our discovered inability to obtain appropriate billing documentation or authorizations and other reasons unrelated to credit risk. We estimate the impact of these adjustments based on our historical experience, which primarily includes our historical collection rate on Medicare claims, and record it during the period services are rendered as an estimated revenue adjustment and as a reduction to our outstanding patient accounts receivable.

Additionally, as Medicare hospice revenue is subject to an inpatient cap limit and an overall payment cap for each provider number, we monitor these caps and estimate amounts due back to Medicare if a cap has been exceeded. We record these adjustments as a reduction to revenue and an increase in other accrued liabilities. Beginning for the cap year ending October 31, 2014, providers are required to self-report and pay their estimated cap liability by March 31st of the following year. As of December 31, 2015, we have settled our Medicare hospice reimbursements for all fiscal years through October 31, 2012 and we have recorded $1.4 million for estimated amounts due back to Medicare in other accrued liabilities for the Federal cap years ended October 31, 2013 through October 31, 2016. As of December 31, 2014, we had recorded $2.8 million for estimated amounts due back to Medicare in other accrued liabilities for the Federal cap years ended October 31, 2013 through October 31, 2015.

Hospice Non-Medicare Revenue

We record gross revenue on an accrual basis based upon the date of service at amounts equal to our established rates or estimated per visit rates, as applicable. Contractual adjustments are recorded for the difference between our established rates and the amounts estimated to be realizable from patients, third parties and others for services provided and are deducted from gross revenue to determine our net service revenue and patient accounts receivable.

Patient Accounts Receivable – Allowance for Doubtful Accounts

Our patient accounts receivable are uncollateralized and consist of amounts due from Medicare, Medicaid, other third-party payors and patients. We fully reserve for accounts which are aged at 365 days or greater. We write off accounts on a monthly basis once we have exhausted our collection efforts and deem an account to be uncollectible. We do not record an allowance for doubtful accounts for our Medicare patient accounts receivable, which are recorded at their net realizable value after recording estimated revenue adjustments as discussed above.

We believe there is a certain level of credit risk associated with non-Medicare payors. To provide for our non-Medicare patient accounts receivable that could become uncollectible in the future, we establish an allowance for doubtful accounts to reduce the carrying amount to its estimated net realizable value. We estimate an allowance for doubtful accounts based upon our assessment of historical and expected net collections, business and economic conditions, trends in payment and an evaluation of collectability based upon the date that the service was provided. Based upon our best judgment, we believe the allowance for doubtful accounts adequately provides for accounts that will not be collected due to credit risk.

Insurance

We are obligated for certain costs associated with our insurance programs, including employee health, workers' compensation and professional liability. While we maintain various insurance programs to cover these risks, we are self-insured for a substantial portion of our potential claims. We recognize our obligations associated with these costs in the period in which a claim is incurred, including with respect to both reported claims and claims incurred but not reported, up to specified deductible limits. These costs have generally been estimated based on historical data of our claims experience. Such estimates, and the resulting reserves, are reviewed and updated by us on a quarterly basis.

Goodwill and Other Intangible Assets

Goodwill represents the amount of the purchase price in excess of the fair values assigned to the underlying identifiable net assets of acquired businesses. Goodwill is not amortized, but is subject to an annual impairment test. Tests are performed more frequently if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. These events or circumstances include but are not limited to, a significant adverse change in the business environment; regulatory environment or legal factors; or a substantial decline in market capitalization of our stock. To determine whether goodwill is impaired, we perform a two-step impairment test. In the first step of the test, the fair values of the reporting units are compared to their aggregate carrying values, including goodwill. If the fair value of the reporting unit is greater than its carrying amount, goodwill is not considered impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, we would proceed to step two of the test. In step two of the test, the implied fair value of the goodwill of the reporting unit is determined by a hypothetical allocation of the fair value calculated in step one to all of the assets and liabilities of that reporting unit (including any recognized and unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value was reflective of the price paid to acquire the reporting unit. The implied fair value of goodwill is the excess, if any, of the calculated fair value after hypothetical allocation to the reporting unit's assets and liabilities. If the implied fair value of the goodwill is greater than the carrying amount of the goodwill at the analysis date, goodwill is not impaired and the analysis is complete. If the implied fair value of the goodwill is less than the carrying value of goodwill at the analysis date, goodwill is deemed impaired by the amount of that variance.

We calculate the estimated fair value of our reporting units using discounted cash flows as well as a market approach that compares our reporting units' earnings and revenue multiples to those of comparable public companies. To determine fair value we must make assumptions about a wide variety of internal and external factors. Significant assumptions used in the impairment analysis include financial projections of free cash flow (including significant assumptions about operations, in particular expected organic growth rates, future Medicare reimbursement rates, capital requirements and income taxes), long-term growth rates for determining terminal value, and discount rates. Our estimates of discounted cash flows may differ from actual cash flows due to, among other things, economic conditions, changes to our business model or changes in operating performance. These factors increase the risk of differences between projected and actual performance that could impact future estimates of fair value of all reporting units. Significant differences between these estimates and actual cash flows could result in additional impairment in future periods.

Each of our operating segments described in the notes to our financial statements is considered to represent an individual reporting unit for goodwill impairment testing purposes. We consider each of our home health care centers to constitute an individual business for which discrete financial information is available. However, since these care centers have substantially similar operating and economic characteristics and resource allocation and significant investment decisions concerning these businesses are centralized and the benefits broadly distributed, we have aggregated these care centers and deemed them to constitute a single reporting unit. We have applied this same aggregation principle to our hospice care centers and have also deemed them to be a single reporting unit.

During 2015, we did not record any goodwill impairment charges and none of the goodwill associated with our various reporting units were considered at risk of impairment as of October 31, 2015. Since the date of our last annual goodwill impairment test, there have been no material developments, events, changes in operating performance or other circumstances that would cause management to believe it is more likely than not that the fair value of any of our reporting units would be less than its carrying amount.

Intangible assets consist of Certificates of Need, licenses, acquired names, non-compete agreements and reacquired franchise rights. We amortize non-compete agreements, acquired names that we do not intend to use in the future and reacquired franchise rights on a straight-line basis over their estimated useful lives, which is generally three years for non-compete agreements and up to five years for reacquired franchise rights and acquired names.

Income Taxes

We use the asset and liability approach for measuring deferred tax assets and liabilities based on temporary differences existing at each balance sheet date using currently enacted tax rates. Our deferred tax calculation requires us to make certain estimates about future operations. Deferred tax assets are reduced by a valuation allowance when we believe it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect of a change in tax rate is recognized as income or expense in the period that includes the enactment date. As of December 31, 2015 and 2014 our net deferred tax assets were $125.2 million and $122.4 million, respectively.

Management regularly assesses the ability to realize deferred tax assets recorded in the Company's entities based upon the weight of available evidence, including such factors as the recent earnings history and expected future taxable income. In the event future taxable income is below management's estimates or is generated in tax jurisdictions different than projected, we could be required to increase the valuation allowance for deferred tax assets. This would result in an increase in our effective tax rate.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from fluctuations in interest rates. Our Revolving Credit Facility and Term Loan carry a floating interest rate which is tied to the Eurodollar rate (*i.e.* LIBOR) and the Prime Rate and therefore, our consolidated statements of operations and our consolidated statements of cash flows will be exposed to changes in interest rates. As of December 31, 2015, the total amount of outstanding debt subject to interest rate fluctuations was $100.0 million. A 1.0% interest rate change would cause interest expense to change by approximately $1.0 million annually.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Amedisys, Inc.:

We have audited the accompanying consolidated balance sheets of Amedisys, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Amedisys, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Amedisys Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 9, 2016, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Baton Rouge, Louisiana
March 9, 2016

AMEDISYS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)

	As of December 31, 2015	As of December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,502	$ 8,032
Patient accounts receivable, net of allowance for doubtful accounts of $16,526, and $14,317	125,010	99,325
Prepaid expenses	8,110	8,493
Other current assets	14,641	19,708
Total current assets	175,263	135,558
Property and equipment, net of accumulated depreciation of $141,793 and $146,438	42,695	137,455
Goodwill	261,663	205,587
Intangible assets, net of accumulated amortization of $25,386 and $25,374	44,047	33,193
Deferred income taxes	125,245	124,788
Other assets, net	36,172	33,161
Total assets	$ 685,085	$ 669,742
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 25,682	$ 16,056
Payroll and employee benefits	72,546	75,553
Accrued expenses	71,965	56,329
Current portion of long-term obligations	5,000	12,000
Current portion of deferred income taxes	—	2,385
Total current liabilities	175,193	162,323
Long-term obligations, less current portion	95,000	104,372
Other long-term obligations	4,456	5,285
Total liabilities	274,649	271,980
Commitments and Contingencies – Note 10		
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; 34,786,966, and 34,569,526 shares issued; and 33,607,282 and 33,594,572 shares outstanding	35	35
Additional paid-in capital	504,290	481,762
Treasury stock at cost 1,179,684, and 974,954 shares of common stock	(26,966)	(19,860)
Accumulated other comprehensive income	15	15
Retained earnings	(67,806)	(64,785)
Total Amedisys, Inc. stockholders' equity	409,568	397,167
Noncontrolling interests	868	595
Total equity	410,436	397,762
Total liabilities and equity	$ 685,085	$ 669,742

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

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AMEDISYS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	For the Years Ended December 31,		
	2015	2014	2013
Net service revenue	$ 1,280,541	$ 1,204,554	$ 1,249,344
Cost of service, excluding depreciation and amortization	725,915	691,061	717,996
General and administrative expenses:			
Salaries and benefits	279,425	292,497	302,564
Non-cash compensation	11,824	5,597	6,519
Other	161,186	143,644	164,991
Provision for doubtful accounts	14,053	16,294	15,882
Depreciation and amortization	20,036	28,307	36,871
U.S. Department of Justice settlement	—	—	150,000
Asset impairment charge	77,268	3,107	9,492
Operating expenses	1,289,707	1,180,507	1,404,315
Operating (loss) income	(9,166)	24,047	(154,971)
Other income (expense):			
Interest income	71	94	54
Interest expense	(10,783)	(8,217)	(4,412)
Equity in earnings from equity method investments	9,823	2,991	1,520
Miscellaneous, net	9,747	2,061	4,334
Total other income (expense), net	8,858	(3,071)	1,496
(Loss) income before income taxes	(308)	20,976	(153,475)
Income tax (expense) benefit	(2,004)	(7,671)	58,773
(Loss) income from continuing operations	(2,312)	13,305	(94,702)
Discontinued operations, net of tax	—	(216)	(3,073)
Net (loss) income	(2,312)	13,089	(97,775)
Net (income) loss attributable to noncontrolling interests	(709)	(313)	1,597
Net (loss) income attributable to Amedisys, Inc.	$ (3,021)	$ 12,776	$ (96,178)
Basic earnings per common share:			
(Loss) income from continuing operations attributable to Amedisys, Inc. common stockholders	$ (0.09)	$ 0.40	$ (2.98)
Discontinued operations, net of tax	—	(0.01)	(0.10)
(Loss) income attributable to Amedisys, Inc. common stockholders	$ (0.09)	$ 0.39	$ (3.08)
Weighted average shares outstanding	33,018	32,301	31,247
Diluted earnings per common share:			
(Loss) income from continuing operations attributable to Amedisys, Inc. common stockholders	$ (0.09)	$ 0.40	$ (2.98)
Discontinued operations, net of tax	—	(0.01)	(0.10)
(Loss) income attributable to Amedisys, Inc. common stockholders	$ (0.09)	$ 0.39	$ (3.08)
Weighted average shares outstanding	33,018	32,823	31,247
Amounts attributable to Amedisys, Inc. common stockholders:			
(Loss) income from continuing operations	$ (3,021)	$ 12,992	$ (93,105)
Discontinued operations, net of tax	—	(216)	(3,073)
Net (loss) income	$ (3,021)	$ 12,776	$ (96,178)

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

AMEDISYS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Amounts in thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Net (loss) income	$ (2,312)	$ 13,089	$(97,775)
Other comprehensive income (loss)	—	—	—
Comprehensive (loss) income	(2,312)	13,089	(97,775)
Comprehensive (income) loss attributable to non-controlling interests	(709)	(313)	1,597
Comprehensive (loss) income attributable to Amedisys, Inc.	$ (3,021)	$ 12,776	$(96,178)

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

AMEDISYS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in thousands, except common stock shares)

	Total	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss (Income)	Retained Earnings	Noncontrolling Interests
Balance, December 31, 2012	$454,233	31,876,508	32	450,792	(17,116)	15	18,617	1,893
Issuance of stock – employee stock purchase plan	3,181	303,989	—	3,181	—	—	—	—
Issuance of stock – 401(k) plan	8,581	702,391	1	8,580	—	—	—	—
Exercise of stock options	261	37,558	—	261	—	—	—	—
Issuance/(cancellation) of non-vested stock	—	493,524	—	—	—	—	—	—
Non-cash compensation	6,519	—	—	6,519	—	—	—	—
Tax deficit from stock options exercised and restricted stock vesting	(2,152)	—	—	(2,152)	—	—	—	—
Surrendered shares	(1,060)	—	—	—	(1,060)	—	—	—
Acquired noncontrolling interests	145	—	—	—	—	—	—	145
Noncontrolling interest distribution	(163)	—	—	—	—	—	—	(163)
Assets contributed to equity investment	709	—	—	709	—	—	—	—
Net loss	(97,775)	—	—	—	—	—	(96,178)	(1,597)
Balance, December 31, 2013	372,479	33,413,970	33	467,890	(18,176)	15	(77,561)	278
Issuance of stock – employee stock purchase plan	2,433	176,796	—	2,433	—	—	—	—
Issuance of stock – 401(k) plan	7,062	430,919	1	7,061	—	—	—	—
Exercise of stock options	564	28,229	—	564	—	—	—	—
Issuance/(cancellation) of non-vested stock	—	519,612	1	(1)	—	—	—	—
Non-cash compensation	5,597	—	—	5,597	—	—	—	—
Tax deficit from stock options exercised and restricted stock vesting	(579)	—	—	(579)	—	—	—	—
Surrendered shares	(1,684)	—	—	—	(1,684)	—	—	—
Sale of noncontrolling interest	(1,549)	—	—	(493)	—	—	—	(1,056)
Decrease in noncontrolling interest	350	—	—	(710)	—	—	—	1,060
Net income	13,089	—	—	—	—	—	12,776	313
Balance, December 31, 2014	397,762	34,569,526	35	481,762	(19,860)	15	(64,785)	595
Issuance of stock – employee stock purchase plan	2,204	79,323	—	2,204	—	—	—	—
Issuance of stock – 401(k) plan	6,032	184,412	—	6,032	—	—	—	—
Exercise of stock options	399	15,380	—	399	—	—	—	—
Issuance/(cancellation) of non-vested stock	—	(61,675)	—	—	—	—	—	—
Non-cash compensation	11,824	—	—	11,824	—	—	—	—
Tax benefit from stock options exercised and restricted stock vesting	2,073	—	—	2,073	—	—	—	—
Tax deficit from stock options exercised and restricted stock vesting	(4)	—	—	(4)	—	—	—	—
Surrendered shares	(2,525)	—	—	—	(2,525)	—	—	—
Shares repurchased	(4,581)	—	—	—	(4,581)	—	—	—
Noncontrolling interest distribution	(436)	—	—	—	—	—	—	(436)
Net loss	(2,312)	—	—	—	—	—	(3,021)	709
Balance, December 31, 2015	$410,436	34,786,966	$ 35	$ 504,290	$ (26,966)	$ 15	$ (67,806)	$ 868

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

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AMEDISYS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the Years Ended December 31, 2015	2014	2013
Cash Flows from Operating Activities:			
Net (loss) income	$ (2,312)	$ 13,089	$ (97,775)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Depreciation and amortization	20,036	28,347	37,383
Provision for doubtful accounts	14,053	16,369	16,461
Non-cash compensation	11,824	5,597	6,519
401(k) employer match	6,089	6,216	7,998
Loss on disposal of property and equipment	775	4,592	2,742
Gain on sale of care centers	(184)	(2,967)	(1,752)
Deferred income taxes	(677)	22,561	(57,095)
Write off of deferred debt issuance costs/debt discount	2,512	488	121
Equity in earnings from equity method investments	(9,823)	(2,991)	(1,520)
Amortization of deferred debt issuance costs/debt discount	959	797	699
Return on equity investment	5,610	2,025	1,650
Asset impairment charge	77,268	3,107	9,492
Changes in operating assets and liabilities, net of impact of acquisitions:			
Patient accounts receivable	(36,493)	(5,290)	41,578
Other current assets	6,455	(6,269)	(501)
Other assets	(3,523)	1,694	(1,596)
Accounts payable	7,639	(3,168)	(9,876)
U.S. Department of Justice settlement	—	(150,000)	150,000
Accrued expenses	8,406	3,495	(6,104)
Other long-term obligations	(829)	(3,226)	3,839
Net cash provided by (used in) operating activities	107,785	(65,534)	102,263
Cash Flows from Investing Activities:			
Proceeds from sale of deferred compensation plan assets	1,229	11	128
Proceeds from the sale of property and equipment	20,000	3	1,809
Purchases of deferred compensation plan assets	(19)	(132)	(111)
Purchases of property and equipment	(21,429)	(12,008)	(41,736)
Purchase of investments	(3,485)	(6,407)	(10,067)
Proceeds from sale of investment	5,000	—	—
Acquisitions of businesses, net of cash acquired	(69,130)	—	(1,627)
Proceeds from disposition of care centers	413	4,233	5,146
Net cash used in investing activities	(67,421)	(14,300)	(46,458)
Cash Flows from Financing Activities:			
Proceeds from issuance of stock upon exercise of stock options and warrants	399	564	261
Proceeds from issuance of stock to employee stock purchase plan	2,204	2,433	3,181
Tax benefit from stock options exercised and restricted stock vesting	2,073	—	57
Non-controlling interest distribution	(436)	—	(163)
Proceeds from revolving line of credit	63,400	241,800	25,500
Repayments of revolving line of credit	(78,400)	(226,800)	(25,500)
Proceeds from issuance of long-term obligations	100,000	68,250	—
Debt issuance costs	(2,553)	(1,780)	(576)
Principal payments of long-term obligations	(103,000)	(13,904)	(55,807)
Purchase of company stock	(4,581)	—	—
Net cash (used in) provided by financing activities	(20,894)	70,563	(53,047)
Net increase (decrease) in cash and cash equivalents	19,470	(9,271)	2,758
Cash and cash equivalents at beginning of period	8,032	17,303	14,545
Cash and cash equivalents at end of period	$ 27,502	$ 8,032	$ 17,303
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	$ 6,175	$ 7,602	$ 3,990
Cash paid for income taxes, net of refunds received	$ (12,185)	$ (1,766)	$ 3,385
Supplemental Disclosures of Non-Cash Financing and Investing Activities:			
(Sale) acquisition of non-controlling interests	$ —	$ (1,549)	$ 145

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

AMEDISYS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

1. NATURE OF OPERATIONS, CONSOLIDATION AND PRESENTATION OF FINANCIAL STATEMENTS

Amedisys, Inc., a Delaware corporation, and its consolidated subsidiaries ("Amedisys," "we," "us," or "our") are a multi-state provider of home health and hospice services with approximately 80%, 82% and 84% of our revenue derived from Medicare for 2015, 2014 and 2013, respectively. As of December 31, 2015, we owned and operated 329 Medicare-certified home health care centers and 79 Medicare-certified hospice care centers in 34 states within the United States and the District of Columbia.

Use of Estimates

Our accounting and reporting policies conform with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). In preparing the consolidated financial statements, we are required to make estimates and assumptions that impact the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates.

Reclassifications and Comparability

Certain reclassifications have been made to prior periods' financial statements in order to conform to the current period's presentation. Our exit activity during the last three years may affect the comparability of our operating results. In accordance with applicable accounting guidance, the results of operations for the care centers closed, sold or classified as held for sale during 2013 are presented in discontinued operations in our consolidated financial statements. See Note 4 – Discontinued Operations and Assets Held for Sale for additional information regarding our discontinued operations.

Principles of Consolidation

These consolidated financial statements include the accounts of Amedisys, Inc., and our wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in our accompanying consolidated financial statements, and business combinations accounted for as purchases have been included in our consolidated financial statements from their respective dates of acquisition. In addition to our wholly owned subsidiaries, we also have certain equity investments that are accounted for as set forth below.

Equity Investments

We consolidate investments when the entity is a variable interest entity and we are the primary beneficiary or if we have controlling interests in the entity, which is generally ownership in excess of 50%. During 2013, we recorded a $1.3 million goodwill impairment charge related to an investment that was consolidated. Third party equity interests in our consolidated joint ventures are reflected as noncontrolling interests in our consolidated financial statements.

We account for investments in entities in which we have the ability to exercise significant influence under the equity method if we hold 50% or less of the voting stock and the entity is not a variable interest entity in which we are the primary beneficiary. The book value of investments that we accounted for under the equity method of accounting was $25.7 million as of December 31, 2015 and $18.8 million as of December 31, 2014. During 2015, our investment in the Heritage Healthcare Innovation Fund, LP ("Heritage"), one of our equity method investees with a carrying value of $19.9 million as of December 31, 2015, became a significant subsidiary. Summarized financial information of Heritage as of and for the twelve-month period ended September 30, 2015, is as follows: current assets of $3.5 million, total assets of $170.4 million, current and total liabilities of less than $0.1 million, total investment income of $72.5 million, total expenses of $3.5 million and net increase in partners' capital from operations of $69.0 million. We record our share of the investment on a one quarter lag.

We account for investments in entities in which we have less than a 20% ownership interest under the cost method of accounting if we do not have the ability to exercise significant influence over the investee. The aggregate carrying amount of our cost method investment which was sold during 2015 was $5.0 million as of December 31, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

We earn net service revenue through our home health and hospice care centers by providing a variety of services almost exclusively in the homes of our patients. This net service revenue is earned and billed either on an episode of care basis, on a per visit basis or on a daily basis depending upon the payment terms and conditions established with each payor for services provided. We refer to home health revenue earned and billed on a 60-day episode of care as episodic-based revenue.

When we record our service revenue, we record it net of estimated revenue adjustments and contractual adjustments to reflect amounts we estimate to be realizable for services provided, as discussed below. We believe, based on information currently available to us and based on our judgment, that changes to one or more factors that impact the accounting estimates (such as our estimates related to revenue adjustments, contractual adjustments and episodes in progress) we make in determining net service revenue, which changes are likely to occur from period to period, will not materially impact our reported consolidated financial condition, results of operations, cash flows or our future financial results.

Home Health Revenue Recognition

Medicare Revenue

Net service revenue is recorded under the Medicare prospective payment system (“PPS”) based on a 60-day episode payment rate that is subject to adjustment based on certain variables including, but not limited to: (a) an outlier payment if our patient’s care was unusually costly (capped at 10% of total reimbursement per provider number); (b) a low utilization payment adjustment (“LUPA”) if the number of visits was fewer than five; (c) a partial payment if our patient transferred to another provider or we received a patient from another provider before completing the episode; (d) a payment adjustment based upon the level of therapy services required (with various incremental adjustments made for additional visits, with larger payment increases associated with the sixth, fourteenth and twentieth visit thresholds); (e) adjustments to payments if we are unable to perform periodic therapy assessments; (f) the number of episodes of care provided to a patient, regardless of whether the same home health provider provided care for the entire series of episodes; (g) changes in the base episode payments established by the Medicare Program; (h) adjustments to the base episode payments for case mix and geographic wages; and (i) recoveries of overpayments. In addition, we make adjustments to Medicare revenue if we find that we are unable to produce appropriate documentation of a face to face encounter between the patient and physician.

We make adjustments to Medicare revenue to reflect differences between estimated and actual payment amounts, our discovered inability to obtain appropriate billing documentation or authorizations and other reasons unrelated to credit risk. We estimate the impact of such adjustments based on our historical experience, which primarily includes a historical collection rate of over 99% on Medicare claims, and record this estimate during the period in which services are rendered as an estimated revenue adjustment and a corresponding reduction to patient accounts receivable. Therefore, we believe that our reported net service revenue and patient accounts receivable will be the net amounts to be realized from Medicare for services rendered.

AMEDISYS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 31, 2015

In addition to revenue recognized on completed episodes, we also recognize a portion of revenue associated with episodes in progress. Episodes in progress are 60-day episodes of care that begin during the reporting period, but were not completed as of the end of the period. We estimate this revenue on a monthly basis based upon historical trends. The primary factors underlying this estimate are the number of episodes in progress at the end of the reporting period, expected Medicare revenue per episode and our estimate of the average percentage complete based on visits performed. As of December 31, 2015 and 2014, the difference between the cash received from Medicare for a request for anticipated payment (“RAP”) on episodes in progress and the associated estimated revenue was immaterial and, therefore, the resulting credits were recorded as a reduction to our outstanding patient accounts receivable in our consolidated balance sheets for such periods.

Non-Medicare Revenue

Episodic-based Revenue. We recognize revenue in a similar manner as we recognize Medicare revenue for episodic-based rates that are paid by other insurance carriers, including Medicare Advantage programs; however, these rates can vary based upon the negotiated terms.

Non-episodic based Revenue. Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to our established or estimated per-visit rates, as applicable. Contractual adjustments are recorded for the difference between our standard rates and the contracted rates to be realized from patients, third parties and others for services provided and are deducted from gross revenue to determine net service revenue and are also recorded as a reduction to our outstanding patient accounts receivable. In addition, we receive a minimal amount of our net service revenue from patients who are either self-insured or are obligated for an insurance co-payment.

Hospice Revenue Recognition

Hospice Medicare Revenue

Gross revenue is recorded on an accrual basis based upon the date of service at amounts equal to the estimated payment rates. The estimated payment rates are daily or hourly rates for each of the four levels of care we deliver. The four levels of care are routine care, general inpatient care, continuous home care and respite care. Routine care accounts for 99%, 98%, and 99% of our total net Medicare hospice service revenue for 2015, 2014 and 2013, respectively. We make adjustments to Medicare revenue for an inability to obtain appropriate billing documentation or acceptable authorizations and other reasons unrelated to credit risk. We estimate the impact of these adjustments based on our historical experience, which primarily includes our historical collection rate on Medicare claims, and record it during the period services are rendered as an estimated revenue adjustment and as a reduction to our outstanding patient accounts receivable.

Additionally, as Medicare hospice revenue is subject to an inpatient cap limit and an overall payment cap for each provider number, we monitor these caps and estimate amounts due back to Medicare if we estimate a cap has been exceeded. We record these adjustments as a reduction to revenue and an increase in other accrued liabilities. Beginning for the cap year ending October 31, 2014, providers are required to self-report and pay their estimated cap liability by March 31st of the following year. As of December 31, 2015, we have settled our Medicare hospice reimbursements for all fiscal years through October 31, 2012 and we have recorded $1.4 million for estimated amounts due back to Medicare in other accrued liabilities for the Federal cap years ended October 31, 2013 through October 31, 2016. As of December 31, 2014, we had recorded $2.8 million for estimated amounts due back to Medicare in other accrued liabilities for the Federal cap years ended October 31, 2013 through October 31, 2015.

Hospice Non-Medicare Revenue

We record gross revenue on an accrual basis based upon the date of service at amounts equal to our established rates or estimated per day rates, as applicable. Contractual adjustments are recorded for the difference between our established rates and the amounts estimated to be realizable from patients, third parties and others for services provided and are deducted from gross revenue to determine our net service revenue and patient accounts receivable.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit and all highly liquid debt instruments with maturities of three months or less when purchased.

Patient Accounts Receivable

Our patient accounts receivable are uncollateralized and consist of amounts due from Medicare, Medicaid, other third-party payors and patients. As of December 31, 2015, there is one single payor, other than Medicare, that accounts for more than 10% of our total outstanding patient receivables (approximately 10.5%). Thus, we believe there are no other significant concentrations of receivables that would subject us to any significant credit risk in the collection of our patient accounts receivable. We fully reserve for accounts which are aged at 365 days or greater. We write off accounts on a monthly basis once we have exhausted our collection efforts and deem an account to be uncollectible.

We believe the credit risk associated with our Medicare accounts, which represent 64% and 69% of our net patient accounts receivable at December 31, 2015 and December 31, 2014, respectively, is limited due to our historical collection rate of over 99% from Medicare and the fact that Medicare is a U.S. government payor. Accordingly, we do not record an allowance for doubtful accounts for our Medicare patient accounts receivable, which are recorded at their net realizable value after recording estimated revenue adjustments as discussed above. During 2015, 2014 and 2013, we recorded \$6.1 million, \$5.1 million and \$9.0 million, respectively, in estimated revenue adjustments to Medicare revenue.

We believe there is a certain level of credit risk associated with non-Medicare payors. To provide for our non-Medicare patient accounts receivable that could become uncollectible in the future, we establish an allowance for doubtful accounts to reduce the carrying amount to its estimated net realizable value.

Medicare Home Health

For our home health patients, our pre-billing process includes verifying that we are eligible for payment from Medicare for the services that we provide to our patients. Our Medicare billing begins with a process to ensure that our billings are accurate through the utilization of an electronic Medicare claim review. We submit a RAP for 60% of our estimated payment for the initial episode at the start of care or 50% of the estimated payment for any subsequent episodes of care contiguous with the first episode for a particular patient. The full amount of the episode is billed after the episode has been completed (“final billed”). The RAP received for that particular episode is then deducted from our final payment. If a final bill is not submitted within the greater of 120 days from the start of the episode, or 60 days from the date the RAP was paid, any RAPs received for that episode will be recouped by Medicare from any other claims in process for that particular provider number. The RAP and final claim must then be resubmitted.

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Medicare Hospice

For our hospice patients, our pre-billing process includes verifying that we are eligible for payment from Medicare for the services that we provide to our patients. Our Medicare billing begins with a process to ensure that our billings are accurate through the utilization of an electronic Medicare claim review. Once each patient has been confirmed for eligibility, we will bill Medicare on a monthly basis for the services provided to the patient.

Non-Medicare Home Health and Hospice

For our non-Medicare patients, our pre-billing process primarily begins with verifying a patient's eligibility for services with the applicable payor. Once the patient has been confirmed for eligibility, we will provide services to the patient and bill the applicable payor. Our review and evaluation of non-Medicare accounts receivable includes a detailed review of outstanding balances and special consideration to concentrations of receivables from particular payors or groups of payors with similar characteristics that would subject us to any significant credit risk. We estimate an allowance for doubtful accounts based upon our assessment of historical and expected net collections, business and economic conditions, trends in payment and an evaluation of collectability based upon the date that the service was provided. Based upon our best judgment, we believe the allowance for doubtful accounts adequately provides for accounts that will not be collected due to credit risk.

Property and Equipment

Property and equipment is stated at cost and we depreciate it on a straight-line basis over the estimated useful lives of the assets. Additionally, we have internally developed computer software for our own use. Additions and improvements (including interest costs for construction of qualifying long-lived assets) are capitalized. Maintenance and repair expenses are charged to expense as incurred. The cost of property and equipment sold or disposed of and the related accumulated depreciation are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to other general and administrative expenses.

We consider our reporting units to represent asset groups for purposes of testing long-lived assets for impairment. We assess the impairment of a long-lived asset group whenever events or changes in circumstances indicate that the asset's carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include but are not limited to the following:

- A significant change in the extent or manner in which the long-lived asset group is being used.
- A significant change in the business climate that could affect the value of the long-lived asset group.
- A significant change in the market value of the assets included in the asset group.

If we determine that the carrying value of long-lived assets may not be recoverable, we compare the carrying value of the asset group to the undiscounted cash flows expected to be generated by the asset group. If the carrying value exceeds the undiscounted cash flows, an impairment charge is indicated. An impairment charge is recognized to the extent that the carrying value of the asset group exceeds its fair value.

We generally provide for depreciation over the following estimated useful service lives.

	Years
Building	39
Leasehold improvements	Lesser of life or lease or expected useful life
Equipment and furniture	3 to 7
Vehicles	5
Computer software	3 to 7

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As of December 31, 2014, we had $75.8 million of internally developed software costs related to the development of AMS3 Home Health and Hospice. Expanded beta testing to additional sites in February of 2015 demonstrated that AMS3 was disruptive to operations. Additional analysis of the system determined that the system was not ready to be fully implemented and would require significant time and investment to redesign. Therefore, during the three-month period ended March 31, 2015, we made the decision to discontinue AMS3 and recorded a non-cash asset impairment charge of $75.2 million to write-off the software costs incurred related to the development of AMS3 Home Health and Hospice.

During the three-month period ended September 30, 2015, we commenced an active program to sell our corporate headquarters located in Baton Rouge, Louisiana. In accordance with U.S. GAAP, we classified this asset as held for sale and reduced the carrying value of the asset to its estimated fair value less estimated costs to sell the asset; no further depreciation expense for the asset was recorded. As a result, we recorded a non-cash asset impairment charge of $2.1 million during the three-month period ended September 30, 2015. The asset was sold during the three-month period ended December 31, 2015 and the Company now leases relevant office space.

The following table summarizes the balances related to our property and equipment for 2015 and 2014 (amounts in millions):

	As of December 31,	
	2015	2014
Land	$ —	$ 3.2
Building and leasehold improvements	2.3	25.3
Equipment and furniture	89.6	97.2
Computer software	92.6	158.2
	184.5	283.9
Less: accumulated depreciation	(141.8)	(146.4)
	$ 42.7	$ 137.5

Depreciation expense for 2015, 2014 and 2013 was $20.0 million, $28.0 million and $35.2 million, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the amount of the purchase price in excess of the fair values assigned to the underlying identifiable net assets of acquired businesses. Goodwill is not amortized, but is subject to an annual impairment test. Tests are performed more frequently if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. These events or circumstances include but are not limited to, a significant adverse change in the business environment; regulatory environment or legal factors; or a substantial decline in market capitalization of our stock. To determine whether goodwill is impaired, we perform a two-step impairment test. In the first step of the test, the fair values of the reporting units are compared to their aggregate carrying values, including goodwill. If the fair value of the reporting unit is greater than its carrying amount, goodwill is not considered impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, we would proceed to step two of the test. In step two of the test, the implied fair value of the goodwill of the reporting unit is determined by a hypothetical allocation of the fair value calculated in step one to all of the assets and liabilities of that reporting unit (including any recognized and unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value was reflective of the price paid to acquire the reporting unit. The implied fair value of goodwill is the excess, if any, of the calculated fair value after hypothetical allocation to the reporting unit's assets and liabilities. If the implied fair value of the goodwill is greater than the carrying amount of the goodwill at the analysis date, goodwill is not impaired and the analysis is complete. If the implied fair value of the goodwill is less than the carrying value of goodwill at the analysis date, goodwill is deemed impaired by the amount of that variance.

We calculate the estimated fair value of our reporting units using discounted cash flows as well as a market approach that compares our reporting units' earnings and revenue multiples to those of comparable public companies. To determine fair value we must make assumptions about a wide variety of internal and external factors. Significant assumptions used in the impairment analysis include financial projections of free cash flow (including significant assumptions about operations, in particular expected organic growth rates, future Medicare reimbursement rates, capital requirements and income taxes), long-term growth rates for determining terminal value, and discount rates. Our estimates of discounted cash flows may differ from actual cash flows due to, among other things, economic conditions, changes to our business model or changes in operating performance. These factors increase the risk of differences between projected and actual performance that could impact future estimates of fair value of all reporting units. Significant differences between these estimates and actual cash flows could result in additional impairment in future periods.

Each of our operating segments described in Note 15 – Segment Information is considered to represent an individual reporting unit for goodwill impairment testing purposes. We consider each of our home health care centers to constitute an individual business for which discrete financial information is available. However, since these care centers have substantially similar operating and economic characteristics and resource allocation and significant investment decisions concerning these businesses are centralized and the benefits broadly distributed, we have aggregated these care centers and deemed them to constitute a single reporting unit. We have applied this same aggregation principle to our hospice care centers and have also deemed them to be a single reporting unit.

During 2015, we did not record any goodwill impairment charges as a result of our annual impairment test and none of the goodwill associated with our various reporting units was considered at risk of impairment as of October 31, 2015. Since the date of our last annual goodwill impairment test, there have been no material developments, events, changes in operating performance or other circumstances that would cause management to believe it is more likely than not that the fair value of any of our reporting units would be less than its carrying amount.

Intangible assets consist of Certificates of Need, licenses, acquired names, non-compete agreements and reacquired franchise rights. We amortize non-compete agreements, acquired names that we do not intend to use in the future and reacquired franchise rights on a straight-line basis over their estimated useful lives, which is generally three years for non-compete agreements and up to five years for reacquired franchise rights and acquired names.

Debt Issuance Costs

We amortize deferred debt issuance costs related to our long-term obligations over its term through interest expense, unless the debt is extinguished, in which case unamortized balances are immediately expensed. We amortized $0.8 million, $0.7 million and $0.7 million in deferred debt issuance costs in 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, we had unamortized debt issuance costs of $3.4 million and $2.8 million, respectively, recorded as other assets in our accompanying consolidated balance sheets. During the third quarter of 2015, we expensed $1.0 million of unamortized debt issuance costs when we entered into our new Credit Agreement. In connection with the new Credit Agreement we recorded an additional $2.4 million in deferred debt issuance costs as other assets in our consolidated balance sheet. The unamortized debt issuance costs of $3.4 million at December 31, 2015, will be amortized over a weighted-average amortization period of 4.6 years.

Fair Value of Financial Instruments

The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Our deferred compensation plan assets are recorded at fair value and are considered a level 2 measurement. For our other financial instruments, including our cash and cash equivalents, patient accounts receivable, accounts payable, payroll and employee benefits and accrued expenses, we estimate the carrying amounts' approximate fair value. As of December 31, 2015, the carrying amount of our long-term debt is subject to a variable rate of interest based on current market rates, and as such, the carrying value approximates fair value.

Income Taxes

We use the asset and liability approach for measuring deferred tax assets and liabilities based on temporary differences existing at each balance sheet date using currently enacted tax rates. Our deferred tax calculation requires us to make certain estimates about future operations. Deferred tax assets are reduced by a valuation allowance when we believe it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect of a change in tax rate is recognized as income or expense in the period that includes the enactment date. As of December 31, 2015 and 2014 our net deferred tax assets were $125.2 million and $122.4 million, respectively.

Management regularly assesses the ability to realize deferred tax assets recorded in the Company's entities based upon the weight of available evidence, including such factors as the recent earnings history and expected future taxable income. In the event future taxable income is below management's estimates or is generated in tax jurisdictions different than projected, we could be required to increase the valuation allowance for deferred tax assets. This would result in an increase in our effective tax rate.

Share-Based Compensation

We record all share-based compensation as expense in the financial statements measured at the fair value of the award. We recognize compensation cost on a straight-line basis over the requisite service period for each separately vesting portion of the award. We reflect the excess tax benefits related to stock option exercises as financing cash flows. Share-based compensation expense for 2015, 2014 and 2013 was $11.8 million, $5.6 million and $6.5 million, respectively, and the total income tax benefit recognized for these expenses was $4.7 million, $2.0 million and $2.5 million, respectively.

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Weighted-Average Shares Outstanding

Net (loss) income per share attributable to Amedisys, Inc. common stockholders, calculated on the treasury stock method, is based on the weighted average number of shares outstanding during the period. The following table sets forth, for the periods indicated, shares used in our computation of the weighted-average shares outstanding, which are used to calculate our basic and diluted net earnings attributable to Amedisys, Inc. common stockholders (amounts in thousands):

	For the Years Ended December 31,		
	2015	2014	2013
Weighted average number of shares outstanding – basic	33,018	32,301	31,247
Effect of dilutive securities:			
Stock options	—	1	—
Non-vested stock and stock units	—	521	—
Weighted average number of shares outstanding – diluted	33,018	32,823	31,247
Anti-dilutive securities	922	106	688

Advertising Costs

We expense advertising costs as incurred. Advertising expense for 2015, 2014 and 2013 was $6.9 million, $4.7 million and $3.9 million, respectively.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue for which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of the standard from January 1, 2017, to January 1, 2018, with an option that permits companies to adopt the standard as early as the original effective date. The new ASU reflects the decisions reached by the FASB at its meeting in July 2015. Early application prior to the original effective date is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 and ASU 2015-14 will have on its consolidated financial statements and related disclosures, its transition method and the effect of the standard on its ongoing financial reporting.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. ASU 2015-03 is effective for annual and interim periods beginning on or after December 15, 2015. As of December 31, 2015, we have $3.4 million of unamortized debt issuance costs that would be reclassified from a long-term asset to a reduction in the carrying amount of our debt.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes (Topic 740)*, which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as noncurrent in the balance sheet. The current requirement that deferred tax assets and liabilities be offset and presented as a single amount was not affected by the amendments in ASU 2015-17. The ASU is effective for annual and interim periods beginning on or after December 15, 2016. Early adoption is permitted. We have chosen to early adopt this ASU on a prospective basis. Adoption of this ASU resulted in a reclassification of our net current deferred tax liability to the net noncurrent deferred tax asset in our consolidated balance sheet as of December 31, 2015. Prior periods were not retrospectively adjusted.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which will require lessees to recognize a lease liability and right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. The ASU is effective for annual and interim periods beginning on or after December 15, 2018. Early adoption is permitted. The standard requires a modified retrospective transition method which requires application of the new guidance for all periods presented. The Company is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures and the effect of the standard on its ongoing financial reporting.

3. ACQUISITIONS

We complete acquisitions from time to time in order to pursue our strategy of increasing our market presence by expanding our service base and enhancing our position in certain geographic areas as a leading provider of home health and hospice services. The purchase price paid for acquisitions is negotiated through arm's length transactions, with consideration based on our analysis of, among other things, comparable acquisitions and expected cash flows for each transaction. Acquisitions are accounted for as purchases and are included in our consolidated financial statements from their respective acquisition dates. Goodwill generated from acquisitions is recognized for the excess of the purchase price over tangible and identifiable intangible assets because of the expected contributions of the acquisitions to our overall corporate strategy.

On July 24, 2015, we acquired one hospice care center in Tennessee for a total purchase price of $5.8 million. The purchase price was paid with cash on hand on the date of the transaction. In connection with the acquisition, we recorded goodwill ($5.5 million) and other intangibles ($0.3 million).

On October 2, 2015, we acquired the regulatory assets of home health care center in Georgia for a total purchase price of $0.3 million. The purchase price was paid with cash on hand on the date of the transaction. In connection with the acquisition, we recorded goodwill ($0.3 million).

On December 31, 2015, we acquired Infinity HomeCare ("Infinity") for a total purchase price of $63 million, net of cash acquired (subject to certain adjustments), of which $3.2 million was placed in escrow for indemnification purposes and working capital price adjustments. The purchase price was paid with cash on hand on the date of the transaction. Infinity owned and operated 15 home health care centers servicing the state of Florida. In connection with the acquisition, we recorded goodwill ($50.2 million), other intangibles ($10.9 million) and other assets and liabilities, net ($1.9 million). Approximately $47.6 million of the $50.2 recorded as goodwill is expected to be deductible for income tax purposes over approximately 15 years.

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The following table contains unaudited pro forma condensed consolidated statement of operations information assuming that the Infinity transaction closed on January 1, 2014, for the years ended December 31, 2015 and 2014 (amounts in millions, except per share data):

	2015	2014
Net service revenue	$1,327.3	$1,247.6
Operating (loss) income	(7.9)	21.0
Net income	0.2	10.9
Basic earnings per share	$ 0.01	$ 0.34
Diluted earnings per share	$ 0.01	$ 0.33

The pro forma information presented above includes adjustments for (i) interest expense, (ii) amortization of identifiable intangible assets and (iii) income tax provision using the Company's statutory tax rate. This pro forma information is presented for illustrative purposes only and may not be indicative of the results of operations that would have actually occurred. In addition, future results may vary significantly from the results reflected in the pro forma information.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

As part of our ongoing management of our portfolio of care centers, we review each care center's current financial performance, market penetration, forecasted market growth and the impact of proposed CMS payment revisions. If the review indicates a care center should be closed, we first determine whether we can consolidate the care center with a care center servicing the same market. If a consolidation is not viable, we evaluate whether we have the opportunity to sell the care center or must close the care center. As a result of our review, we consolidated 41 home health care centers and five hospice care centers with care centers servicing the same markets, sold 19 home health care centers and one hospice care center and closed 10 home health care centers during 2013. We had previously classified 28 of these care centers as held for sale during 2013 and three care centers remained classified as held for sale at December 31, 2013. During 2014, we sold assets associated with two of these care centers and consolidated one of these care centers with a care center servicing the same market. There were no care centers classified as held for sale as of December 31, 2014.

As we exited certain geographical areas and in accordance with applicable accounting guidance, the care centers which were closed, sold or classified as held for sale in 2013 (32 home health care centers and one hospice care center) are presented as discontinued operations in our consolidated financial statements. The care centers consolidated with care centers servicing the same markets are presented in continuing operations as we expect continuing cash flows from these markets. For additional information on the care centers consolidated with care centers servicing the same markets and the care centers sold, see Note 13 – Exit Activities and Restructuring Activities.

Net revenues and operating results for the periods presented for those care centers classified as discontinued operations are as follows (dollars in millions):

	For the Years Ended December 31,		
	2015	2014	2013
Net revenues	$ —	$ (0.3)	$ 31.2
(Loss) before income taxes	—	(0.3)	(5.3)
Income tax benefit	—	0.1	2.2
Discontinued operations, net of tax	$ —	$ (0.2)	$ (3.1)

5. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

During 2015, we did not record any goodwill impairment charges as a result of our annual impairment test and none of the goodwill associated with our various reporting units were considered at risk of impairment as of October 31, 2015. Since the date of our last annual goodwill impairment test, there have been no material developments, events, changes in operating performance or other circumstances that would cause management to believe it is more likely than not that the fair value of any of our reporting units would be less than its carrying amount.

During the fiscal year 2014, we recognized a non-cash other intangible impairment charge of $0.9 million during step one of our 2014 annual goodwill impairment test. In addition, we recorded non-cash impairment charges of $2.2 million related to those care centers that were closed or consolidated during 2014 as discussed in Note 13 – Exit and Restructuring Activities.

During the fiscal year 2013, we recognized the following: a non-cash goodwill impairment charge of $1.3 million and a non-cash other intangibles impairment charge of $8.2 million. The non-cash goodwill impairment charge related to an investment that was consolidated as discussed in Note 1-Nature of Operations, Consolidation and Presentation of Financial Statements. Included in the non-cash other intangibles impairment charge discussed above is $4.6 million recognized during step one of our 2013 annual goodwill impairment test and $3.6 million related to intangibles associated with those care centers that were closed or consolidated during 2013 as discussed in Note 13 – Exit and Restructuring Activities.

The following table summarizes the activity related to our goodwill for the 2015, 2014 and 2013 (amounts in millions):

	Goodwill		
	Home Health	Hospice	Total
Balances at December 31, 2012	$ 18.2	$191.4	$209.6
Additions	0.1	0.9	1.0
Write-off (1)	(0.4)	—	(0.4)
Impairment	(1.3)	—	(1.3)
Balances at December 31, 2013	16.6	192.3	208.9
Write-off (1)	(0.1)	(3.2)	(3.3)
Balances at December 31, 2014	16.5	189.1	205.6
Additions	50.6	5.5	56.1
Balances at December 31, 2015	$ 67.1	$194.6	$261.7

(1) Write-off of goodwill related to the sale of care centers as discussed in Note 13 – Exit and Restructuring Activities.

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The following table summarizes the activity related to our other intangible assets, net for 2015, 2014 and 2013 (amounts in millions):

	Other Intangible Assets, Net			
	Certificates of Need and Licenses	Acquired Names of Business	Non-Compete Agreements & Reacquired Franchise Rights	Total
Balances at December 31, 2012	$ 33.7	$ 11.5	$ 1.8	$47.0
Additions	0.6	—	—	0.6
Write-off (1)	(1.1)	—	—	(1.1)
Impairment	(7.8)	(0.4)	—	(8.2)
Amortization	—	—	(1.6)	(1.6)
Balances at December 31, 2013	25.4	11.1	0.2	36.7
Write-off (1)	(0.2)	—	—	(0.2)
Impairment	(2.1)	(1.0)	—	(3.1)
Amortization	—	—	(0.2)	(0.2)
Balances at December 31, 2014	23.1	10.1	—	33.2
Additions	1.1	4.1	5.9	11.1
Write-off (1)	(0.3)	—	—	(0.3)
Amortization	—	—	—	—
Balances at December 31, 2015	$ 23.9	$ 14.2	$ 5.9	$44.0

(1) Write-off of intangible assets related to the sale of care centers as discussed in Note 13 – Exit and Restructuring Activities.
(2) The weighted average amortization period of our non-compete agreements is 3.0 years.

See Note 3 – Acquisitions for further details on additions to goodwill and other intangible assets, net.

The estimated aggregate amortization expense for each of the five succeeding years is as follows (amounts in millions):

2016	$ 2.0
2017	2.0
2018	1.9
2019	—
2020	—
	$ 5.9

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6. DETAILS OF CERTAIN BALANCE SHEET ACCOUNTS

Additional information regarding certain balance sheet accounts is presented below (amounts in millions):

	As of December 31,	
	2015	2014
Other current assets:		
Payroll tax escrow	$ 6.2	$ 1.0
Medicare withholds	—	0.1
Income tax receivable	0.5	15.0
Due from joint ventures	1.8	1.4
Other	6.1	2.2
	$ 14.6	$ 19.7
Other assets:		
Workers' compensation deposits	$ 0.3	$ 0.3
Health insurance deposits	1.2	1.2
Other miscellaneous deposits	1.5	0.7
Deferred financing fees	3.4	2.8
Investments	25.7	23.8
Other	4.1	4.4
	$ 36.2	$ 33.2
Accrued expenses:		
Health insurance	$ 11.7	$ 11.2
Workers' compensation	23.9	19.8
Legal and other settlements	10.5	5.2
Lease liability	0.6	0.8
Charity care	0.7	0.7
Estimated Medicare cap liability	1.4	2.8
Hospice cost of revenue	6.8	5.7
OIG self-disclosure accrual	4.7	—
Patient liability	5.1	4.3
Other	6.6	5.8
	$ 72.0	$ 56.3
Other long-term obligations:		
Reserve for uncertain tax positions	$ 0.7	$ 0.5
Deferred compensation plan liability	2.8	3.3
Other	0.9	1.5
	$ 4.4	$ 5.3

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7. LONG-TERM OBLIGATIONS

Long-term debt consisted of the following for the periods indicated (amounts in millions):

	As of December 31,	
	2015	2014
$100.0 million Term Loan; principal payments plus accrued interest payable quarterly; interest rate at ABR Rate plus applicable percentage or Eurodollar Rate plus the applicable percentage (2.42% at December 31, 2015); due August 28, 2020	$ 100.0	$ —
$60.0 million Term Loan; $3.0 million principal payments plus accrued interest payable quarterly; interest rate at ABR Rate plus applicable percentage or Eurodollar Rate plus the applicable percentage; due October 26, 2017	—	33.0
$120.0 million Revolving Credit Facility; interest only quarterly payments; interest rate at ABR Rate plus applicable percentage or Eurodollar Rate plus the applicable percentage; due October 26, 2017	—	15.0
$70.0 million Second Lien Loan; interest only quarterly payments; interest rate at ABR Rate plus applicable percentage or Eurodollar Rate plus the applicable percentage; due July 28, 2020	—	70.0
Discount on Second Lien Loan	—	(1.6)
	100.0	116.4
Current portion of long-term obligations	(5.0)	(12.0)
Total	$ 95.0	$ 104.4

Maturities of debt as of December 31, 2015 are as follows (amounts in millions):

	Long-term obligations
2016	$ 5.0
2017	5.0
2018	10.0
2019	10.0
2020	70.0
	$ 100.0

Credit Agreement

On August 28, 2015, we entered into a Credit Agreement that provides for senior secured facilities in an initial aggregate principal amount of up to $300 million (the “Credit Facilities”).

The Credit Facilities are comprised of (a) a term loan facility in an initial aggregate principal amount of $100 million (the “Term Loan”); and (b) a revolving credit facility in an initial aggregate principal amount of up to $200 million (the “Revolving Credit Facility”). The Revolving Credit Facility provides for and includes within its $200 million limit a $25 million swingline facility and commitments for up to $50 million in letters of credit. Upon lender approval, we may increase the aggregate loan amount under the Credit Facilities by a maximum amount of $150 million.

The net proceeds of the Term Loan and existing cash on hand were used to pay off (i) our existing term loan under our prior Credit Agreement, dated as of October 22, 2012, as amended (the “Prior Credit Agreement”) with a principal balance of $27 million and (ii) our existing term loan under our prior Second Lien Credit Agreement dated July 28, 2014 (the “Second Lien Credit Agreement”), with a principal balance of $70 million. The final maturity of the Term Loan is August 28, 2020. The Term Loan will amortize beginning on March 31, 2016 in 18 quarterly installments (eight quarterly installments of $1.25 million followed by eight quarterly installments of $2.5 million, followed by two quarterly installments of $3.1 million, subject to adjustment for prepayments), with the remaining balance due upon maturity.

The Revolving Credit Facility may be used to provide ongoing working capital and for general corporate purposes of the Company and our subsidiaries, including permitted acquisitions, as defined in the Credit Agreement. The final maturity of the Revolving Credit Facility is August 28, 2020 and will be payable in full at that time.

The interest rate in connection with the Credit Facilities shall be selected from the following by us: (i) the Base Rate plus the Applicable Rate or (ii) the Eurodollar Rate plus the Applicable Rate. The “Base Rate” means a fluctuating rate per annum equal to the highest of (a) the federal funds rate plus 0.50% per annum, (b) the prime rate of interest established by the Administrative Agent, and (c) the Eurodollar Rate for an interest period of one month plus 1% per annum. The “Eurodollar Rate” means the rate at which Eurodollar deposits in the London interbank market for an interest period of one, two, three or six months (as selected by us) are quoted. The “Applicable Rate” is based on the consolidated leverage ratio and is presented in the table below. As of December 31, 2015, the Applicable Rate is 1.00% per annum for Base Rate Loans and 2.00% per annum for Eurodollar Rate Loans. We are also subject to a commitment fee and letter of credit fee under the terms of the Credit Facilities, as presented in the table below.

Consolidated Leverage Ratio	Margin for ABR Loans	Margin for Eurodollar Loans	Commitment Fee	Letter of Credit Fee
≥ 2.75 to 1.0	2.00%	3.00%	0.40%	3.00%
< 2.75 to 1.0 but ≥ 1.75 to 1.0	1.50%	2.50%	0.35%	2.50%
< 1.75 to 1.0 but ≥ 0.75 to 1.0	1.00%	2.00%	0.30%	2.00%
< 0.75 to 1.0	0.50%	1.50%	0.25%	1.50%

Our weighted average interest rate for our $100.0 million Term Loan, under our Credit Agreement, was 2.7% for the period August 28, 2015 to December 31, 2015.

As of December 31, 2015, our availability under our $200.0 million Revolving Credit Facility was $179.0 million as we had $21.0 million outstanding in letters of credit.

The Credit Agreement requires maintenance of two financial covenants: (i) a consolidated leverage ratio of funded indebtedness to EBITDA, as defined in the Credit Agreement, and (ii) a consolidated fixed charge coverage ratio of EBITDA plus rent expense (less cash taxes less capital expenditures) to scheduled debt repayments plus interest expense plus rent expense, all as defined in the Credit Agreement. Each of these covenants is calculated over rolling four-quarter periods and also is subject to certain exceptions and baskets. As of December 31, 2015, our consolidated leverage ratio was 0.9 and our consolidated fixed charge coverage ratio was 3.7 and we are in compliance with the Credit Agreement. The Credit Agreement also contains customary covenants, including, but not limited to, restrictions on: incurrence of liens; incurrence of additional debt; sales of assets and other fundamental corporate changes; investments; and declarations of dividends. These covenants contain customary exclusions and baskets.

The Credit Facilities are guaranteed by substantially all of our wholly-owned direct and indirect subsidiaries. The Credit Agreement requires at all times that we (i) provide guarantees from wholly-owned subsidiaries that in the aggregate represent not less than 95% of our consolidated net revenues and adjusted EBITDA from all wholly-owned subsidiaries and (ii) provide guarantees from subsidiaries that in the aggregate represent not less than 70% of consolidated adjusted EBITDA, subject to certain exceptions.

In connection with entering into the Credit Agreement, we entered into (i) a Security Agreement with the Administrative Agent dated August 28, 2015 and (ii) a Pledge Agreement with the Administrative Agent dated as of August 28, 2015 for the purpose of securing the payment of our obligations under the Credit Agreement. Pursuant to the Security Agreement and the Pledge Agreement, as of the effective date of the Credit Agreement, our obligations under the Credit Agreement are secured by (i) the grant of a first lien security interest in the non-real estate assets of substantially all of our direct and indirect, wholly-owned subsidiaries (subject to exceptions) and (ii) the pledge of the equity interests in (a) substantially all of our direct and indirect, wholly-owned corporate, limited liability company and limited partnership subsidiaries and (b) those joint ventures which constitute subsidiaries under the Credit Agreement (subject, in the case of the Pledge Agreement, to exceptions).

In connection with our entry into the Credit Agreement, on August 28, 2015, each of the Prior Credit Agreement and the Second Lien Credit Agreement were terminated. The Company paid a call premium of $700,000 associated with the termination of the Second Lien Credit Agreement and the voluntary prepayment of the amounts owed thereunder as of August 28, 2015, and expensed $2.5 million in deferred debt issuance costs during the three-month period ended September 30, 2015. Also in connection with our entry into the Credit Agreement, we recorded $2.4 million in deferred debt issuance costs as other assets in our consolidated balance sheet.

8. INCOME TAXES

Income taxes attributable to continuing operations consist of the following (amounts in millions):

	For the Years Ended December 31,		
	2015	2014	2013
Current income tax expense/(benefit):			
Federal	$ 2.2	$ (13.9)	$ (2.0)
State and local	0.5	(1.1)	0.3
	2.7	(15.0)	(1.7)
Deferred income tax expense/(benefit):			
Federal	(0.5)	21.0	(43.2)
State and local	(0.1)	1.6	(13.9)
Foreign	(0.1)	0.1	—
	(0.7)	22.7	(57.1)
Income tax expense/(benefit) from continuing operations	$ 2.0	$ 7.7	$ (58.8)

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Total income tax expense for the years ended December 31, 2015, 2014 and 2013 was allocated as follows (amounts in millions):

	For the Years Ended December 31,		
	2015	2014	2013
Income from continuing operations	$ 2.0	$ 7.7	$ (58.8)
Income from discontinued operations	—	(0.1)	(2.2)
Interest expense	0.2	(0.1)	0.1
Goodwill	(0.1)	—	—
Stockholders’ equity	(2.1)	0.6	2.2
	$ —	$ 8.1	$ (58.7)

A reconciliation of significant differences between the reported amount of income tax expense and the expected amount of income tax expense that would result from applying the U.S. federal statutory income tax rate of 35 percent to income before taxes from continuing operations is as follows:

	For the Years Ended December 31,		
	2015 (1)	2014	2013
Income tax expense/(benefit) at U.S. federal statutory rate	35.0 %	35.0 %	(35.0)%
State and local income taxes, net of federal income tax benefit	(7.1)	5.8	(4.4)
Valuation allowance	79.1	1.5	—
Tax credits	136.0	(8.4)	(1.2)
Uncertain tax positions	(230.3)	0.6	2.3
Other items, net (2)	(663.3)	2.1	—
Income tax expense/(benefit)	(650.6)%	36.6 %	(38.3)%

(1) The information provided for the year ended December 31, 2015 does not provide a meaningful reconciliation of the effective tax rate or comparable to other periods. The effective tax rate for the year is influenced by the relationship of the amount of “effective tax rate drivers” (i.e. non-deductible expenses, non-taxable income, tax credits, valuation allowance, uncertain tax positions, etc.) to income or loss before taxes. A significant asset impairment was recorded in the first quarter, resulting in a scenario where the company’s loss before tax for the year was near zero. Consequently, for 2015, the relationship between the “effective tax rate drivers” and loss before taxes is distorted.

(2) Includes various items such as, non-deductible expenses, non-taxable income, return-to-accrual adjustments, and foreign tax rate differential.

As of December 31, 2015 and 2014, the Company had income taxes receivable of $0.5 million and $15.0 million, respectively, included in other current assets. The $15.0 million receivable at December 31, 2014, primarily includes a U.S. federal tax receivable of $14.3 million from the carry back of U.S. federal net operating losses to December 31, 2012 and 2011. During 2015, the Company received the $14.3 million U.S. federal refund from the carry back claims.

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Deferred tax assets (liabilities) consist of the following components (amounts in millions):

	As of December 31, 2015	As of December 31, 2014
Deferred tax assets:		
Allowance for doubtful accounts	$ 6.4	$ 5.6
Accrued expenses	—	1.2
Accrued bonus	4.0	—
Workers' compensation	9.8	8.1
Amortization of intangible assets	72.2	89.2
Share-based compensation	5.0	3.3
Net operating loss carryforwards (1)	48.5	59.3
Tax credit carryforwards (2)	4.7	2.6
Other	5.1	1.8
Gross deferred tax assets	155.7	171.1
Less: valuation allowance	(0.3)	(0.6)
Net deferred tax assets	155.4	170.5
Deferred tax (liabilities):		
Property and equipment	(9.5)	(31.3)
Deferred revenue	(18.5)	(16.8)
Other liabilities	(2.2)	—
Gross deferred tax (liabilities)	(30.2)	(48.1)
Net deferred tax assets (liabilities)	$ 125.2	$ 122.4

(1) The net operating loss ("NOL") carry forwards in the income tax returns include unrecognized tax benefits resulting from uncertain tax positions. Accordingly, the deferred tax assets recognized for the NOL carry forwards, as of December 31, 2015 and 2014, are presented net of unrecognized tax benefits of $3.1 million.

(2) The tax credit carry forwards in the income tax returns include unrecognized tax benefits resulting from uncertain tax positions. Accordingly, the deferred tax assets recognized for the tax credit carry forwards, as of December 31, 2015 and 2014, are presented net of unrecognized tax benefits of $0.7 million and $0.3 million, respectively.

Classification in the consolidated balance sheet (amounts in millions):

	As of December 31, 2015 (1)	As of December 31, 2014
Current deferred tax liabilities	—	(2.4)
Noncurrent deferred tax assets	125.2	124.8
Net deferred tax assets (liabilities)	$125.2	$ 122.4

(1) In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes (Topic 740)*, which required that deferred tax liabilities and assets be classified as noncurrent. Since early adoption is permitted, the Company has decided to apply ASU 2015-17 to the current period, resulting in a classification of all December 31, 2015 deferred tax assets and liabilities as noncurrent. The Company has not, however, retrospectively adjusted the prior period balances.

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As of December 31, 2015, we have U.S. NOL carry forwards of $116.3 million that are available to reduce future taxable income and begins to expire in 2034. In addition, we have research and development tax credits, employment tax credits, and alternative minimum tax credits of $1.9 million, $0.4 million and $1.0 million, respectively, available to reduce future U.S. federal income taxes. The research and development tax credits and employment tax credits begin to expire in 2032, and the alternative minimum tax credits are available indefinitely.

As of December 31, 2015, we have state NOL carry forwards of $254.3 million that are available to reduce future taxable income. In addition, we have $3.1 million of various state tax credits available to reduce future taxable income. The state NOL and tax credit carry forwards begin to expire at various times.

The valuation allowance for deferred tax assets as of December 31, 2015 and 2014 was $0.3 million and $0.6 million, respectively. The net change in the total valuation allowance for the year ended December 31, 2015 and December 31, 2014 was a decrease of $0.3 million and an increase of $0.3 million, respectively. The valuation allowance during 2015 and 2014 was primarily related to certain state NOL and state tax credit carry forwards.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those jurisdictions during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income, and tax-planning strategies in making this assessment. In order to fully realize the deferred tax assets, the Company will need to generate future taxable income before the expiration of the carry forwards governed by the tax code. Based on the current level of pretax earnings (excluding the significant asset impairment recorded during the three-month period ended March 31, 2015) and estimates of future taxable income, the Company will generate the minimum amount of future taxable income to support the realization of the deferred tax assets. As a result, management believes that it is more likely than not that we will realize the benefits of these deferred tax assets, net of the existing valuation allowances at December 31, 2015. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Uncertain Tax Positions

We account for uncertain tax positions in accordance with the authoritative guidance for uncertain tax positions. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (amounts in millions):

	For the Years Ended December 31, 2015	2014
Balance at beginning of period	$ 4.0	$ 3.9
Additions for tax positions related to current year	—	0.3
Additions for tax positions related to prior year	1.0	—
Reductions for tax positions related to prior years	—	—
Lapse of statute of limitations	(0.3)	(0.2)
Settlements	—	—
Balance at end of period	$ 4.7	$ 4.0

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As of December 31, 2015, there are $0.2 million, $0.7 million and $3.8 million of unrecognized tax benefits recorded in accrued expenses, other long-term obligations and deferred income taxes, respectively, within the consolidated balance sheet.

Included in the balance of unrecognized tax benefits at December 31, 2015 is $4.7 million of tax benefits that, if recognized in future periods, would impact our effective tax rate.

During the years ended December 31, 2015 and 2014, we recognized interest and penalties of $0.2 million and $0.1 million, respectively, as components of penalties or interest expense in connection with our reserve for uncertain tax positions. Interest and penalties, related to uncertain tax positions, included in the consolidated balance sheet at December 31, 2015 and 2014 were less than $0.2 million for each year.

We are subject to income taxes in the U.S. and in many of the 50 individual states, with significant operations in Louisiana, Alabama, Georgia, and Tennessee. We are open to examination in the U.S. and in various individual states for tax years ended December 31, 2012 through December 31, 2015. We are also open to examination in various states for the years ended 2001 – 2015 resulting from net operating losses generated and available for carry forward from those years.

We believe that it is reasonably possible that decreases of up to $0.6 million in unrecognized tax benefits, each of which are individually insignificant, may be recognized by the end of December 31, 2016 as a result of an anticipated settlement and lapse of the statute of limitations.

9. CAPITAL STOCK AND SHARE-BASED COMPENSATION

We are authorized by our Certificate of Incorporation to issue 60,000,000 shares of common stock, $0.001 par value and 5,000,000 shares of preferred stock, $0.001 par value. As of December 31, 2015, there were 34,786,966 and 33,607,282 shares of common stock issued and outstanding, respectively, and no shares of preferred stock issued or outstanding. Our Board of Directors is authorized to fix the dividend rights and terms, conversion and voting rights, redemption rights and other privileges and restrictions applicable to our preferred stock.

Share-Based Awards

Our 2008 Omnibus Incentive Compensation Plan (the "Plan") authorizes the grant of various types of equity-based awards, such as stock awards, restricted stock units, stock appreciation rights and stock options to eligible participants, which include all of our employees and all employees of our 50% or more owned subsidiaries, our non-employee directors and certain consultants. The vesting terms of the awards may be tied to continued employment (or, for our non-employee directors, continued service on the Board of Directors) and/or achievement of certain pre-determined performance goals. We refer to stock awards subject to service-based vesting conditions as "non-vested stock" and restricted stock units subject to service-based and performance-based or market-based vesting conditions as "non-vested stock units." The Plan is administered by the Compensation Committee of our Board of Directors, which determines, within the provisions of the Plan, those eligible employees to whom, and the times at which, awards shall be granted. The Compensation Committee, in its discretion, may delegate its authority and duties under the Plan to specified officers; however, only the Compensation Committee may approve the terms of awards to our executive officers.

Equity-based awards may be granted for a number of shares not to exceed, in the aggregate, approximately 5.5 million shares of common stock, and we had approximately 1.3 million shares available at December 31, 2015. The price per share for stock options shall be of no less than the greater of (a) 100% of the fair value of a share of common stock on the date the option is granted or (b) the aggregate par value of the shares of our common stock on the date the option is granted. If a stock option is granted to any owner of 10% or more of our total combined voting power of us and our subsidiaries, the price is to be at least 110% of the fair value of a share of our common stock on the date the award is granted. Each equity-based award vests ratably over a 12 month-to-six year period, with the exception of those issued under contractual arrangements that specify otherwise, that may be exercised during a period as determined by our Compensation Committee or as otherwise approved by our Compensation Committee. The contractual terms of stock options exercised shall not exceed ten years from the date such option is granted.

Employee Stock Purchase Plan ("ESPP")

We have a plan whereby our eligible employees may purchase our common stock at 85% of the market price at the time of purchase. On June 7, 2012, our stockholders ratified an amendment adopted by our Board of Directors to increase the total number of shares of our common stock authorized for the issuance under our ESPP from 2,500,000 shares to 4,500,000 shares, and as of December 31, 2015, there were 1,522,288 shares available for future issuance. The following is a detail of the purchases that were made or pending Board of Director approval under the plan:

Employee Stock Purchase Plan Period	Shares Issued	Price
2013 and Prior	2,755,337	$13.67
January 1, 2014 to March 31, 2014	52,718	12.66
April 1, 2014 to June 30, 2014	38,679	14.23
July 1, 2014 to September 30, 2014	32,573	17.14
October 1, 2014 to December 31, 2014	20,221	24.95
January 1, 2015 to March 31, 2015	24,368	22.76
April 1, 2015 to June 30, 2015	15,750	33.77
July 1, 2015 to September 30, 2015	18,984	32.27
October 1, 2015 to December 31, 2015	19,082	33.42
	2,977,712	

ESPP expense included in general and administrative expense in our accompanying consolidated statements of operations was $0.4 million, $0.4 million and $0.5 million for 2015, 2014 and 2013, respectively.

Stock Options

We use the Black-Scholes option pricing model to estimate the fair value of our stock options. There were no stock options granted during 2013; there were 590,647 and 250,000 options granted during 2015 and 2014, respectively. Stock option compensation expense included in general and administrative expense in our accompanying consolidated statements of operations was $3.8 million and $0.1 million for 2015 and 2014, respectively.

The fair value of the 2015 awards were estimated using the following assumptions:

Risk Free Rate	1.46% – 1.93%
Expected Volatility	53.87% – 58.05%
Expected Term	5.50 – 6.76 years
Weighted Average Fair Value	$13.45 – $23.21

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We used the simplified method to estimate the expected term for the stock options granted during 2015.

The following table presents our stock option activity for 2015:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life (Years)
Outstanding options at January 1, 2015	277,536	$ 26.40	8.99
Granted	590,647	31.73	
Exercised	(15,380)	25.93	
Canceled, forfeited or expired	(14,309)	25.16	
Outstanding options at December 31, 2015	838,494	$ 30.18	9.31
Exercisable options at December 31, 2015	62,500	$ 26.65	8.96

The aggregate intrinsic value of our outstanding options and exercisable options at December 31, 2015 was $8.1 million and $0.8 million, respectively. Total intrinsic value of options exercised was $0.2 million, $0.1 million and $0.2 million for 2015, 2014 and 2013, respectively.

The following table presents our non-vested stock option award activity for 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock options at January 1, 2015	250,000	$ 26.65
Granted	590,647	31.73
Vested	(62,500)	26.65
Forfeited	(2,153)	43.63
Non-vested stock options at December 31, 2015	775,994	$ 30.47

At December 31, 2015, there was $9.8 million of unrecognized compensation cost related to stock options that we expect to be recognized over a weighted-average period of 2.6 years.

Non-Vested Stock

We issue shares of non-vested stock with vesting terms ranging from one to six years. The compensation expense is determined based on the market price of our common stock at the date of grant applied to the total number of shares that are anticipated to fully vest. Non-vested stock compensation expense included in general and administrative expenses in our accompanying consolidated statements of operations was $5.0 million, $4.6 million and $5.2 million for 2015, 2014 and 2013, respectively.

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The following table presents our non-vested stock award activity for 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock at January 1, 2015	917,959	$ 15.17
Granted	93,256	28.48
Vested	(355,396)	14.69
Canceled, forfeited or expired	(154,931)	14.34
Non-vested stock at December 31, 2015	500,888	$ 18.24

The weighted average grant date fair value of non-vested stock granted was $28.48, $16.38 and $10.91 in 2015, 2014, and 2013, respectively.

At December 31, 2015, there was $4.1 million of unrecognized compensation cost related to non-vested stock award payments that we expect to be recognized over a weighted average period of 1.4 years.

Non-Vested Stock Units – Service-Based

We issue non-vested stock unit awards that are service-based, performance-based or a combination of both with vesting terms ranging from one to six years. Based on the terms and conditions of these awards, we determine if the awards should be recorded as either equity or liability instruments. The compensation expense is determined based on the market price of our common stock at the date of grant, applied to the total number of units that are anticipated to vest, unless the award specifies differently. We account for such awards similar to our non-vested stock awards; however, no shares of stock are issued to the recipient until the stock unit awards have vested and after the pre-determined delivery date has occurred. Service-based non-vested stock unit compensation expense included in general and administrative expenses in our accompanying consolidated statements of operations was $1.0 million for 2015.

The following table presents our service-based non-vested stock units activity for 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock units at January 1, 2015	—	$ —
Granted	186,314	37.98
Vested	—	—
Canceled, forfeited or expired	(2,982)	43.63
Non-vested stock units at December 31, 2015	183,332	$ 37.89

The weighted average grant date fair value of service-based non-vested stock units granted was $37.98 in 2015.

At December 31, 2015, there was $5.9 million of unrecognized compensation cost related to our service-based non-vested stock units that we expect to be recognized over a weighted average period of 2.7 years.

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Non-Vested Stock Units – Service-Based and Performance-Based Awards

During 2015, we awarded performance-based awards to certain employees. The target level established by the award, which is based on the Company's 2015 adjusted earnings before interest, taxes and depreciation ("EBITDA"), provided for the recipients to receive 154,732 non-vested stock units if the target was achieved. The target number of shares to be potentially awarded has been reduced by forfeitures as indicated in the table below. Performance-based non-vested stock units compensation expense included in general and administrative expenses in our consolidated statements of operations was $1.3 million for 2015.

The following table presents our performance-based non-vested stock units activity for 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock units at January 1, 2015	—	$ —
Granted	154,732	39.54
Vested	—	—
Canceled, forfeited or expired	(3,669)	43.63
Non-vested stock units at December 31, 2015	151,063	$ 39.44

The weighted average grant date fair value of performance-based non-vested stock units granted was $39.54 in 2015.

At December 31, 2015, there were $4.6 million in unrecognized compensation costs related to our performance-based non-vested stock units that we expect to be recognized over a weighted average period of 2.2 years.

Non-Vested Stock Units – Service-Based and Market-Based Awards

During 2013, we awarded market-based awards to certain employees. The target level established by the award, which is based on our average December 2015 stock price, provided for the recipients to receive 417,330 non-vested stock units if the target is achieved. If the target objective is surpassed to the point of achieving the projected maximum payout, the recipients would receive 667,728 non-vested stock units. The target number of shares to be potentially awarded has been reduced by forfeitures as indicated in the table below.

For market-based awards, the effect of the market condition is reflected in the fair value of the awards at the date of grant using a Monte-Carlo simulation model. A Monte-Carlo simulation model estimates the fair value of the market-based award based upon the expected term, risk-free interest rate and expected volatility. Compensation expense for market-based awards is recognized over the vesting period regardless of whether the market conditions are expected to be achieved. Market-based non-vested stock units compensation expense included in general and administrative expenses in our accompanying consolidated statements of operations was $0.3 million, $0.5 million and $0.8 million for 2015, 2014 and 2013, respectively. The fair value of the 2013 award was estimated using the following assumptions:

Forward Interest Rate	0.327 % – 1.460%
Expected Volatility	54.38%
Requisite Service Period	3 years
Fair Value	$ 10.51

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The following table presents our market-based non-vested stock units activity for 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock units at January 1, 2015	225,745	$ 10.51
Granted	—	—
Vested	—	—
Canceled, forfeited or expired	(61,211)	10.51
Non-vested stock units at December 31, 2015	164,534	$ 10.51

The weighted average grant date fair value of market-based non-vested stock units granted was $10.51 in 2013.

At December 31, 2015, there were $0.2 million in unrecognized compensation costs related to our market-based non-vested stock units that we expect to be recognized over a weighted average period of 0.3 years.

10. COMMITMENTS AND CONTINGENCIES

Legal Proceedings – Ongoing

We are involved in the following legal actions:

Securities Class Action Lawsuits

On June 10, 2010, a putative securities class action complaint was filed in the United States District Court for the Middle District of Louisiana (the “District Court”) against the Company and certain of our current and former senior executives. Additional putative securities class actions were filed in the District Court on July 14, July 16, and July 28, 2010.

On January 18, 2011, the Co-Lead Plaintiffs filed an amended, consolidated class action complaint (the “Securities Complaint”) which supersedes the earlier-filed securities class action complaints. The Securities Complaint alleges that the defendants made false and/or misleading statements and failed to disclose material facts about our business, financial condition, operations and prospects, particularly relating to our policies and practices regarding home therapy visits under the Medicare home health prospective payment system and the related alleged impact on our business, financial condition, operations and prospects. The Securities Complaint seeks a determination that the action may be maintained as a class action on behalf of all persons who purchased the Company’s securities between August 2, 2005 and September 28, 2010 and an unspecified amount of damages.

All defendants moved to dismiss the Securities Complaint. On June 28, 2012, the District Court granted the defendants’ motion to dismiss the Securities Complaint. On July 26, 2012, the Co-Lead Plaintiffs filed a motion for reconsideration, which the District Court denied on April 9, 2013.

On May 3, 2013, the Co-Lead Plaintiffs appealed the dismissal of the Securities Complaint to the United States Court of Appeals for the Fifth Circuit (the “Fifth Circuit”). On October 2, 2014, a three-judge panel of the Fifth Circuit issued a decision reversing the District Court’s dismissal of the Securities Complaint. On October 16, 2014, all defendants filed a petition with the Fifth Circuit to review the three-judge panel’s decision *en banc*, or as a whole court. On December 29, 2014, the Fifth Circuit denied the defendants’ motion for *en banc* review of the Fifth Circuit panel’s decision reversing the District Court’s dismissal of the Securities Complaint. The case then returned to the District Court for further proceedings. On March 30, 2015, the defendants filed a Petition for Writ of Certiorari (the "Petition") with the United States Supreme Court asking the Supreme Court to consider whether the Fifth Circuit erred in reversing the District Court's dismissal of the Securities Complaint. The Supreme Court denied the Petition on June 29, 2015, which did not affect the ongoing proceedings before the District Court, including the District Court's consideration of a motion filed on April 3, 2015, by the Co-Lead Plaintiffs for leave to amend the Securities Complaint, which motion was granted by the District Court. On December 15, 2015, the defendants filed a motion to dismiss the Co-Lead Plaintiffs' First Amended Consolidated Complaint. All discovery in the case is currently stayed pursuant to federal law. No assurances can be given about the timing or outcome of this matter.

Wage and Hour Litigation

On July 25, 2012, a putative collective and class action complaint was filed in the United States District Court for the District of Connecticut against us in which three former employees allege wage and hour law violations. The former employees claim that they were not paid overtime for all hours worked over 40 hours in violation of the Federal Fair Labor Standards Act ("FLSA"), as well as the Pennsylvania Minimum Wage Act. More specifically, they allege they were paid on both a per-visit and an hourly basis, and that such a pay scheme resulted in their misclassification as exempt employees, thereby denying them overtime pay. Moreover, in response to a Company motion arguing that plaintiffs' complaint was deficient in that it was ambiguous and failed to provide fair notice of the claims asserted and plaintiffs' opposition thereto, the Court, on April 8, 2013, held that the complaint adequately raises general allegations that the plaintiffs were not paid overtime for all hours worked in a week over 40, which may include claims for unpaid overtime under other theories of liability, such as alleged off-the-clock work, in addition to plaintiffs' more clearly stated allegations based on misclassification. On behalf of themselves and a class of current and former employees they allege are similarly situated, plaintiffs seek attorneys' fees, back wages and liquidated damages going back three years under the FLSA and three years under the Pennsylvania statute. On October 8, 2013, the Court granted plaintiffs' motion for equitable tolling requesting that the statute of limitations for claims under the FLSA for plaintiffs who opt-in to the lawsuit be tolled from September 24, 2012, the date upon which plaintiffs filed their original motion for conditional certification, until 90 days after any notice of this lawsuit is issued following conditional certification. Following a motion for reconsideration filed by the Company, on December 3, 2013, the Court modified this order, holding that putative class members' FLSA claims are tolled from October 29, 2012 through the date of the Court's order on plaintiffs' motion for conditional certification. On January 13, 2014, the Court granted plaintiffs' July 10, 2013 motion for conditional certification of their FLSA claims and authorized issuance of notice to putative class members to provide them an opportunity to opt in to the action. On April 17, 2014, that notice was mailed to putative class members. The period within which putative class members were permitted to opt into the action expired on July 16, 2014.

On September 10, 2014, the plaintiffs in the Connecticut case filed a motion for leave to amend their complaint to add a new claim under the Kentucky Wage and Hour Act ("KWHA") alleging that the Company did not pay certain home health clinicians working in the Commonwealth of Kentucky all of the overtime wages they were owed, either because the Company misclassified them as exempt from overtime or, while treating them as overtime eligible, did not properly pay them overtime for all hours worked over 40 in a week. On behalf of themselves and a class of current and former employees they allege are similarly situated, plaintiffs seek attorneys' fees, back wages and liquidated damages going back five years before the filing of their original complaint under the KWHA. On October 1, 2014, the Company filed an opposition to the plaintiffs' motion to amend. On October 15, 2014, plaintiffs filed a reply brief in support of their motion. On December 12, 2014, the Court granted the plaintiffs' motion to amend the complaint to add the claims under the KWHA. The Company and the plaintiffs agreed to explore the possibility of a mediated settlement of the Connecticut case, and on

February 23, 2015 filed a joint motion to stay proceedings for six months to pursue that process, which was granted by the Court on February 24, 2015.

On June 10, 2015, the Company and plaintiffs participated in a mediation whereby they agreed to fully resolve all of plaintiffs' claims in the lawsuit for $8.0 million, subject to approval by the Court. The settlement agreement will be submitted to the Court for preliminary approval and plaintiffs will request certification of Pennsylvania and Kentucky classes for the sole purpose of this proposed settlement. If the Court grants preliminary approval, notice will be issued to members of the settlement classes to provide them with an opportunity to object to the settlement and, in the case of members of the Pennsylvania and Kentucky classes, opt out of the settlement. Following this notice period, the Court will hold a final fairness hearing for the purpose of considering objections and deciding whether to grant final approval of the settlement. As of September 30, 2015, we had an accrual of $8.0 million for this matter. On January 29, 2016, the Court approved the final settlement of this case. The settlement became effective on February 26, 2016. As a result of the final amount calculated by the settlement administrator based on claims timely submitted, we have reduced our accrual to $5.3 million as of December 31, 2015.

On September 13, 2012, a putative collective and class action complaint was filed in the United States District Court for the Northern District of Illinois against us in which a former employee alleges wage and hour law violations. The former employee claims she was paid on both a per-visit and an hourly basis, and that such a pay scheme resulted in her misclassification as an exempt employee, thereby denying her overtime. The plaintiff alleges violations of federal and state law and seeks damages under the FLSA and the Illinois Minimum Wage Law. Plaintiff seeks class certification of similar employees who were or are employed in Illinois and seeks attorneys' fees, back wages and liquidated damages going back three years under the FLSA and three years under the Illinois statute. On May 28, 2013, the Court granted the Company's motion to stay the case pending resolution of class certification issues and dispositive motions in the earlier-filed Connecticut case referenced above. On December 23, 2015 the parties agreed to explore the possibility of a mediated settlement of the Illinois case, and a mediation is scheduled to occur on April 18, 2016.

We are unable to assess the probable outcome or reasonably estimate the potential liability, if any, arising from the securities litigation described above. The Company intends to continue to vigorously defend itself in the securities litigation matter but, if decided adverse to the Company, its impact could be material. No assurances can be given as to the timing or outcome of the securities matter described above or the impact of any of the inquiry or litigation matters on the Company, its consolidated financial condition, results of operations or cash flows, which could be material, individually or in the aggregate.

Frontier Litigation

On April 2, 2015, Frontier Home Health and Hospice, L.L.C. ("Frontier") filed a complaint against us in the United States District Court for the District of Connecticut alleging breach of contract, negligent misrepresentation and unfair and deceptive trade practices under Conn. Gen. Stat. §42-110b. Frontier acquired our interest in five home health and four hospice care centers in Wyoming and Idaho in April 2014. The complaint alleges that certain of the hospice patients on service at the time of the acquisition did not meet Medicare eligibility requirements and that we breached certain of the representations and warranties under the purchase agreement and therefore, the businesses were worth less than the purchase price. Under the complaint, Frontier seeks declaratory judgment from the District Court that, under the terms of the purchase agreement with Frontier, we are obligated to determine the amount of the alleged Medicare overpayments and reimburse the government for the same in a timely manner, as well as unspecified compensatory and punitive damages, attorneys' fees and pre- and post-judgment interest.

We are unable to assess the probable outcome or reasonably estimate the potential liability, if any, arising from the Frontier litigation described above. The Company has engaged an independent auditing firm to perform a clinical audit of the hospice locations in question and intends to defend itself in the Frontier litigation matter. No assurances can be given as to the timing or outcome of the audit, the Frontier litigation matter described above or the impact of any of the audit or litigation matters on the Company, its consolidated financial condition, results of operations or cash flows, which could be material, individually or in the aggregate. In accordance with our corporate integrity agreement ("CIA") with the Office of Inspector General-HHS ("OIG") as discussed below under "Other Investigative Matters – Corporate Integrity Agreement", we have notified the OIG of this matter.

Subpoena Duces Tecum Issued by the U.S. Department of Justice

On May 21, 2015, we received a Subpoena Duces Tecum ("Subpoena") issued by the U.S. Department of Justice. The Subpoena requests the delivery of information regarding 53 identified hospice patients to the United States Attorney's Office for the District of Massachusetts. It also requests the delivery of documents relating to our hospice clinical and business operations and related compliance activities. The Subpoena generally covers the period from January 1, 2011, through the present. We are fully cooperating with the U.S. Department of Justice with respect to this investigation. No assurance can be given as to the timing or outcome of this investigation.

Civil Investigative Demand Issued by the U.S. Department of Justice

On November 3, 2015, we received a civil investigative demand ("CID") issued by the U.S. Department of Justice pursuant to the federal False Claims Act relating to claims submitted to Medicare and/or Medicaid for hospice services provided through designated facilities in the Morgantown, West Virginia area. The CID requests the delivery of information to the United States Attorney's Office for the Northern District of West Virginia regarding 66 identified hospice patients, as well as documents relating to our hospice clinical and business operations in the Morgantown area. The CID generally covers the period from January 1, 2009 through August 31, 2015. We are fully cooperating with the U.S. Department of Justice with respect to this investigation. No assurance can be given as to the timing or outcome of this investigation.

In addition to the matters referenced in this note, we are involved in legal actions in the normal course of business, some of which seek monetary damages, including claims for punitive damages. We do not believe that these normal course actions, when finally concluded and determined, will have a material impact on our consolidated financial condition, results of operations or cash flows.

Legal Proceedings – Settled

Shareholder Derivative Action

On August 24, 2015, Michael Bonhette, an alleged shareholder of the Company filed a derivative lawsuit in the United States District Court for the Middle District of Louisiana, purporting to assert claims on behalf of the Company against certain of our officers and directors. We were named as a nominal defendant in this action. The derivative complaint alleged that certain of our officers and directors breached their fiduciary duties to the Company by agreeing to allegedly unlawful provisions in the Company's Credit Agreement dated as of October 22, 2012, as amended (the "Prior Credit Agreement"), and the Company's Second Lien Credit Agreement dated as of July 28, 2014 (the "Second Lien Credit Agreement"). Each of the Prior Credit Agreement and the Second Lien Credit Agreement were terminated on August 28, 2015.

On October 14, 2015, the United Stated District Court for the Middle District of Louisiana issued an order granting a motion for dismissal voluntarily filed by the plaintiffs in this matter. Effective as of such date, the derivative lawsuit was dismissed without prejudice and at the cost of the plaintiffs.

Other Investigative Matters

Corporate Integrity Agreement

On April 23, 2014, with no admissions of liability on our part, we entered into a settlement agreement with the U.S. Department of Justice relating to certain of our clinical and business operations. Concurrently with our entry into this agreement, we entered into a corporate integrity agreement ("CIA") with the Office of Inspector General -HHS ("OIG"). The CIA formalizes various aspects of our already existing ethics and compliance programs and contains other requirements designed to help ensure our ongoing compliance with federal health care program requirements. Among other things, the CIA requires us to maintain our existing compliance program, executive compliance committee and compliance committee of the Board of Directors; provide certain compliance training; continue screening new and current employees to ensure they are eligible to participate in federal health care programs; engage an independent review organization to perform certain auditing and reviews and prepare certain reports regarding our compliance with federal health care programs, our billing submissions to federal health care programs and our compliance and risk mitigation programs; and provide certain reports and management certifications to the OIG. Additionally, the CIA specifically requires that we report substantial overpayments that we discover we have received from federal health care programs, as well as probable violations of federal health care laws. Upon breach of the CIA, we could become liable for payment of certain stipulated penalties, or could be excluded from participation in federal health care programs. The corporate integrity agreement has a term of five years.

During the course of our compliance with the CIA we have identified several such reportable events and have notified the OIG as required. The final resolution of these matters is still pending. As of December 31, 2015, we have an accrual in the amount of $4.7 million to cover all repayments of extrapolated overpayments, damages and penalties that we believe could be assessed.

Computer Inventory and Data Security Reporting

On March 1 and March 2, 2015, we provided official notice under federal and state data privacy laws concerning the outcome of an extensive risk management process to locate and verify our large computer inventory. The process identified approximately 142 encrypted computers and laptops for which reports were required under federal and state data privacy laws. The devices at issue were originally assigned to Company clinicians and other team members who left the Company between 2011 and 2014. We reported these devices to the U.S. Department of Health and Human Services, state agencies, and individuals whose information may be involved, as required under applicable law because we could not rule out unauthorized access to patient data on the devices. The Office of Civil Rights, U.S. Department of Health and Human Services ("OCR") is reviewing our compliance with applicable laws, as is typical for any data breach involving more than 500 individuals. We are cooperating with OCR in its review and if any other regulatory reviews are formally commenced, will cooperate with applicable regulatory authorities. In accordance with our CIA, we have notified the OIG of this matter.

Third Party Audits

From time to time, in the ordinary course of business, we are subject to audits under various governmental programs in which third party firms engaged by CMS conduct extensive review of claims data to identify potential improper payments under the Medicare program.

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In January 2010, our subsidiary that provides home health services in Dayton, Ohio received from a Medicare Program Safeguard Contractor ("PSC") a request for records regarding 137 claims submitted by the subsidiary paid from January 2, 2008 through November 10, 2009 (the "Claim Period") to determine whether the underlying services met pertinent Medicare payment requirements. Based on the PSC's findings for 114 of the claims, which were extrapolated to all claims for home health services provided by the Dayton subsidiary paid during the Claim Period, on March 9, 2011, the Medicare Administrative Contractor ("MAC") for the subsidiary issued a notice of overpayment seeking recovery from our subsidiary of an alleged overpayment of approximately $5.6 million. We dispute these findings, and our Dayton subsidiary has filed appeals through the Original Medicare Standard Appeals Process, in which we are seeking to have those findings overturned. A consolidated administrative law judge ("ALJ") hearing was held in late March 2013. In January 2014, the ALJ found fully in favor of our Dayton subsidiary on 74 appeals and partially in favor of our Dayton subsidiary on eight appeals. Taking into account the ALJ's decision, certain determinations that our Dayton subsidiary decided not to appeal as well as certain determinations made by the MAC, of the 114 claims that were originally extrapolated by the MAC, 76 claims have now been decided in favor of our Dayton subsidiary in full, 10 claims have been decided in favor of our Dayton subsidiary in part, and 28 claims have been decided against or not appealed by our Dayton subsidiary. The ALJ has ordered the MAC to recalculate the extrapolation amount based on the ALJ's decision. The Medicare Appeals Council can decide on its own motion to review the ALJ's decisions. As of December 31, 2015, we have recorded no liability with respect to the pending appeals as we do not believe that an estimate of a reasonably possible loss or range of loss can be made at this time.

In July 2010, our subsidiary that provides hospice services in Florence, South Carolina received from a Zone Program Integrity Contractor ("ZPIC") a request for records regarding a sample of 30 beneficiaries who received services from the subsidiary during the period of January 1, 2008 through March 31, 2010 (the "Review Period") to determine whether the underlying services met pertinent Medicare payment requirements. We acquired the hospice operations subject to this review on August 1, 2009; the Review Period covers time periods both before and after our ownership of these hospice operations. Based on the ZPIC's findings for 16 beneficiaries, which were extrapolated to all claims for hospice services provided by the Florence subsidiary billed during the Review Period, on June 6, 2011, the MAC for the subsidiary issued a notice of overpayment seeking recovery from our subsidiary of an alleged overpayment. We dispute these findings, and our Florence subsidiary has filed appeals through the Original Medicare Standard Appeals Process, in which we are seeking to have those findings overturned. An ALJ hearing was held in early January 2015. On January 18, 2016 we received a letter dated January 6, 2016 referencing the ALJ hearing decision for the overpayment issued on June 6, 2011. The decision was partially favorable with a new overpayment amount of $3.7 million with a balance owed of $5.6 million including interest based on 9 disputed claims (originally 16). We filed an appeal to the Medicare Appeals Council on the remaining 9 disputed claims and also argued that the statistical method used to select the sample was not valid. No assurances can be given as to the timing or outcome of the Medicare Appeals Council decision. In the event we pay any amount of this alleged overpayment, we are indemnified by the prior owners of the hospice operations for amounts relating to the period prior to August 1, 2009. As of December 31, 2015, we have recorded no liability for this claim as we do not believe that an estimate of a reasonably possible loss or range of loss can be made at this time.

Operating Leases

We have leased office space at various locations under non-cancelable agreements that expire between 2016 and 2026, and require various minimum annual rentals. Our typical operating leases are for lease terms of one to seven years and may include, in addition to base rental amounts, certain landlord pass-through costs for our pro-rata share of the lessor's real estate taxes, utilities and common area maintenance costs. Some of our operating leases contain escalation clauses, in which annual minimum base rentals increase over the term of the lease.

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Total minimum rental commitments as of December 31, 2015 are as follows (amounts in millions):

2016	$23.5
2017	16.0
2018	11.2
2019	7.4
2020	4.3
Future years	5.5
Total	$67.9

Rent expense for non-cancelable operating leases was $23.7 million, $26.5 million and $29.8 million for 2015, 2014 and 2013.

Insurance

We are obligated for certain costs associated with our insurance programs, including employee health, workers' compensation and professional liability. While we maintain various insurance programs to cover these risks, we are self-insured for a substantial portion of our potential claims. We recognize our obligations associated with these costs, up to specified deductible limits in the period in which a claim is incurred, including with respect to both reported claims and claims incurred but not reported. These costs have generally been estimated based on historical data of our claims experience. Such estimates, and the resulting reserves, are reviewed and updated by us on a quarterly basis.

The following table presents details of our insurance programs, including amounts accrued for the periods indicated (amounts in millions) in accrued expenses in our accompanying balance sheets. The amounts accrued below represent our total estimated liability for individual claims that are less than our noted insurance coverage amounts, which can include outstanding claims and claims incurred but not reported.

	As of December 31,	
Type of Insurance	**2015**	**2014**
Health insurance	$ 11.7	$ 11.2
Workers' compensation	23.9	20.8
Professional liability	4.1	3.9
	39.7	35.9
Less: long-term portion	(0.9)	(1.0)
	$ 38.8	$ 34.9

The retention limit per claim for our health insurance, worker's compensation and professional liability is $0.9 million, $0.5 million and $0.3 million, respectively.

Employment Contracts

We have commitments related to employment contracts with a number of our senior executives. These contracts generally commit us to pay severance benefits under certain circumstances.

Other

We are subject to various other types of claims and disputes arising in the ordinary course of our business. While the resolution of such issues is not presently determinable, we believe that the ultimate resolution of such matters will not have a significant effect on our consolidated financial condition, results of operations and cash flows.

11. EMPLOYEE BENEFIT PLANS

401(K) Benefit Plan

We maintain a plan qualified under Section 401(k) of the Internal Revenue Code for all employees who have reached 21 years of age, effective the first month after hire date. Under the plan, eligible employees may elect to defer a portion of their compensation, subject to Internal Revenue Service limits.

During 2015, 2014 and 2013, our match of contributions to be made to each eligible employee contribution is $0.375 for every $1.00 of contribution made up to the first 6% of their salary. The match is discretionary and thus is subject to change at the discretion of management. These contributions are made in the form of our common stock, valued based upon the fair value of the stock as of the end of each calendar quarter end. We expensed approximately $6.1 million, $6.2 million and $7.8 million for 2015, 2014 and 2013, respectively.

Deferred Compensation Plan

We had a Deferred Compensation Plan for additional tax-deferred savings to a select group of management or highly compensated employees. Amounts credited under the Deferred Compensation Plan were funded into a rabbi trust, which is managed by a trustee. The trustee has the discretion to manage the assets of the Deferred Compensation Plan as deemed fit, thus the assets are not necessarily reflective of the same investment choices made by the participants.

Effective January 1, 2015, all prospective salary deferrals ceased. Participants will be allowed to make transactions with any remaining account balances as they wish per plan guidelines.

12. STOCK REPURCHASE PROGRAM

On September 9, 2015, we announced that our Board of Directors authorized a stock repurchase program, under which we may repurchase up to $75 million of our outstanding common stock. Purchases may be made from time to time in open market transactions, block purchases or in private transactions in accordance with applicable federal securities laws and other legal requirements. We may enter into Rule 10b5-1 plans to effect some or all of the repurchases. The stock repurchase program is scheduled to expire on September 6, 2016.

The timing and the amount of the repurchases, if any, will be determined by management based on a number of factors, including but not limited to share price, trading volume and general market conditions, as well as on working capital requirements, general business conditions and other factors.

During 2015, pursuant to this program, we repurchased 116,859 shares of our common stock at a weighted average price of $39.20 per share and a total cost of approximately $4.6 million. The repurchased shares are classified as treasury shares.

13. EXIT AND RESTRUCTURING ACTIVITIES

As of December 31, 2013, we reported three home health care centers as held for sale. During 2014, we sold assets associated with two of these care centers for cash consideration of approximately $0.8 million and recognized a gain of approximately $0.8 million which is included in discontinued operations. The remaining care center classified as held for sale was consolidated with a care center servicing the same market during 2014.

During 2014, the Company sold its interest in five home health and four hospice care centers in Wyoming and Idaho for approximately $5.0 million and recognized a gain of $2.1 million. We also exited our hospice inpatient unit in New Hampshire and recognized a loss of $0.5 million.

In addition to the exit activity related to the care centers mentioned above, we consolidated 21 operating home health care centers and four operating hospice care centers with care centers servicing the same markets and closed 22 home health care centers and four hospice care centers during 2014. In connection with these care centers, we recorded non-cash charges of $2.2 million in other intangibles impairment expense related to the write-off of intangible assets, $2.1 million in other general and administrative expenses related to lease termination costs and $2.1 million in salaries and benefits related to severance costs. These care centers were not concentrated in certain selected geographical areas and did not meet the criteria to be classified as discontinued operations in accordance with applicable accounting guidance.

During 2013, we sold assets associated with two home health care centers in Alaska and Washington, as well as a hospice care center in Washington for cash consideration of approximately $1.6 million and recognized a gain of approximately $1.0 million which is included in discontinued operations. We also sold our membership interest in one of our unconsolidated joint ventures for cash consideration of approximately $0.5 million and recognized a loss of approximately $0.7 million, which is included in other income (expense).

We also reported 28 care centers as held for sale and sold assets associated with 17 of these home health care centers for cash consideration of approximately $1.4 million and recognized a gain of approximately $0.7 million which is included in discontinued operations. We closed eight of our home health care centers previously classified as held for sale and recorded charges of $0.1 million for the write-off of intangible assets and $0.5 million related to lease termination costs which are included in discontinued operations. Three of these home health care centers remained classified as held for sale as of December 31, 2013.

In addition to the sale and available for sale care centers mentioned above, we consolidated 41 operating home health care centers and five operating hospice care centers with care centers servicing the same markets and closed two home health care centers as of December 31, 2013. In connection with these care centers, we recorded charges of $3.6 million in goodwill and other intangibles impairment expense related to the write-off of intangible assets, $1.5 million in other general and administrative expenses related to lease termination costs and $1.8 million in salaries and benefits related to severance costs during 2013.

The care centers that were closed or sold in 2013 are presented in discontinued operations in our consolidated financial statements. See Note 4 – Discontinued Operations and Assets Held For Sale for additional information.

Restructuring Activity

During 2014, we restructured our regional leadership and corporate support functions. As such, we recorded charges of $3.4 million in salaries and benefits related to severance costs. In addition, during 2014, William F. Borne stepped down from his positions as Chief Executive Officer, Chairman and a member of our Board of Directors and we recorded charges of $2.3 million in salaries and benefits related to severance costs.

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Our reserve activity for our 2014 and 2013 exit and restructuring activity is as follows (amounts in millions):

	2014 Exit Activity		2013 Exit Activity	
	Lease Termination	Severance	Lease Termination	Severance
Balances at December 31, 2012	$ —	$ —	$ —	$ —
Charge in 2013	—	—	2.0	1.8
Cash expenditures in 2013	—	—	(0.5)	(0.5)
Balances at December 31, 2013	—	—	1.5	1.3
Charge in 2014	2.1	7.8	—	—
Cash expenditures in 2014	(1.6)	(5.5)	(1.2)	(1.3)
Balances at December 31, 2014	0.5	2.3	0.3	—
Charge in 2015	—	—	—	—
Cash expenditures in 2015	(0.4)	(1.9)	(0.2)	—
Balances at December 31, 2015	$ 0.1	$ 0.4	$ 0.1	$ —

14. VALUATION AND QUALIFYING ACCOUNTS

The following table summarizes the activity and ending balances in our allowance for doubtful accounts and estimated revenue adjustments (amounts in millions):

Allowance for Doubtful Accounts

Year End	Balance at Beginning of Year	Provision for Doubtful Accounts(1)	Write-Offs	Balance at End of Year
2015	$ 14.3	$ 14.1	$ (11.9)	$ 16.5
2014	14.2	16.4	(16.3)	14.3
2013	21.0	16.4	(23.2)	14.2

(1) Includes $0.1 million and $0.6 million from discontinued operations for the years ended December 31, 2014 and 2013, respectively.

Estimated Revenue Adjustments

Year End	Balance at Beginning of Year	Provision for Estimated Revenue Adjustments (1)	Write-Offs	Balance at End of Year
2015	$ 3.1	$ 6.1	$ (5.2)	$ 4.0
2014	3.9	5.1	(5.9)	3.1
2013	6.4	9.4	(11.9)	3.9

(1) Includes $0.1 million and $0.4 million from discontinued operations for the years ended December 31, 2014 and 2013, respectively.

15. SEGMENT INFORMATION

Our operations involve servicing patients through our two reportable business segments: home health and hospice. Our home health segment delivers a wide range of services in the homes of individuals who may be recovering from surgery, have a chronic disability or terminal illness or need assistance with the essential activities of daily living. Our hospice segment provides palliative care and comfort to terminally ill patients and their families. The "other" column in the following tables consists of costs relating to executive management and administrative support functions, primarily information services, accounting, finance, billing and collections, legal, compliance, risk management, procurement, marketing, clinical administration, training, human resources and administration.

Management evaluates performance and allocates resources based on the operating income of the reportable segments, which includes an allocation of corporate expenses directly attributable to the specific segment and includes revenues and all other costs directly attributable to the specific segment. Segment assets are not reviewed by the company's chief operating decision maker and therefore are not disclosed below (amounts in millions).

	For the Year Ended December 31, 2015			
	Home Health	Hospice	Other	Total
Net service revenue	$ 1,005.1	$275.4	$ —	$1,280.5
Cost of service, excluding depreciation and amortization	584.2	141.7	—	725.9
General and administrative expenses	263.2	62.7	126.5	452.4
Provision for doubtful accounts	12.2	1.9	—	14.1
Depreciation and amortization	5.2	1.4	13.4	20.0
Goodwill and other intangibles impairment charge	—	—	77.3	77.3
Operating expenses	864.8	207.7	217.2	1,289.7
Operating income (loss)	$ 140.3	$ 67.7	$(217.2)	$ (9.2)

	For the Year Ended December 31, 2014			
	Home Health	Hospice	Other	Total
Net service revenue	$ 956.9	$247.6	$ —	$1,204.5
Cost of service, excluding depreciation and amortization	559.4	131.7	—	691.1
General and administrative expenses	269.0	58.3	114.4	441.7
Provision for doubtful accounts	14.8	1.5	—	16.3
Depreciation and amortization	9.0	2.1	17.2	28.3
Goodwill and other intangibles impairment charge	1.6	1.5	—	3.1
Operating expenses	853.8	195.1	131.6	1,180.5
Operating income (loss)	$ 103.1	$ 52.5	$(131.6)	$ 24.0

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	For the Year Ended December 31, 2013			
	Home Health	Hospice	Other	Total
Net service revenue	$ 987.7	$261.6	$ —	$1,249.3
Cost of service, excluding depreciation and amortization	578.9	139.1	—	718.0
General and administrative expenses	304.8	64.7	104.5	474.0
Provision for doubtful accounts	10.2	5.7	—	15.9
Depreciation and amortization	10.3	2.1	24.5	36.9
U.S. Department of Justice settlement	—	—	150.0	150.0
Goodwill and other intangibles impairment charge	8.5	1.0	—	9.5
Operating expenses	912.7	212.6	279.0	1,404.3
Operating income (loss)	$ 75.0	$ 49.0	$(279.0)	$ (155.0)

16. UNAUDITED SUMMARIZED QUARTERLY FINANCIAL INFORMATION

			Net Income (Loss) Attributable to Amedisys, Inc. Common Stockholders(1)	
	Revenue	Net Income (Loss) Attributable to Amedisys, Inc.	Basic	Diluted
2015:				
1st Quarter (2)(3)	$ 301.6	$ (35.0)	$(1.07)	$ (1.07)
2nd Quarter (3)	314.1	10.6	0.32	0.32
3rd Quarter (2)(3)(5)	326.4	8.4	0.25	0.25
4th Quarter (3)(4)(5)	338.4	12.9	0.39	0.38
	$1,280.5	$ (3.0)	$(0.09)	$ (0.09)
2014:				
1st Quarter (6)(7)	$ 298.7	$ (12.4)	$(0.39)	$ (0.39)
2nd Quarter (8)(9)	305.0	7.6	0.24	0.23
3rd Quarter (9)(10)	300.3	8.4	0.26	0.26
4th Quarter (6)	300.5	9.1	0.28	0.28
	$1,204.5	$ 12.8	$ 0.39	$ 0.39

(1) Because of the method used in calculating per share data, the quarterly per share data may not necessarily total to the per share data as computed for the entire year.

(2) During the first quarter of 2015, we recorded a non-cash asset impairment charge to write-off the software costs incurred related to the development of AMS3 Home Health and Hospice in the amount of $45.5 million, net of income taxes. During the third quarter of 2015, we recorded a non-cash asset impairment charge related to our corporate headquarters in the amount of $1.2 million, net of income taxes.

(3) During each of the four quarters of 2015, we incurred certain costs associated with various legal matters. Net of income taxes, these costs amounted to $1.3 million, $4.8 million, $0.2 million and $(1.1) million for the three-month periods ended March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015, respectively.

(4) During the fourth quarter of 2015, we recorded an accrual related to an OIG Self-Disclosure matter. Net of income taxes, this charge amounted to $3.4 million.

(5) During the third and fourth quarters of 2015, we incurred certain costs associated with the implementation of Homecare Homebase. Net of income taxes, these costs amounted to $1.2 million and $1.4 million for the three-month periods ended September 30, 2015 and December 31, 2015, respectively.

(6) During the first and fourth quarters of 2014, we recognized non-cash other intangibles impairment charges of $1.4 million and $0.6 million, net of income taxes.

(7) During the first quarter of 2014, we recorded charges for the accrual of various relators' attorneys' fees and expenses in connection with the settlement agreement to resolve the U.S. Department of Justice investigation and the Stark Law Self-Referral matter and exit and restructuring activity costs. Net of income taxes, these charges amounted to $2.4 million and $6.1 million, respectively.

(8) During the second quarter of 2014, we recorded an accrual related to an OIG Self-Disclosure matter. Net of income taxes, this charge amounted to $0.9 million. Additionally, our results included a software write-off in the amount of $0.9 million, net of income taxes.

(9) Our results for the second quarter of 2014, included a gain related to the sale of care centers in the amount of $1.3 million, net of income taxes. Our results for the three months ended September 30, 2014, included a loss related to the disposal of our in-patient facility in the amount of $0.3 million, net of income taxes.

(10) During the third quarter of 2014, we recorded a charge related to the write-off of deferred financing fees in the amount of $0.3 million, net of income taxes.

17. SUBSEQUENT EVENT

On March 1, 2016, we acquired Associated Home Care, a private-duty home healthcare company with nine care centers for a purchase price of $28 million.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures which are designed to provide reasonable assurance of achieving their objectives and to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized, disclosed and reported within the time periods specified in the SEC's rules and forms. This information is also accumulated and communicated to our management and Board of Directors to allow timely decisions regarding required disclosure.

In connection with the preparation of this Annual Report on Form 10-K, as of December 31, 2015, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act.

Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2015, the end of the period covered by this Annual Report on Form 10-K.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control – Integrated Framework*, our management concluded our internal control over financial reporting was effective as of December 31, 2015.

Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

In conducting this evaluation, management did not include an assessment of internal control over financial reporting at Infinity HomeCare. As previously disclosed, on December 31, 2015, the Company completed the acquisition of Infinity HomeCare and consolidated the financial results of Infinity effective as of such date. Infinity accounted for approximately 1% of total assets and no revenue as of and for the year ended December 31, 2015. As a result of its evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015 based on those criteria.

KPMG LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Form 10-K, has issued a report on our internal control over financial reporting, which is included herein.

Changes in Internal Controls

During 2015, we began the implementation of Homecare Homebase ("HCHB") with a total of 84 care centers operating on HCHB as of December 31, 2015. The Company has included the changes to processes, information technology systems and other components of internal controls over financial reporting as part of its ongoing implementation activities as part of its review of internal controls over financial reporting.

There have been no other changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal controls over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls' effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and, based on an evaluation of our controls and procedures, our principal executive officer and our principal financial officer concluded our disclosure controls and procedures were effective at a reasonable assurance level as of December 2015, the end of the period covered by this Annual Report.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Amedisys, Inc.:

We have audited Amedisys, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Amedisys, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting* under Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Amedisys, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013),* issued by COSO.

Amedisys, Inc. acquired Infinity HomeCare on December 31, 2015, and management excluded from its assessment of the effectiveness of Amedisys, Inc.'s internal control over financial reporting as of December 31, 2015, Infinity HomeCare's internal control over financial reporting associated with approximately 1% of total assets and no revenues included in the consolidated financial statements of Amedisys, Inc as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting of Amedisys, Inc. also excluded an evaluation of the internal control over financial reporting of Infinity HomeCare.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Amedisys, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated March 9, 2016, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Baton Rouge, Louisiana
March 9, 2016

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the 2016 Proxy Statement to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

Code of Conduct and Ethics

We have adopted a code of ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. This code of ethics, which is entitled Code of Ethical Business Conduct, is posted at our internet website, http://www.amedisys.com. Any amendments to, or waivers of the code of ethics will be disclosed on our website promptly following the date of such amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the 2016 Proxy Statement to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the 2016 Proxy Statement to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the 2016 Proxy Statement to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to the 2016 Proxy Statement to be filed with the SEC within 120 days after the end of the year ended December 31, 2015.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

All financial statements are set forth under Part II, Item 8 of this report.

2. Financial Statement Schedules

There are no financial statement schedules included in this report as they are either not applicable or included in the financial statements.

3. Exhibits

The Exhibits are listed in the Exhibit Index required by Item 601 of Regulation S-K immediate following the signature pages of this report, which is incorporated by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMEDISYS, INC.

By: /S/ PAUL B. KUSSEROW
Paul B. Kusserow,
President, Chief Executive Officer and
Member of the Board

Date: March 9, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

Signature	Title	Date
/S/ PAUL B. KUSSEROW **Paul B. Kusserow**	President, Chief Executive Officer and Member of the Board (Principal Executive Officer)	March 9, 2016
/S/ RONALD A. LABORDE **Ronald A. LaBorde**	Vice Chairman, Chief Financial Officer and Member of the Board (Principal Financial Officer)	March 9, 2016
/S/ SCOTT G. GINN **Scott G. Ginn**	Senior Vice President of Finance and Accounting and Controller (Principal Accounting Officer)	March 9, 2016
/S/ LINDA J. HALL **Linda J. Hall**	Director	March 9, 2016
/S/ JAKE L. NETTERVILLE **Jake L. Netterville**	Director	March 9, 2016
/S/ BRUCE D. PERKINS **Bruce D. Perkins**	Director	March 9, 2016
/S/ DONALD A. WASHBURN **Donald A. Washburn**	Non-Executive Chairman of the Board	March 9, 2016
/S/ NATHANIEL M. ZILKHA **Nathaniel M. Zilkha**	Director	March 9, 2016

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EXHIBIT INDEX

The exhibits marked with the cross symbol (†) are filed and the exhibits marked with a double cross (††) are furnished with this Form 10-K. Any exhibits marked with the asterisk symbol (*) are management contracts or compensatory plans or arrangements filed pursuant to Item 601(b)(10)(iii) of Regulation S-K. The registrant agrees to furnish to the Commission supplementally upon request a copy of any schedules or exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K of any material plan of acquisition, disposition or reorganization set forth below.

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
3.1	Composite of Certificate of Incorporation of the Company inclusive of all amendments through June 14, 2007	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007	0-24260	3.1
3.2	Composite of By-Laws of the Company inclusive of all amendments through February 24, 2014	The Company's Annual Report on Form 10-K for the year ended December 31, 2013	0-24260	3.2
4.1	Common Stock Specimen	The Company's Registration Statement on Form S-3 filed August 20, 2007	333-145582	4.8
10.1	Form of Director Indemnification Agreement dated February 12, 2009	The Company's Annual Report on Form 10-K for the year ended December 31, 2008	0-24260	10.1
10.2*	Amended and Restated Amedisys, Inc. Employee Stock Purchase Plan dated June 7, 2012	The Company's Current Report on Form 8-K filed June 8, 2012	0-24260	10.1
10.3*	Composite Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan (inclusive of Plan amendments dated June 7, 2012 and October 25, 2012, April 23, 2015 and June 4, 2015 and the full text of the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan)	Appendix A to the Company's Annual Report on Form 10-K for the year ended December 31, 2013	0-24260	10.3
10.4*	Form of Nonvested Stock Award Agreement Issued under the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008	0-24260	10.3
10.5*	Form of Restricted Stock Unit Agreement Issued under the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008	0-24260	10.4
10.6*	Form of Stock Option Award Agreement Issued under the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan	The Company's Annual Report on Form 10-K for the year ended December 31, 2014	0-24260	10.6

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Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.7*	Form of Performance Stock Option Award Agreement Issued under the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan	The Company's Annual Report on Form 10-K for the year ended December 31, 2014	0-24260	10.7
10.8	Form of Restricted Stock Award Agreement Issued under the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan	The Company's Annual Report on Form 10-K for the year ended December 31, 2014	0-24260	10.8
10.9*	Form of Restricted Performance Stock Award Agreement Issued under the Amedisys, Inc. 2008 Omnibus Incentive Compensation Plan	The Company's Annual Report on Form 10-K for the year ended December 31, 2014	0-24260	10.9
10.10*	Composite Amedisys, Inc. 1998 Stock Option Plan (inclusive of amendments dated June 10, 2004, June 8, 2006 and June 22, 2006 and the full text of the Amedisys, Inc. 1998 Stock Option Plan)	The Company's Registration Statement on Form S-8 filed June 22, 2007	333-143967	4.2
10.11*	Composite Director's Stock Option Plan (inclusive of Plan amendments dated June 10, 2004, and the full text of the Directors Stock Option Plan)	The Company's Annual Report on Form 10-K for the year ended December 31, 2005	0-24260	10.4
10.12*	Employment Agreement dated December 11, 2014 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Paul B. Kusserow	The Company's Annual Report on Form 10-K for the year ended December 31, 2014	0-24260	10.12
10.13.1*	Employment Agreement dated November 1, 2011 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Ronald A. LaBorde	The Company's Current Report on Form 8-K filed November 2, 2011	0-24260	10.1
10.13.2*	Amendment No. 1 dated December 29, 2011 to Employment Agreement dated November 1, 2011 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Ronald A. LaBorde	The Company's Current Report on Form 8-K filed December 30, 2011	0-24260	10.2
10.13.3*	Amendment No. 2 dated December 19, 2012 to Employment Agreement dated November 1, 2011 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Ronald A. LaBorde	The Company's Annual Report on Form 10-K for the year ended December 31, 2013	0-24260	10.10.3
10.13.4*	Amendment No. 3 dated May 1, 2014 to Employment Agreement dated November 1, 2011 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Ronald A. LaBorde	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.4

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Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.14*	Agreement by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Dale E. Redman dated as of March 24, 2014	The Company's Current Report on Form 8-K dated March 19, 2014	0-24260	99.1
10.15.1*	Amended and Restated Employment Agreement dated January 3, 2011 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Jeffrey D. Jeter	The Company's Current Report on Form 8-K filed January 7, 2011	0-24260	10.2
10.15.2*	Amendment No. 1 dated December 19, 2012 to Amended and Restated Employment Agreement dated January 3, 2011 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Jeffrey D. Jeter	The Company's Annual Report on Form 10-K for the year ended December 31, 2013	0-24260	10.11.12
10.15.3*	Amendment No. 2 dated May 1, 2014 to Amended and Restated Employment Agreement dated January 3, 2011 by and among Amedisys, Inc., Amedisys Holding L.L.C. and Jeffrey D. Jeter	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.6
10.16.1*	Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and David R. Bucey	The Company's Current Report on Form 8-K filed July 27, 2010	0-24260	10.2
10.16.2*	Amendment No. 1 dated January 3, 2011 to Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and David R. Bucey	The Company's Current Report on Form 8-K filed January 7, 2011	0-24260	10.7
10.16.3*	Amendment No. 2 dated December 19, 2012 to Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and David R. Bucey	The Company's Annual Report on Form 10-K for the year ended December 31, 2013	0-24260	10.13.3
10.16.4*	Amendment No. 3 dated May 1, 2014 to Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and David R. Bucey	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.7
10.17.1*	Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Michael O. Fleming, M.D.	The Company's Current Report on Form 8-K filed July 27, 2010	0-24260	10.1

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.17.2*	Amendment No. 1 dated January 3, 2011 to Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Michael O. Fleming, M.D.	The Company's Current Report on Form 8-K filed January 7, 2011	0-24260	10.6
10.17.3*	Amendment No. 2 dated December 19, 2012 to Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Michael O. Fleming, M.D.	The Company's Annual Report on Form 10-K for the year ended December 31, 2013	0-24260	10.12.3
10.17.4*	Amendment No. 3 dated May 1, 2014 to Amended and Restated Employment Agreement dated July 23, 2010 by and among Amedisys, Inc., Amedisys Holding, L.L.C. and Michael O. Fleming, M.D.	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.5
10.18	Amedisys Holding, L.L.C. Severance Plan for Key Executives dated as of April 30, 2015 (inclusive of all amendments thereto adopted on or before December 17, 2015)	The Company's Current Report on Form 8-K dated December 22, 2015	0-24260	10.1
10.19.1	Credit Agreement dated October 26, 2012 among Amedisys, Inc. and Amedisys Holding, L.L.C., as co-borrowers, the several banks and other financial institutions party thereto from time to time, BOKF, NA DBA Bank of Texas, Compass Bank, Fifth Third Bank and RBS Citizens, N.A., as Documentation Agents, Bank of America, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Lead Arrangers and Joint Bookrunners	The Company's Current Report on Form 8-K filed on October 30, 2012	0-24260	10.1

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.19.2	First Amendment and Limited Waiver dated as of September 4, 2013 to the Credit Agreement dated October 26, 2012 among Amedisys, Inc. and Amedisys Holding, L.L.C., as co-borrowers, the several banks and other financial institutions party thereto from time to time, BOKF, NA DBA Bank of Texas, Compass Bank, Fifth Third Bank and RBS Citizens, N.A., as Documentation Agents, Bank of America, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Lead Arrangers and Joint Bookrunners	The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013	0-24260	10.1.1
10.19.3	Second Amendment dated as of November 11, 2013 to the Credit Agreement dated October 26, 2012 among Amedisys, Inc. and Amedisys Holding, L.L.C., as co-borrowers, the several banks and other financial institutions party thereto from time to time, BOKF, NA DBA Bank of Texas, Compass Bank, Fifth Third Bank and RBS Citizens, N.A., as Documentation Agents, Bank of America, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Lead Arrangers and Joint Bookrunners	The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013	0-24260	10.1.2

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Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.19.4	Third Amendment dated as of April 17, 2014 to the Credit Agreement dated October 26, 2012 among Amedisys, Inc. and Amedisys Holding, L.L.C., as co-borrowers, the several banks and other financial institutions party thereto from time to time, BOKF, NA DBA Bank of Texas, Compass Bank, Fifth Third Bank and RBS Citizens, N.A., as Documentation Agents, Bank of America, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Lead Arrangers and Joint Bookrunners	The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014	0-24260	10.3
10.19.5	Fourth Amendment dated as of July 28, 2014 to the Credit Agreement dated October 26, 2012 among Amedisys, Inc. and Amedisys Holding, L.L.C., as co-borrowers, the several banks and other financial institutions party thereto from time to time, BOKF, NA DBA Bank of Texas, Compass Bank, Fifth Third Bank and RBS Citizens, N.A., as Documentation Agents, Bank of America, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Lead Arrangers and Joint Bookrunners	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.1.2
10.20	Security and Pledge Agreement dated as of November 11, 2013, among Amedisys, Inc., Amedisys Holding, L.L.C., the Guarantors party thereto and JPMorgan Chase Bank, N.A., not in its individual capacity but solely as Administrative Agent	The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013	0-24260	10.2
10.21	Second Lien Credit Agreement dated as of July 28, 2014 by and among Amedisys, Inc. and Amedisys Holding, L.L.C., as co-borrowers, the banks and other financial institutions or entities from time to time parties thereto as lenders, and Cortland Capital Market Services LLC, as Administrative Agent	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.8

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Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.22	Second Lien Security and Pledge Agreement dated as of July 28, 2014 by and among Amedisys, Inc., Amedisys Holding, L.L.C, the guarantors party thereto and Cortland Capital Market Services LLC, not in its individual capacity, but solely as collateral agent for the secured parties	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.9
10.23	Intercreditor Agreement dated as of July 28, 2014 by and among JPMorgan Chase Bank, N.A., as Administrative Agent for the first priority secured parties, Cortland Capital Market Services LLC, as Administrative Agent for the second priority secured parties, and the direct and indirect subsidiaries of Amedisys, Inc. and Amedisys Holding, L.L.C. from time to time party thereto	The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014	0-24260	10.10
10.24.1	Credit Agreement dated as of August 28, 2015, among Amedisys, Inc. and Amedisys Holding, L.L.C., as borrowers, certain subsidiaries of Amedisys, Inc. party thereto as guarantors, Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer, JPMorgan Chase Bank, N.A., as Syndication Agent, Citizens Bank, N.A., Compass Bank, Fifth Third Bank, and Regions Bank, as Co-Documentation Agents, the lenders party thereto, Merrill Lynch, Pierce Fenner & Smith Incorporated, Citizens Bank N.A., Fifth Third Bank and J.P. Morgan Securities LLC, as Joint Lead Arrangers, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as Joint Bookrunners	The Company's Current Report on Form 8-K filed September 2, 2015	0-24260	10.1
10.24.2	Security Agreement dated as of August 28, 2015, among Amedisys, Inc. and Amedisys Holding, L.L.C., as borrowers, certain other parties identified as "grantors" on the signature pages thereto and Bank of America, N.A., in its capacity as Administrative Agent	The Company's Current Report on Form 8-K filed September 2, 2015	0-24260	10.2

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Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
10.24.3	Pledge Agreement dated as of August 28, 2015, among Amedisys, Inc. and Amedisys Holding, L.L.C., as borrowers, certain other parties identified as "pledgers" on the signature pages thereto, and Bank of America, N.A., in its capacity as Administrative Agent	The Company's Current Report on Form 8-K filed September 2, 2015	0-24260	10.3
10.25	Settlement Agreement effective April 23, 2014 by and among (a) the United States of America, acting through the United States Department of Justice and on Behalf of the Office of Inspector General of the Department of Health and Human Services, (b) Amedisys, Inc. and Amedisys Holding, L.L.C. and (c) the various Relators named therein	The Company's Current Report on Form 8-K filed on April 24, 2014	0-24260	10.1
10.26	Corporate Integrity Agreement effective April 22, 2014 between the Office of Inspector General of the Department of Health and Human Services and Amedisys, Inc. and Amedisys Holding, L.L.C.	The Company's Current Report on Form 8-K filed on April 24, 2014	0-24260	10.2
† 10.27	Agreement and Plan of Merger dated October 31, 2015 by and among Amedisys Health Care West, L.L.C., IHC Acquisitions, L.L.C., Infinity Home Care, L.L.C., Axiom HealthEquity Holdings Management, LLC, Infinity Healthcare Holdings, LLC, and Amedisys, Inc.			
† 10.28	Agreement of Purchase and Sale dated as of November 25, 2015, between Amedisys, Inc., through its wholly-owned subsidiary, Amedisys Property, L.L.C., as seller and Franciscan Missionaries of Our Lady of the Lake Heath System, Inc., as purchaser.			
† 21.1	Subsidiaries of the Registrant			
† 23.1	Consent of KPMG LLP			
† 31.1	Certification of Paul B. Kusserow, President and Chief Executive Officer (principal executive officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			

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Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit or Other Reference
† 31.2	Certification of Ronald A. LaBorde, Vice Chairman and Chief Financial Officer (principal financial officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
††32.1	Certification of Paul B. Kusserow, President and Chief Executive Officer (principal executive officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
††32.2	Certification of Ronald A. LaBorde, Vice Chairman and Chief Financial Officer (principal financial officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
†101.INS	XBRL Instance			
†101.SCH	XBRL Taxonomy Extension Schema Document			
†101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
†101.DEF	XBRL Taxonomy Extension Definition Linkbase			
†101.LAB	XBRL Taxonomy Extension Labels Linkbase Document			
†101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			

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Section 2: EX-10.27 (EX-10.27)

Exhibit 10.27

AGREEMENT AND PLAN OF MERGER

by and among

AMEDISYS HEALTH CARE WEST, L.L.C.,

IHC ACQUISITIONS, L.L.C.,

INFINITY HOME CARE, L.L.C.

AXIOM HEALTHEQUITY HOLDINGS MANAGEMENT, LLC,

INFINITY HEALTHCARE HOLDINGS, LLC,

and

AMEDISYS, INC.

Dated as of October 31, 2015

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Exhibit

Schedules

AGREEMENT AND PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER** is made and entered into and effective as of October 31, 2015, by and among **INFINITY HOME CARE, L.L.C.,** a Florida limited liability company (the "Company"), **IHC ACQUISITIONS, L.L.C.,** a Florida limited liability company **("**Merger Sub"), and **AMEDISYS HEALTH CARE WEST,** L.L.C., a Delaware limited liability company and the sole member of Merger Sub ("Parent"). Axiom HealthEquity Holdings Management, LLC, a Delaware limited liability company, also joins this Agreement in its capacity as the initial "Agent" for the Equityholders; Amedisys, Inc., a Delaware corporation ("Amedisys"), also joins in this Agreement solely for purposes of Sections 4.16 and 4.17 (i) hereof; and Infinity Healthcare Holdings, LLC, a Delaware limited liability company and the majority holder of Series A Preferred Units of the Company (the "Key Unit Holder"), also joins in this Agreement solely for purposes of Sections 2.7(c), 2.7(e), 3.3, 4.12, 4.17(f), 4.17(g) and 7.2(c).

BACKGROUND

Parent desires to acquire all of the issued and outstanding membership interests of the Company and, indirectly through the Company, each Subsidiary thereof. Parent has formed Merger Sub solely for the purpose of merging it with and into the Company (the "Merger") as set forth below, with the Company continuing as the surviving entity and becoming thereby a wholly-owned subsidiary of Parent.

The Board of Managers of the Company and the Key Unit Holder have approved the Merger and shall exercise their "drag-along" rights in accordance with Section 7.4 of the Company Operating Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINED TERMS

Section 1.1 Definitions. For purposes of this Agreement, the following capitalized terms have the meanings assigned to them in this Section 1.1. Capitalized terms used in this Agreement and not defined in this Section 1.1, have the meanings assigned to them elsewhere in this Agreement.

"Action" means any action, claim, complaint, formal investigation, petition, suit, arbitration or similar proceeding, whether civil or criminal, at law or in equity by or before any Governmental Entity.

"Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" means the Person designated as the "Agent" for purposes of Section 8.5, determined as of the time of reference.

"Agent Fund" has the meaning set forth in Section 2.4(b).

"Agreement" means this Agreement and Plan of Merger, as the same may be amended or supplemented, together with all exhibits and schedules attached hereto.

"AHCA" means the Florida Agency for Health Care Administration.

"AHCA CHOW Date" has the meaning set forth in Section 4.6(a).

"Allocation Statement" has the meaning set forth in Section 4.14(b).

"Amedisys Credit Facility" has the meaning set forth in Section 4.17(i).

"Arbitrators" has the meaning set forth in Section 8.3(c).

"Articles of Merger" means articles of merger conforming to the requirements of Sections 605.1021—605.1026 of the Florida LLC Act, in substantially in the form attached hereto as Exhibit C, as modified by the agreement of Parent and the Company.

"Asserted Liability" has the meaning set forth in Section 7.4(b).

"AW", "AW Obligations" and "AW Stock Purchase Agreement" have the meanings given to them in the definition of "Indebtedness" in this Article I.

"AW Escrow Amount" has the meaning set forth in Section 2.4(a)(ii).

"Balance Sheet" means the unaudited, consolidated balance sheet of the Merged Companies as of the Balance Sheet Date.

"Balance Sheet Date" means August 31, 2015.

"Base Claim" has the meaning set forth in Section 7.2(b).

"Base Purchase Price" means $63,000,000.

"Benefit Plan" means each "employee benefit plan" within the meaning of Section 3(3) of ERISA that is established, maintained, sponsored or contributed to by any of the Merged Companies for the benefit of any current or former employees, contractors, directors or officers thereof, including, without limitation, any pension, retirement, savings, disability, medical, dental, health, life, death benefit, group insurance, profit sharing, deferred compensation, stock option, bonus, incentive, or performance awards, vacation pay, actual or phantom ownership of any Company Unit, tuition reimbursement, severance or termination pay, or other employee benefit plan, trust, agreement, contract, arrangement, practice, program, policy or commitment.

"Board of Directors" means (i) with respect to a corporation, its board of directors, (ii) with respect to a limited liability company, its board of managers (if any), managers (if manager managed), managing members (if member managed) or other governing body, and (iii) with respect to any other non-natural Person, its equivalent governing body.

"Bonus Receipt Agreement" has the meaning set forth in Section 2.5(c).

"Business Day" means any day other than a Saturday, Sunday or a day on which banks are permitted or required to be closed in Tampa, Florida, and Baton Rouge, Louisiana.

"Buyer Indemnitees" has the meaning set forth in Section 7.2(a).

"Certificate" has the meaning set forth in Section 2.5(b)(i).

"Claim Notice" has the meaning set forth in Section 7.4(a).

"Closing" has the meaning set forth in Section 2.2.

"Closing Cash" has the meaning set forth in Section 2.3(a)(i).

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Working Capital" has the meaning set forth in Section 2.3(a)(ii).

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Rules" has the meaning set forth in Section 8.3(c).

"Company" has the meaning set forth in the first paragraph of this Agreement.

"Company Contracts" has the meaning set forth in Section 3.1(k).

"Company Expenses" has the meaning set forth in Section 2.4(b).

"Company Firm" has the meaning set forth in Section 8.17.

"Company Intellectual Property" means all Intellectual Property owned by or licensed to any of the Merged Companies.

"Company Knowledge Group" has the meaning set forth in the definition of "Knowledge."

"Company Lease" has the meaning set forth in Section 3.1(h)(iii).

"Company Operating Agreement" means that certain Second Amended and Restated Operating Agreement of the Company, dated August 19, 2010, among the Company and the Equityholders, as amended by that certain First Amendment thereto dated January 27, 2013.

"Company Owned Real Property" means any real property owned by a Merged Company.

"Company Phantom Units" mean (a) the equity-based compensation units granted pursuant to the Conversion Award Agreements (as defined in the Company Operating Agreement), and (b) the equity-based compensation units granted pursuant to the Phantom Unit Agreements effective December 12, 2013, and April 1, 2015.

"Company Units" mean (a) the Series A Preferred Units of the Company, (b) the Class A Common Units of the Company, (c) the Class B Common Units of the Company, and (d) the Class C Common Units of the Company, in each case, as defined in, and having the rights and obligations set forth in, the Company Operating Agreement.

"Continuing Employee" has the meaning set forth in Section 4.2.

"Contract" means any contract, agreement, indenture, lease or sublease, purchase order, license, note, bond or mortgage.

"Deductible" has the meaning set forth in Section 7.3(b).

"Disclosure Schedule" means the disclosure schedule of the Company referred to in and delivered to Parent pursuant to this Agreement.

"Dispute" has the meaning set forth in Section 8.3(a).

"Disputed Items" has the meaning set forth in Section 2.7(c).

"Disputed Items Notice" has the meaning set forth in Section 2.7(b).

"Effective Time" has the meaning set forth in Section 2.1(b).

"Encumbrance" means any charge, lien, encumbrance, security interest, option, pledge, mortgage, deed of trust, hypothecation, conditional sale or restriction on transfer of title or voting, whether imposed by agreement, understanding, law, equity or otherwise, except for any restrictions on transfer generally arising under any applicable federal or state securities laws, rules or regulations.

"Environmental Law" means any Law enacted and in effect on or prior to the Closing concerning pollution or the protection of the environment or human exposure to Hazardous Materials, including any use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, management, disposal, remediation, Release or threatened Release of, or exposure to, any Hazardous Material.

"Environmental Permit" means any Permit required under any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the related regulations and published interpretations.

"ERISA Affiliate" means any trade or business, whether or not incorporated, that, together with any of the Merged Companies, is treated as a "single employer" under Section 4001 of ERISA or Section 414(b), (c), (m), or (o) of the Code and any related Treasury regulation.

"Escrow Agent" has the meaning set forth in Section 2.4(a)(ii).

"Escrow Agreement" means the Escrow Agreement, dated as of the Closing Date, by and among Parent, the Agent and the Escrow Agent, in the form attached hereto as Exhibit A.

"Estimated Merger Consideration" has the meaning set forth in Section 2.3(a)(iii).

"Estimated Merger Consideration Certificate" has the meaning set forth in Section 2.3(b)(i).

"Escrow Fund" has the meaning set forth in Section 2.4(a)(ii).

"Equityholders" means the holders of Company Units.

"Excluded ADR Receivables" mean the accounts receivable of the Merged Companies listed on Schedule I.

"Financial Statements" means the audited, consolidated balance sheets and related consolidated statements of income, changes in equityholders' equity and cash flows of the Merged Companies as of and for the fiscal years ended December 31, 2013 and 2014, and the unaudited interim financial statements of the Merged Companies for the eight-month period ending on the Balance Sheet Date, including any notes thereto.

"Florida LLC Act" means the Florida Revised Limited Liability Company Act, Chapter 605 of the Florida Statues, as amended.

"Fraud" means, with respect to the Company or the Key Unit Holder, an actual and intentional fraud with respect to the making of the representations and warranties expressly set forth in Sections 3.1 or 3.3, as applicable, and does not include any other form of fraud or misrepresentation (whether reckless, negligent, constructive or otherwise), provided, that such actual and intentional fraud of such Person shall only be deemed to exist if any of the individuals included in the related "knowledge group" of such Person (as set forth in the definition of "Knowledge) had actual knowledge that the representations and warranties made by such Person in Sections 3.1 or 3.3, as applicable, were actually breached when made, with the express intention to deceive the Parent and that Parent rely thereon to its detriment.

"Fundamental Representations" has the meaning set forth in Section 7.1.

"GAAP" means generally accepted accounting principles in the United States, as in effect from time to time, consistently applied.

"Governmental Entity" means any national, federal, state or local government, or any regulatory authority, administrative agency, bureau, board, commission, court, department, tribunal, arbitral body or other similar governmental, quasi-governmental or regulatory authority or instrumentality thereof.

"Governmental Filings" has the meaning set forth in Section 3.1(c).

"Government Program" means any United States federal, state or local health care or reimbursement program administered by a Governmental Entity, including, without limitation, those Title XVIII of the Social Security Act ("Medicare"), Title XIX of the Social Security Act ("Medicaid"), CHAMPUS, or TRICARE, and any successor program to any of the above.

"Guaranteed Obligations" has the meaning Section 4.16 specifies.

"Hazardous Material" means any waste, chemical, material or other substance that is listed, defined, designated or classified as hazardous, radioactive or toxic or a pollutant or a contaminant (or words of similar import).

"Healthcare Laws" means any Law or Legal Requirement relating to healthcare regulatory and reimbursement matters, including but not limited to 42 U.S.C. §§ 1320a-7, 7a, and 7b, which are commonly referred to as the "Federal Fraud Statutes," and their state law counterparts; 42 U.S.C. § 1395nn, which is commonly referred to as the "Stark Statute," and its state law counterparts; 31 U.S.C. §§ 3729-3733, which is commonly referred to as the "federal False Claims Act"; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Anti-Kickback Act of 1986, 41 U.S.C. §§ 51-58; HIPAA and any other applicable Laws or Legal Requirements concerning the privacy and security of health information; Laws and Legal Requirements relating to participation in or submission of claims to Government Programs and Private Programs; applicable provisions of the Patient Protection and Affordable Care Act, 42 U.S.C. § 18001 et seq., together with its implementing regulations and any other rules or regulations promulgated thereunder; any federal, state or local statute or regulation relevant to mail fraud, wire fraud, false statements or claims; survey, certification, and standards as each relates to eligibility to obtain authorizations of Governmental Entities required to participate in Government Programs; Medicare program conditions of participation and conditions of payment, and all applicable federal, state, and local licensing, accreditation, regulatory and certificate of need Laws.

"HIPAA" means the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, along with the regulations promulgated thereunder by the Secretary of the Department of Health and Human Services.

"Income Tax" means any federal, state, local or foreign income tax measured by or imposed on net income, including any interest, addition to tax or penalty imposed with respect thereto.

"Income Tax Return" means any return, report, declaration, information return or other document required to be filed with a taxing authority in connection with Income Taxes, and any claims for refunds of Income Taxes paid, including any amendments to any of the foregoing.

"Indebtedness" means, with respect to any Person, without duplication: (i) obligations for borrowed money, including all outstanding principal, interest, fees, and other amounts payable with respect thereto (including, for the avoidance of doubt, any prepayment penalties or make-whole payments required in connection with the repayment of the borrowed money prior to its stated maturity date); (ii) obligations under swaps, hedges or similar instruments; (iii) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP; (iv) obligations under notes, debentures, letters of credit or similar instruments; (v) any obligation owed for all or any part of the deferred purchase price of property or services which is not accounted for in the computation of Closing Working Capital; and (vi) guarantees of obligations described in clause (i) through (v) above of any other Person. For all purposes of this Agreement, the obligations owed to Angel Watch Home Care, Inc. (or its equityholders) (together, "AW") under the Stock Purchase Agreement, dated July 2, 2015, by and between AW and Infinity Home Care of Jacksonville, LLC (the "AW Stock Purchase Agreement"), shall be fixed at the following amounts (collectively, the "AW Obligations"): (x) $350,000, in the case of the Deferred Purchase Price payments payable under Section 2.4(a) thereof, (y) $125,000, in the case of the Closing Working Capital Adjustment payable under Section 2.3 thereof, and (z) $1,000,000, in the case of the aggregate Earn-Out Payments payable under Section 2.8 thereof, less in each case any amounts paid on or before the Closing Date. Such fixed amounts shall apply for purposes of establishing the AW Escrow Amount.

"Indemnified Party" has the meaning set forth in Section 7.4(a).

"Indemnifying Party" has the meaning set forth in Section 7.4(a).

"Indemnified Persons" has the meaning set forth in Section 4.11(a).

"Independent Accounting Firm" means Ernst & Young (the Tampa, Florida office) or such other independent certified public accounting firm mutually agreed upon in writing by Parent and Agent prior to the Closing.

"Intellectual Property" means all registered and unregistered trademarks, service marks, trade names and Internet domain names and email addresses, slogans, designs, pictures or any other symbols used to identify any good and/or service (together with the goodwill symbolized by any of the foregoing), patents, patent applications, registered and unregistered copyrights, trade secrets, proprietary know-how and other confidential and proprietary information, moral rights and any other intellectual property rights recognized under any Laws or international conventions, and in any country or jurisdiction in the world, all applications, disclosures, renewals, extensions, continuations or reissues thereof, and all rights arising thereunder.

"Key Unit Holder" has the meaning set forth in the Recitals.

"Knowledge" with respect to (i) the Company, means the actual knowledge of Stephen B. Karasick, Chief Executive Officer of the Company, Ralph Nelson, Chief Financial Officer of the Company, Shannon Abbott, Chief Commercial Officer of the Company, Edwin Hightower, Jr., Chief Administrative Officer of the Company, Eileen Amruso, Corporate Compliance Officer of the Company, Barbara Aquilia, Senior Vice President of Operations of the Company, and Phyllis Mullis, Senior Vice President of Operations of the Company (collectively, the "Company Knowledge Group"), as of the related date, and such additional knowledge as such individuals would reasonably be expected to obtain after a reasonable inquiry and in the normal performance of their duties in their respective capacities with respect to the Company, (ii) with respect to Parent, means the actual knowledge of Kristopher Novak, Director of Corporate Development of Amedisys, and Stephen Seim, Chief Strategy Officer of Amedisys, as of the related date, and such additional knowledge as such individuals would reasonably be expected to obtain after a reasonable inquiry and in the normal performance of their duties in their respective capacities with respect to Amedisys, and (iii) with respect to the Key Unit Holder, means the actual knowledge of Brian Anderson and Phil Dingle, as of the related date, and such additional knowledge as such individuals would reasonably be expected to obtain after a reasonable inquiry and in the normal performance of their duties in their respective capacities with respect to the Key Unit Holder.

"Law" means any statute, code, rule, regulation, order, ordinance, judgment or decree of any Governmental Entity having the effect of law.

"Legal Requirement" means at any time (i) any Law, injunction, writ, edict, award, authorization or other legally binding requirement of any Governmental Entity in effect at that time or (ii) any legally binding obligation included in any certificate, certification, franchise, Permit or license issued by any Governmental Entity at that time.

"Letter of Transmittal" has the meaning set forth in Section 2.5(b)(i).

"Losses" to any specified Person means actual losses, damages, liabilities, costs and expenses, including, without limitation, reasonable legal fees, accounting costs, actuarial costs, fines, penalties, compliance costs, amounts paid in settlement, court costs, investigation and remediation costs, and consultant, expert, and other professional fees; provided, however, Losses (a) shall exclude any such items that are punitive, special, consequential, incidental, exemplary, in the nature of lost profits or the like, or any dimunition in value of property or equity, and (b) shall not be calculated using a "multiplier" or any other method having a similar effect, in each case, except as to actual awards paid or payable by such specified Person to a third party or with respect to a claim asserted against a Person for Fraud committed by or attributable to that Person.

“Material Adverse Effect” means any event, series of events, change or effect that, individually or in the aggregate with other events, series of events, changes, or effects, has had or is reasonably likely to have a material adverse effect on the assets, properties, business, operations, condition (financial or otherwise), or results of operations of the Merged Companies, taken as a whole; provided, that in no event shall any event, series of events, change or effect that arises out of or is attributable to any of the following, either alone or in combination, be deemed to constitute or contribute to a Material Adverse Effect, or shall otherwise be taken into account in the determination of whether a Material Adverse Effect has occurred or would be reasonably likely to occur: (i) any change in any Law, Legal Requirements or accounting standards (including GAAP) or interpretations or the enforcement thereof (except to the extent that such change has had, or is reasonably likely to have, a materially disproportionate effect on the Merged Companies, taken as a whole, relative to other Persons in the home health industry); (ii) conditions affecting any of the industries, industry sectors or geographic sectors in which the Merged Companies operate or in which products of the Merged Companies are used or distributed, or general business, financial, banking or economic conditions or debt, currency or capital markets (whether in the United States or any other country or in any international market), including changes in interest rates, exchange rates, commodity prices and fuel costs (except to the extent that such change has had, or is reasonably likely to have, a materially disproportionate effect on the Merged Companies, taken as a whole, relative to other Persons in the home health industry); (iii) acts of God, national or international political or social conditions, the engagement by the United States or other countries in hostilities, war or military operations, whether commenced before or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war, the occurrence of any military or terrorist attack, sabotage, any hurricane, flood, tornado, earthquake or other natural disaster, or any other force majeure event; (iv) the execution or delivery of this Agreement or the announcement, disclosure, pendency or consummation of the transactions contemplated by this Agreement or attributable to the fact that Parent or any of its Affiliates are the prospective owners of the Merged Companies (including the impact thereof on relationships, contractual or otherwise, with, or other impact on, customers, suppliers, referral sources, distributors, partners, employees, labor unions or regulators)); (v) any event, condition or other matter described on the Disclosure Schedule to this Agreement, (vi) compliance by the Company with the terms of, or the taking of any action by the Company required by this Agreement; (vii) any actions taken, or failures to take action, or such other changes or events, in each case, to which Parent has expressly consented in writing; or (viii) any failure by the Merged Companies to achieve any published or internally prepared budgets, projections, predictions, estimates plans or forecasts of revenues, earnings or other financial performance measures or operating statistics (provided that the exception in this clause (viii) shall not prevent or otherwise affect a determination that any change underlying such failure contributes, or has contributed to, a Material Adverse Effect, subject to the exceptions contained in clauses (i) to (vii)).

“Merger” has the meaning set forth in the Background section.

“Merged Companies” means the Company and its Subsidiaries, collectively, and “Merged Company” means any one of the Merged Companies.

“Merger Consideration” has the meaning set forth in Section 2.3(a)(iv).

"Merger Consideration Adjustment Escrow Amount" has the meaning set forth in Section 2.7(e).

"Merger Consideration Certificate" has the meaning set forth in Section 2.7.

"Merger Sub" has the meaning set forth in the first paragraph of this Agreement.

"Merger Sub Units" means the units of membership interest in Merger Sub.

"Nondisclosure Agreement" has the meaning set forth in Section 4.4.

"Notice Period" has the meaning set forth in Section 7.4(b).

"Organizational Documents" means the documents by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs (i.e., including, but not limited to, certificate of incorporation, certificate of formation, memorandum of association, articles of association, constitutional documents, by-laws or operating agreement).

"Outside Date" has the meaning set forth in Section 6.1(e).

"Parent" has the meaning set forth in the first paragraph of this Agreement.

"Parent's Disclosure Schedule" means the disclosure schedule of the Parent referred to in and delivered to the Company pursuant to this Agreement.

"Paying Agent" has the meaning set forth in Section 2.4(a)(vi).

"Paying Agent Agreement" has the meaning set forth in Section 2.4(a)(vi).

"Permits" has the meaning set forth in Section 3.1(m)(ii).

"Permitted Encumbrance" means (i) Encumbrances incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations; (ii) mechanics, carriers', workers', repairers', materialmen's, warehousemen's and similar Encumbrances which have arisen in the ordinary course of business; (iii) Encumbrances approved by Parent in writing; (iv) Encumbrances for Taxes (A) not yet due and payable, or (B) if due, not yet delinquent or being contested in good faith; in each case provided that adequate reserves with respect thereto are maintained on the books of the related Person in accordance with GAAP; (v) requirements and restrictions of zoning, building and other Laws or Legal Requirements, which are incurred in the ordinary course of such Person's business or existing on property and not materially interfering with the ordinary conduct of such Person's business or such Person's use of such property; (vi) statutory liens of landlords for amounts not yet due and payable provided that adequate reserves with respect thereto are maintained on the books of the related Person in accordance with GAAP; (vii) liens arising under conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (viii) Encumbrances which, in the aggregate, are not reasonably likely to impair, in any material respect, the continued use of the asset or property to which they relate, as used on the date hereof.

"Person" means an association, a corporation, an individual, a partnership, a limited liability company, a trust, or any other entity or organization, including a Governmental Entity.

"Private Programs" means such private non-governmental programs, including without limitation any private insurance program, under which any of the Merged Companies, directly or indirectly, is presently receiving payments or is eligible to receive payments.

"Proceeding" has the meaning set forth in Section 4.11(a).

"Release" means the release, spill, emission, leaking, pumping, pouring, emptying, escaping, dumping, injection, deposit, disposal, discharge, dispersal, leaching or migrating into or through the environment (including natural resources, threatened or endangered species, indoor or ambient air, surface water, groundwater, drinking water supplies, creek, stream or river sediments, marsh or wetlands and land surface or subsurface strata or soil).

"Sale Bonus Payments" has the meaning set forth in Section 2.3(a)(v).

"Subsidiary" means any Person whose securities or other ownership interests having by their terms the power to elect a majority of the Board of Directors are owned or controlled, directly or indirectly, by the Company or one or more of its Subsidiaries.

"Support Agreement" has the meaning set forth in Section 2.5(b)(i).

"Survival Expiration Date" has the meaning set forth in Section 7.1.

"Surviving Company" has the meaning set forth in Section 2.1(a).

"Tax" means any foreign, federal, state or local income, sales and use, rent tax (applicable to lease payments), excise, franchise, profits, real and personal property (tangible and intangible), gross receipts, net proceeds, turnover, license, premium, windfall profits, capital stock, production, business and occupation, disability, employment, payroll, unemployment, severance, withholding, social security, medicare, disability, value added, environmental, transfer, estimated or other tax imposed by a taxing authority, including any interest, addition to tax or penalties imposed with respect thereto.

"Tax Return" means any return, report, declaration, information return or other document required to be filed with a taxing authority in connection with any Taxes, and any claims for refunds of Taxes paid, including any amendments to any of the foregoing.

"Transaction Engagement" has the meaning set forth in Section 8.17.

"Transfer Taxes" means any sales, use, stock transfer, real property transfer, real property gains, transfer, stamp, registration, documentary, recording or similar duties or taxes incurred in connection with the transactions contemplated hereby, including any interest, addition or penalties imposed with respect thereto.

ARTICLE II
THE MERGER; CLOSING

Section 2.1 The Merger.

(a) The Merger. Upon the terms and subject to the conditions hereof, and in accordance with the Florida LLC Act, at the Effective Time, Merger Sub shall be merged with and into the Company and the separate existence of Merger Sub shall thereupon cease, and the Company, as the entity surviving the Merger (the "Surviving Company"), shall by virtue of the Merger continue its existence under the laws of the State of Florida as a wholly-owned subsidiary of Parent.

(b) Articles of Merger. Contemporaneously with the Closing or as promptly as practicable after the Closing, Parent and the Company shall cause properly executed Articles of Merger, in mutually acceptable form, to be filed with the Secretary of State of the State of Florida in accordance with the Florida LLC Act. The Merger shall become effective on the date and time (the "Effective Time") when the Articles of Merger is filed with and accepted by the Secretary of State of the State of Florida, or at such subsequent date and time as Parent and the Company shall have agreed upon and designated in the Articles of Merger.

(c) Effect of Merger. From and after the Effective Time, the Merger shall have the effects set forth in the Florida LLC Act. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers, immunities and franchises of the Company and Merger Sub shall vest in the Surviving Company, and all debts, liabilities, and obligations of the Company and Merger Sub shall become debts, liabilities, and obligations of the Surviving Company. Any certificate of authority to transact business in the State of Florida held by Merger Sub shall be cancelled as of the Effective Time.

(d) Organizational Documents. At the Effective Time, the Company's articles of organization immediately prior to the Effective Time shall be the articles of organization of the Surviving Company, until thereafter amended in accordance with the Florida LLC Act. At the Effective Time, the Company Operating Agreement shall be amended and restated in its entirety as set forth on Exhibit B hereto, and, as so amended, shall be the operating agreement of the Surviving Company, until thereafter amended in accordance with the Florida LLC Act and as provided in the operating agreement of the Surviving Company.

(e) Managers and Officers. At the Effective Time, the managers and officers of Merger Sub serving in such capacity immediately prior to the Effective Time shall become the managers and officers, respectively, of the Surviving Company, until their respective successors are duly elected or appointed and qualified as provided in the operating agreement of the Surviving Company.

(f) Effect on Membership Interests. At the Effective Time, by virtue of the Merger and without any further action on the part of the Company, Parent, Merger Sub or an Equityholder:

(i) each Company Unit issued and outstanding immediately prior to the Effective Time shall forthwith cease to exist and be converted into and represent the right to receive an amount in cash, without interest, equal to the amount that the Equityholder of such Company Unit would have been entitled to receive with respect to such Company Unit as if the Merger Consideration payable to the Equityholders pursuant to this Agreement (as adjusted pursuant to the terms and conditions of this Agreement) were paid to the Equityholders pursuant to Section 4.6(c) of the Company Operating Agreement in connection with a Distribution of Capital Cash Flow (as defined in the Company Operating Agreement), and

(ii) each Merger Sub Unit issued and outstanding immediately prior to the Effective Time shall be converted into one fully paid and nonassessable unit of membership interest of the Surviving Company. As of the Effective Time, Parent shall be the holder of all of the issued and outstanding membership interests of the Surviving Company and shall be admitted as the sole member of the Surviving Company.

Section 2.2 Closing. Unless this Agreement is earlier terminated pursuant to Section 6.1, the consummation of the transactions contemplated hereby (the "Closing") will take place via the electronic exchange of documents and funds on (a) the AHCA CHOW Date, subject to the satisfaction or, to the extent permitted by applicable Law, waiver of the conditions set forth in Sections 5.1 and 5.2, or (b) such other date that is agreed to in writing by the Agent, the Company and Parent (in either case, the "Closing Date").

Section 2.3 Certain Definitions; Pre-Closing Deliveries.

(a) Certain Definitions. As used herein, the following terms shall have the following meanings:

(i) "Closing Cash" means, as of the close of business on the Closing Date, the consolidated cash, cash-equivalents and deposits of the Merged Companies. The Closing Cash shall be determined in accordance with GAAP, using the same GAAP-compliant accounting methods, policies, practices, and procedures, with consistent classification, judgments, and estimation methodology, as were used by the Merged Companies in preparing the Balance Sheet. For the avoidance of doubt, Closing Cash will be determined net of outstanding checks and inclusive of deposits in transit as of the close of business on the Closing Date.

(ii) "Closing Working Capital" means, as of the close of business on the Closing Date,

(A) the consolidated accounts receivable (other than the Excluded ADR Receivables), prepaid expenses, and other current assets (but excluding cash and cash equivalents, determined in the same manner as the amount of Closing Cash is determined) of the Merged Companies, as such line items are shown on the sample working capital calculation as of June 30, 2015 set forth on Exhibit D, *minus*

(B) the consolidated accounts payable, accrued expenses, and other current liabilities of the Merged Companies (excluding for this purpose all Indebtedness, all expenses relating to the transactions contemplated by this Agreement paid by or on behalf of the Equityholders at or in connection with the Closing, and all other liabilities paid by or on behalf of any Merged Company at or in connection with the Closing), as such line items are shown on Exhibit D,

in each case, determined in accordance with GAAP, using the same GAAP-compliant accounting methods, policies, practices, and procedures, with consistent classification, judgments, and estimation methodology, as were used by the Company in preparing the Balance Sheet, subject to the adjustments set forth on Schedule II.

(iii) "Estimated Merger Consideration" means the Merger Consideration, determined using the estimate of the Closing Working Capital set forth in the Estimated Merger Consideration Certificate.

(iv) "Merger Consideration" means the Base Purchase Price, (A) *plus* the aggregate amount of the Closing Cash, and either (B) *plus* the amount, if any, by which Closing Working Capital is more than $460,000, or (C) *minus* the amount, if any, by which Closing Working Capital is less than $460,000.

(v) "Sale Bonus Payments" means all change of control, retention (excluding, for the avoidance of doubt, severance payments, which are addressed in Section 4.2), sale and transaction bonuses payable to employees or other service providers of any of the Merged Companies by reason of the transactions contemplated by this Agreement, excluding payments to the holders of Company Phantom Units in respect thereof.

(b) Closing Payment Schedule. No later than December 21, 2015 (or such later date as is acceptable to Parent), the Company will furnish to Parent the following:

(i) a certificate signed by the Chief Financial Officer of the Company (the "Estimated Merger Consideration Certificate") setting forth a good faith estimate of Closing Working Capital (on an itemized basis), the Closing Cash, and the Estimated Merger Consideration, which estimate is to be prepared by the Company in consultation with Parent;

(ii) a spreadsheet (the "Distribution Schedule") setting forth: (A) the name of each Equityholder and holder of Company Phantom Units immediately prior to the Effective Time, (B) the number and class of Company Units or Company Phantom Units held by each such holder immediately prior to the Effective Time, (C) based on the Estimated Merger Consideration Certificate: (1) the aggregate Estimated Merger Consideration that each Equityholder and holder of Company Phantom Units is entitled to receive under this Agreement, and (2) the amount to be contributed to the Escrow Fund and Agent Fund on behalf of each such Equityholder (in each case, based on such holder's pro-rata share of the Estimated Merger Consideration), and (D) the Sale Bonus Payments to be paid at the Closing (including the amounts and recipients thereof),

(iii) a list of the payees of Company Expenses that will receive payment at the Closing, the amounts payable thereto, and their wire instructions for payment, and

(iv) a signed payoff letter from each holder of outstanding Indebtedness (other than with respect to the AW Obligations that constitute Indebtedness), in form and content reasonably acceptable to Parent, (A) indicating the amount required to discharge such Indebtedness at the Closing, and the wire instructions for payment, and (B) if such Indebtedness is secured by any Encumbrances, agreeing to release such Encumbrances upon receipt of the payoff amount.

The parties agree that Paying Agent, Parent and the Surviving Company shall be entitled to rely on the Distribution Schedule in making payments under this Article II and shall not be responsible for the calculations or the determinations regarding such calculations in such Distribution Schedule.

Section 2.4 Payments at Closing and Agent Fund.

(a) Payments at Closing. At the Closing, Parent shall make the following payments (in an amount, in the aggregate, equal to the Estimated Merger Consideration) by wire transfer of immediately available funds:

(i) first, on behalf of the Merged Companies to the respective holders of Indebtedness, if any, outstanding as of the Closing, the amounts specified in the payoff letters delivered by the Company to Parent pursuant to Section 2.3(b)(iv);

(ii) second, to Fifth Third Bank, N.A. (the "Escrow Agent"), an amount equal to the sum of (A) $3,150,000, plus (B) the Merger Consideration Adjustment Escrow Amount, plus (C) the amount of the AW Obligations (the "AW Escrow Amount") (such collective amount, and all earnings thereon, the "Escrow Fund") to be held and disbursed pursuant to the terms of the Escrow Agreement and this Agreement;

(iii) third, on behalf of the Merged Companies, to such payees of the Company Expenses as directed in writing by the Company pursuant to Section 2.3(b)(iii);

(iv) fourth, to the Agent, an amount equal to the initial Agent Fund;

(v) fifth, to the Company, an amount equal to the total Sale Bonus Payments and total amounts payable to the holders of Company Phantom Units at the Closing, in each case as set forth on the Distribution Schedule (and Parent shall cause the Surviving Company to pay such amounts to the recipients thereof in accordance with Section 2.5(c)); and

(vi) sixth, to Fifth Third Bank, N.A. (the "Paying Agent"), the balance of the Estimated Merger Consideration over the amounts paid pursuant to Sections 2.4(a)(i)—(v) above, to be disbursed to the Equityholders in accordance with Section 2.5(b).

(b) Agent Fund. Prior to the Closing, the Company shall specify in writing to Parent the amount of the initial "Agent Fund", which shall not be less than $350,000. The Agent may use the Agent Fund to (i) pay any unpaid Company Expenses and any outstanding Indebtedness of the Merged Companies (other than the AW Obligations) that is not paid in full at the Closing (such payments to be made by Agent within fifteen (15) days following the Closing), (ii) pay all costs and expenses incurred by or on behalf of the Agent, in its capacity as such, including all costs and expenses incurred in connection with any dispute or claim with respect to the transactions contemplated hereby, and (iii) pay indemnification claims against the Equityholders. The Agent Fund will be held or disbursed, in whole or in part, as determined in good faith by the Agent. Excess amounts (as determined in good faith by the Agent from time to time) will be released from the Agent Fund to the Equityholders in accordance with Section 2.5(d). The retention by the Agent of any amounts in the Agent Fund shall not be used as evidence that the Equityholders have any obligation hereunder. The Agent Fund will be increased by any payments received by the Agent, in its capacity as such, pursuant to any other provision of this Agreement or the Escrow Agreement, including without limitation any amounts released from the Escrow Fund. The Agent may in its discretion hold amounts disbursed to it from the Escrow Fund as security for possible indemnification claims against the Equityholders. As used herein, "Company Expenses" means the fees and expenses incurred by the Agent and/or the Merged Companies in connection with the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of Livingstone Partners and Hill, Ward & Henderson, P.A., but specifically excluding any fees and expenses incurred by or for the benefit of Parent or any of its Affiliates. Any payment of the Company Expenses, any outstanding Indebtedness of the Merged Companies, and indemnification claims shall be made exclusively from the Merger Consideration, and the Agent shall not have any personal liability for the payment of such amounts.

Section 2.5 Deliveries at Closing by the Company; Surrender and Payment.

(a) Closing Deliveries. At the Closing, and upon satisfaction or waiver of the conditions set forth in Section 5.2, the Company will deliver or cause to be delivered the instruments, consents, certificates and other documents required of it by Section 5.1.

(b) Payments to Equityholders.

(i) The Paying Agent shall effect the exchange of the Merger Consideration payable to the Equityholders pursuant to this Agreement for the Company Units that are issued and outstanding immediately prior to the Effective Time. Prior to the Closing Date, the Company shall mail or otherwise deliver to each Equityholder, whose Company Units will be converted into the right to receive the Merger Consideration pursuant to this Agreement, (i) a Letter of Transmittal in the form attached hereto as Exhibit E (the "Letter of Transmittal"); and a Support Agreement in the form attached hereto as Exhibit F (the "Support Agreement"); and (ii) instructions for use in effecting the surrender of the certificate or certificates, if any, that immediately prior to the Effective Time represented outstanding Company Units (the "Certificates") in exchange for the Merger Consideration. Upon proper execution and delivery of a duly completed Letter of Transmittal and Support Agreement for Company Units (together with, if such Company Units are certificated, surrender of the Certificate or Certificates for such Company Units for cancellation, or delivery of an affidavit in accordance with Section 2.5(b)(iii), and such other deliverables as may be required by the Letter of Transmittal) to Parent, as coordinated by counsel for the Company, the Equityholder shall be entitled to receive in exchange for such Company Units an amount in cash (without interest) equal to the portion of the Estimated Merger Consideration payable to the Equityholders that such Equityholder has the right to receive pursuant to this Agreement as set forth on the Distribution Schedule (plus the right to receive, in accordance with the Distribution Schedule, amounts (A) from the Escrow Fund in accordance with Section 2.5(d) and the Escrow Agreement, (B) from the Agent Fund in accordance with Section 2.4(b) and Section 2.5(d), or (C) as a result of an adjustment to the Merger Consideration pursuant to Section 2.7, in each case, that may become payable for such Company Units after the Closing pursuant to this Agreement, subject to the contingencies specified herein and, with respect to the Escrow Fund, in the Escrow Agreement). Parent shall cause the Paying Agent to pay such amount to such Equityholder no later than the later of (A) the Closing Date (provided, however, Parent shall not be responsible to any such Equityholder other than the Key Unit Holder for any Losses, including interest, incurred by such Equityholder in the event payment is delayed beyond the Closing Date despite Parent's commercially reasonable good faith efforts to make such payment on the Closing Date), or (B) three (3) Business Days after receipt of the duly completed and executed Letter of Transmittal and Support Agreement (together with, if such Company Units are certificated, surrender of the Certificate or Certificates for such Company Units for cancellation, or delivery of an affidavit in accordance with Section 2.5(b)(iii), and such other deliverables as may be required by the Letter of Transmittal). The Certificates so surrendered shall forthwith be canceled. Until so surrendered, each outstanding Certificate that prior to the Effective Time represented Company Units will be deemed from and after the Effective Time to evidence the right to receive the portion of the Merger Consideration which shall be payable for such Company Units under this Agreement, without interest. Parent will engage the Paying Agent pursuant to the Escrow Agreement, and the fees, costs and expenses of the Paying Agent will be shared equally by Parent and the Company (with the Company's portion thereof constituting a Company Expense).

(ii) All Merger Consideration paid or payable upon the execution and delivery of a duly completed Letter of Transmittal and Support Agreement and the surrender of a Certificate, if applicable, in accordance with the terms hereof, shall be deemed to have been paid or payable in full satisfaction of all rights pertaining to the Company Units set forth on such Letter of Transmittal and Support Agreement, and, from and after the Effective Time, there shall be no further registration of transfers on the books of the Surviving Company of Company Units that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Company, they shall be cancelled and exchanged in accordance with this Agreement.

(iii) If any Certificate shall have been lost, stolen or destroyed, Parent may, in its discretion and as a condition precedent to the payment of any Merger Consideration in respect of such Company Units, require the owner of such lost, stolen or destroyed Certificate to provide an affidavit and indemnity agreement (without the requirement to post a bond) in reasonable form and substance as indemnity against any claim that may be made against Parent or the Surviving Company with respect to such Certificate.

(iv) At any time following one year after the Effective Time, Parent shall be entitled to require the Paying Agent to deliver to it any funds (including any interest received with respect thereto) made available to the Paying Agent and not disbursed (or for which disbursement is pending subject only to the Paying Agent's routine administrative procedures) to Equityholders, and thereafter such Equityholders shall be entitled to look only to Parent (subject to abandoned property, escheat or other similar laws) only as general creditors thereof with respect to payment of the applicable Merger Consideration, payable upon due surrender of their Certificates, without any interest thereon. Notwithstanding anything to the contrary in this Agreement, none of Parent, the Surviving Company or other Affiliates of Parent shall be liable to a holder of a Certificate for any amount delivered to a public official pursuant to and as required by any applicable abandoned property, escheat or similar Law.

(c) Compensatory Payments. Parent shall cause the Surviving Company to pay (i) to each recipient of a Sale Bonus Payment, the amount of such Sale Bonus Payment set forth on the Distribution Schedule, and (ii) to each holder of a Company Phantom Unit, the amount payable at the Closing with respect thereto as set forth on the Distribution Schedule, in each case, subject to such recipient's or holder's execution and delivery to the Company of a duly executed Bonus Receipt Agreement in the form attached hereto as Exhibit G ("Bonus Receipt Agreement"), and subject to withholdings that are required to be made under any federal, state, local or foreign Tax law with respect to such payments. Such amount shall be paid to the recipient or holder no later than the later of (A) the Closing Date, or (B) the next regularly scheduled pay day of the Surviving Company after receipt of the Bonus Receipt Agreement (provided, that if a Bonus Receipt Agreement is received more than three (3) Business Days prior to the Closing Date, the amount payable thereunder shall be paid on the Closing Date). Notwithstanding anything to the contrary in this Agreement, none of Parent, the Surviving Company or other Affiliates of Parent shall be liable to a recipient of a Sale Bonus Payment or a holder of a Company Phantom Unit for any amount delivered to a public official pursuant to and as required by any applicable abandoned property, escheat or similar Law, if such person fails to duly execute and deliver the related Bonus Receipt Agreement.

(d) Future Payments. If any amount is released from the Agent Fund to the Equityholders pursuant to Section 2.4(b) (including amounts attributable to payments received by the Agent, in its capacity as such, from the Escrow Fund), such amount shall be paid to the Paying Agent (for the benefit of the Equityholders) for prompt payment to the Equityholders, or (if the Paying Agent is no longer engaged) paid directly by the Agent to the Equityholders, in accordance with Section 2.1(f)(i) and the Distribution Schedule. Agent shall prepare and deliver an updated Distribution Schedule setting forth the manner in which any payment described in this Section 2.5(d) is required to be allocated among the Equityholders.

Section 2.6 Deliveries at Closing by Parent. At the Closing, and upon satisfaction or waiver of the conditions set forth in Section 5.1, the Parent will deliver or cause to be delivered the instruments, consents, certificates and other documents required of Parent and Merger Sub by Section 5.2.

Section 2.7 Determination of Merger Consideration.

(a) Within ninety (90) days after the Closing Date, Parent will deliver to the Agent a certificate (the "Merger Consideration Certificate") executed by Parent setting forth a good faith, itemized statement of Closing Working Capital, the amount of Closing Cash and a calculation of the Merger Consideration.

(b) If the Agent delivers written notice (the "Disputed Items Notice") to the Parent within thirty (30) days after receipt by Agent of the Merger Consideration Certificate, stating that Agent objects to any items in the Merger Consideration Certificate, specifying in reasonable detail the basis for such objection and setting forth the Agent's proposed modification to the Merger Consideration, the Agent and Parent will attempt to resolve and finally determine and agree upon the Merger Consideration as promptly as practicable.

(c) If the Agent and Parent are unable to agree upon the Merger Consideration within thirty (30) days after delivery of the Disputed Items Notice, the Agent and Parent will jointly hire and direct the Independent Accounting Firm to resolve the items set forth in the Disputed Items Notice (the "Disputed Items"). The Independent Accounting Firm will (i) resolve the Disputed Items (and only the disputed items) within the range of disputed amounts and (ii) make a determination of the Merger Consideration using the calculations set forth in the Merger Consideration Certificate, as modified only by the Independent Accounting Firm's resolution of the Disputed Items. The Independent Accounting Firm will use reasonable efforts to make its determination within sixty (60) days after being hired and such determination will be final and binding on the Agent, the Parent, the Surviving Company and the Equityholders. The fees, costs and expenses of the Independent Accounting Firm will be borne by the party whose positions generally did not prevail in such determination, as determined by the Independent Accounting Firm (which, if determined to be Agent, shall be paid solely from the Agent Fund and, if insufficient, the Equityholders severally based on their respective pro rata shares of the Escrow Fund as set forth on the Distribution Schedule), or if the Independent Accounting Firm determines that neither party could be fairly found to be the prevailing party, then such fees, costs and expenses will be borne 50% by the Agent (solely from the Agent Fund and, if insufficient, the Equityholders severally based on their respective pro rata shares of the Escrow Fund as set forth on the Distribution Schedule) and 50% by Parent. The Key Unit Holder shall promptly pay on demand from Parent any amounts due from the Equityholders pursuant to the foregoing sentence that are not funded by the Equityholders within 30 days after Parent's demand.

(d) If the Agent does not deliver the Disputed Items Notice to Parent within thirty (30) days after receipt by the Agent of the Merger Consideration Certificate, the Merger Consideration specified in the Merger Consideration Certificate will be conclusively presumed to be true and correct in all respects and will be final and binding upon the Agent, the Parent, the Surviving Company and the Equityholders.

(e) At such time as the Merger Consideration is finally determined, either (i) Parent shall pay the Agent an aggregate amount equal to the excess, if any, of the Merger Consideration over the Estimated Merger Consideration, or (ii) the Agent shall pay Parent an aggregate amount equal to the excess, if any, of the Estimated Merger Consideration over the Merger Consideration. Any payment by Agent pursuant to Section 2.7 (e)(ii) shall come first, from the Escrow Fund, for an amount up to $100,000 (the "Merger Consideration Adjustment Escrow Amount"), and second, from the Agent Fund or the Equityholders severally based on their respective pro rata shares of the Escrow Fund as set forth on the Distribution Schedule, at the Agent's option, with respect to any remaining difference, such amounts to be paid pursuant to joint written instructions provided by Parent and Agent to the Escrow Agent. The Key Unit Holder shall promptly pay on demand from Parent any amounts of Merger Consideration due from the Equityholders pursuant to Section 2.7(e)(ii) that are not funded by the Equityholders within 30 days after Parent's demand. To the extent any amount distributed to Parent pursuant to Section 2.7(e)(ii) is less than the Merger Consideration Adjustment Escrow Amount, Parent and Agent shall jointly instruct the Escrow Agent in writing to distribute an amount equal to the difference thereof to Agent. If Parent is required to make a payment to Agent under Section 2.7(e)(i), Parent and Agent shall jointly instruct the Escrow Agent in writing to distribute the full amount of the Merger Consideration Adjustment Escrow Amount to Agent.

(f) Except as set forth in this Section 2.7, Parent shall have no right to make any claim against the Agent in respect of the determination of the Merger Consideration or the Closing Working Capital and, without limiting the generality of the foregoing, no adjustment to the Merger Consideration pursuant to this Section 2.7 shall be considered a breach of any representation, warranty or other provision of this Agreement. Any payment pursuant to this section shall be treated as an adjustment to the Merger Consideration and shall not be subject to the terms and limitations of Section 7.2(b).

(g) The Agent and its accountants, lawyers and representatives will be given reasonable access at reasonable times to (and shall be allowed, at Agent's expense, to make copies of) the advisors and the relevant books and records and to any personnel of the Merged Companies reasonably requested by such persons, in each case in connection with the determination of the Merger Consideration or any dispute relating thereto. Parent and its accountants, lawyers and representatives will be given reasonable access at reasonable times to (and shall be allowed, at Parent's expense, to make copies of) the advisors and the working papers, trial balances, statements of account, accounting records and similar materials of the Agent relating to the Merger Consideration or any dispute relating thereto. All such information obtained by the parties hereunder shall be used solely for purposes of the dispute resolution process contemplated in this Section 2.7 and shall otherwise be maintained in confidence.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company. Except as set forth on the related Part of the Disclosure Schedule, the Company represents and warrants to Parent that each of the statements contained in this Section 3.1 is true and correct as of the date hereof or such other date specified therein. Except for the representations and warranties expressly set forth in this Section 3.1, the Company makes no other representation or warranty (either express or implied) herein or with respect to any Merged Company or the transactions contemplated by this Agreement.

(a) Due Organization and Good Standing. Each Merged Company is duly organized, validly existing and is in good standing (or the equivalent) under the Laws of the State of Florida. Each Merged Company is qualified or otherwise authorized to transact business as a foreign limited liability company and is in good standing (or the equivalent) under the Laws of every other state in which such qualification or authorization is required under applicable Law. Each Merged Company has all requisite power and authority to own, lease and operate its respective properties and to carry on its respective businesses as now conducted.

(b) Authorization, Execution and Delivery; Valid and Binding Agreement. The Company has the power and authority and has taken all required action on its part necessary to permit it to execute and deliver and to carry out the terms of this Agreement and the other agreements, instruments and documents of the Company contemplated hereby. This Agreement has been, and each of such other agreement, instrument and document will be at or prior to the Closing, duly and validly executed and delivered by the Company, and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and such other agreements, instruments and documents, when so executed and delivered will constitute, the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) Governmental Filings; Company Contracts. No filings or registration with, notification to, or authorization, consent or approval of any Governmental Entity (collectively, "Governmental Filings") are required in connection with the execution, delivery and performance of this Agreement or the other agreements, instruments and documents of the Company contemplated hereby, except (i) the Articles of Merger, (ii) Governmental Filings that become applicable or are required solely as a result of matters specifically related to Parent, Merger Sub or their respective Affiliates, and (iii) the Governmental Filings set forth on Part 3.1(c)(1) of the Disclosure Schedule, if any. No notifications to, or authorizations, consents or approvals of any counterparty to a Company Contract are required in connection with the execution, delivery and performance of this Agreement or the other agreements, instruments and documents of the Company contemplated hereby, except with respect to those set forth on Part 3.1(c)(2) of the Disclosure Schedule, if any.

(d) Capital Structure; Subsidiaries.

(i) As of the date of this Agreement, the issued and outstanding Company Units consist of (A) 2,111,163.80 Series A Preferred Units, (B) 1,225,125 Class A Common Units, (C) 825,000.20 Class B Common Units, and (D) 230,716.67 Class C Common Units. The Company Units have been duly authorized, and are validly issued, fully paid and nonassessable. Part 3.1(d)(i) of the Disclosure Schedule accurately lists each holder of Company Units and holder of Company Phantom Units and the number and class of Company Units or Company Phantom Units held by such holder.

(ii) Part 3.1(d)(ii) accurately lists each Subsidiary of the Company. Except as set forth on Part 3.1(d)(ii) of the Disclosure Schedule, all of the issued and outstanding equity ownership interests of each Subsidiary of the Company are directly or indirectly owned by the Company or another Subsidiary of the Company. Each such equity ownership interest has been duly authorized, and is validly issued, fully paid and nonassessable.

(iii) Except as set forth on Part 3.1(d)(iii) of the Disclosure Schedule, there are no outstanding options, warrants, convertible or exchangeable securities or other rights that would obligate any of the Merged Companies to issue shares of its respective equity ownership interests. The offer, issuance and sale of all outstanding equity ownership interests of the Merged Companies were made in compliance with all applicable federal and state securities laws. Except as set forth on Part 3.1(d)(iii) of the Disclosure Schedule, there are no agreements, written or oral, to which any Merged Company is a party relating to the acquisition, redemption, disposition, voting or registration under applicable securities laws of any equity ownership interest of such Merged Company. Except as set forth on Part 3.1(d)(iii) of the Disclosure Schedule, there are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to any of the Merged Companies.

(iv) Except as set forth on Part 3.1(d)(iv) of the Disclosure Schedule, no Equityholder is entitled to any dissenters' or similar rights under Florida law, the Organizational Documents of the Company, or any other Law, Contract or Legal Requirements.

(v) The Distribution Schedule, as it may be updated by the Agent for purposes of Section 2.5(d), is and at all times shall be true and correct and accurately set forth the amount of Merger Consideration and future payments (as contemplated by Section 2.5(d)) owing to the Equityholders, the holders of Company Phantom Units and the recipients of the Sale Bonus Payments. Except as set forth on the Distribution Schedule, as it may be updated by the Agent for purposes of Section 2.5(d), no payments shall be owing to the Equityholders, the holders of Company Phantom Units and the recipients of the Sale Bonus Payments in connection with the transactions contemplated by this Agreement.

(e) Financial Statements. Part 3.1(e) of the Disclosure Schedule attaches true and complete copies of the Financial Statements. Except as set forth in the footnotes thereto, the Financial Statements have been prepared in accordance with GAAP, subject, in the case of unaudited statements, to normal recurring adjustments necessary for a fair presentation of interim results (in accordance with GAAP) and the absence of notes thereto. The Financial Statements fairly present, in all material respects, in accordance with GAAP the consolidated financial position of the Merged Companies as of the dates thereof and the consolidated results of operations, cash flows and changes in equityholders' equity for the periods then ended (provided that the Financial Statements do not present any changes in equityholders' equity of the Merged Companies for the interim periods ended on the Balance Sheet Date), subject, in the case of unaudited statements, to normal recurring adjustments necessary for a fair presentation of interim results (in accordance with GAAP) and the absence of notes thereto. Except as Part 3.1(e) of the Disclosure Schedule sets forth, as of the Balance Sheet Date, the Merged Companies did not have any outstanding Indebtedness to any Person or any material liabilities or obligations of any kind (including contingent obligations, Tax assessments or unusual forward or long term commitments), or any material unrealized or anticipated loss, which under GAAP were required to be reflected on the face of the Balance Sheet and were not so reflected. None of the Merged Companies has committed any act of bankruptcy, is insolvent, has proposed a compromise or arrangement to its creditors generally, has had any petition for a receiving order in bankruptcy filed against it, has made a voluntary assignment in bankruptcy, has taken any proceeding with respect to a compromise or arrangement, has taken any proceeding to have itself declared bankrupt or wound-up, has taken any proceeding to have a receiver appointed to any part of its assets, or has had any debtor take possession of any of its property. The Balance Sheet was prepared in accordance with GAAP, using the same GAAP-compliant accounting methods, policies, practices, and procedures, with consistent classification, judgments, and estimation methodology, as were used by the Company in preparing the Financial Statements for the fiscal year ended December 31, 2014, subject to the adjustments set forth on Schedule II.

(f) No Conflict or Violation. Except as set forth on Part 3.1(f) of the Disclosure Schedule, the execution, delivery and performance by the Company of this Agreement and the other agreements, instruments and documents of the Company contemplated hereby and the consummation by the Company of the transactions contemplated hereby and thereby do not (i) assuming all Governmental Filings described or referenced in Section 3.1(c) have been obtained or made, violate, in any material respect, any applicable Law or Legal Requirement to which any Merged Company is subject, (ii) (A) require a consent or approval under, (B) conflict with, result in a violation or breach of, or constitute a default under, or (C) result in the acceleration of, or a right to accelerate, terminate or cancel, in each case, in any material respect, any Company Contract or Company Lease, or (iii) violate any Merged Company's Organizational Documents.

(g) Legal Proceedings. Except as set forth on Part 3.1(g) of the Disclosure Schedule, (i) there are no Actions pending, or, to the Knowledge of the Company, threatened against any Merged Company, and (ii) none of the Merged Companies is the subject of any judgment, decree, injunction or order of any Governmental Entity.

(h) Personal Property; Owned and Leased Real Property.

(i) Part 3.1(h)(i) of the Disclosure Schedule sets forth a true, correct and complete listing of all tangible personal property owned by the Merged Companies as of the Balance Sheet Date. Except as may be reflected in the Financial Statements or set forth on Part 3.1(h)(i) of the Disclosure Schedule, the Merged Companies have good and valid title, free and clear of any Encumbrances (except for Permitted Encumbrances), to all such tangible personal property, except for such tangible personal property as has been disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. Except as set forth on Part 3.1(h)(i) of the Disclosure Schedule, all of the tangible personal property of the Merged Companies is in good working order and condition in accordance with industry practice, ordinary wear and tear excepted, and adequate in all material respects for the purposes for which they presently are being used or held for use.

(ii) There is no and has never been any Company Owned Real Property.

(iii) Part 3.1(h)(iii) of the Disclosure Schedule sets forth a list of all leases pursuant to which the Merged Companies lease real property (each a "Company Lease") and the address of the real property to which it relates. Each Company Lease remains in full force and effect. No Merged Company is in breach or default in any material respect under any Company Lease and, to the Company's Knowledge, no lessor thereunder is in breach or default in any material respect. True and complete copies of all Company Leases, together with all modifications, extensions, amendments and assignments thereof, if any, have been made available to Parent. Except as set forth on Part 3.1(h)(iii) of the Disclosure Schedule, no Merged Company has subleased or granted any other right to the use or occupy any real property that is the subject of any Company Lease.

(iv) Part 3.1(h)(iv) of the Disclosure Schedule sets forth a list of all leases of tangible personal property to which any of the Merged Companies are parties. Each such lease remains in full force and effect and no Merged Company is in breach or default in any material respect thereunder and, to the Company's Knowledge, no lessor thereunder is in breach or default in any material respect. True and complete copies of all such leases, together with all modifications, extensions, amendments and assignments thereof, if any, have been made available to Parent.

(i) Taxes. Except as set forth on Part 3.1(i) of the Disclosure Schedule:

(i) each Merged Company has timely filed all Tax Returns required to have been filed by it with the appropriate taxing authority, and has timely paid in full all Taxes shown to be due and payable by any Merged Company thereon. Each such Tax Return is true, correct and complete in all material respects;

(ii) each Merged Company has withheld and paid to the appropriate taxing authorities all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed in all material respects and timely filed;

(iii) the unpaid Taxes of the Merged Companies for all Tax periods through the Balance Sheet Date do not exceed the accruals and reserves for Taxes set forth on the Balance Sheet;

(iv) no Merged Company has received written (or, to the Knowledge of the Company, oral) notice from any taxing authority of a pending (and, to the Company's Knowledge, there are no threatened) claim, action, suit, proceeding, deficiency or investigation by a taxing authority for the assessment or collection of any Taxes with respect to any Merged Company;

(v) there are no Encumbrances for Taxes against any Merged Company's assets, other than Encumbrances that constitute a Permitted Encumbrance;

(vi) no Merged Company has waived any statute of limitations in respect of Taxes or entered into any agreement extending the period for assessment or collection of any Taxes (except for any such waivers or extensions that have expired);

(vii) no Merged Company is a party to any Income Tax allocation or sharing agreement;

(viii) all Tax Returns filed by the Merged Companies, examination reports, and statements of deficiencies assessed against or agreed to by the Merged Companies, for Tax periods ending December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014 have been made available to Parent;

(ix) no Merged Company is a party to any agreement, contract, arrangement, or plan that has resulted or could result, separately or in the aggregate, in the payment of (i) any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax law) or (ii) any amount that will not be fully deductible as a result of Code § 162(m) (or any corresponding provision of state, local, or non-U.S. Tax law). No Merged Company has been a United States real property holding corporation within the meaning of Code §897 (c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). Each Merged Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code §6662. No Merged Company has (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) or (B) has any liability for the Taxes of any Person (other than the Merged Companies) under Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, or by contract (excluding contracts the primary subject matter of which is not Taxes).

(x) within the past three (3) years, no Merged Company has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361;

(xi) no Merged Company is or has been a party to any "listed transaction," as defined in Code §6707A(c)(2) and Reg. §1.6011-4 (b)(2); and

(xii) no Merged Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(A) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(B) use of an improper method of accounting for a taxable period ending on or prior to the Closing Date;

(C) "closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date;

(D) intercompany transactions or any excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law);

(E) installment sale or open transaction disposition made on or prior to the Closing Date;

(F) prepaid amount received on or prior to the Closing Date; or

(G) election under Code §108(i).

Notwithstanding anything to the contrary, (1) the representations and warranties in this Section 3.1(i) are the only representations and warranties in respect of Taxes in this Agreement, and (2) the representations and warranties in this Section 3.1(i) refer only to past activities of the Merged Companies and are not intended to serve as representations or warranties regarding, or a guarantee of, nor can they be relied upon for, or with respect to, Taxes attributable to any taxable periods (or portions thereof) beginning on or after, or Tax positions taken on or after, the Closing Date.

(j) Absence of Certain Changes. Since the Balance Sheet Date, there has not occurred any Material Adverse Effect. Except as set forth on Part 3.1(j) of the Disclosure Schedule, since the Balance Sheet Date, each Merged Company has conducted its business in the ordinary course, consistent with past practice, in all material respects, and no Merged Company has:

(i) made any dividend or distribution in respect of, or redemption of, any Company Units or any equity ownership interests of the Subsidiaries, as applicable;

(ii) allowed any Encumbrance to be placed upon any of such Merged Company's assets, other than Permitted Encumbrances;

(iii) cancelled or waived any claims with a potential value in excess of $50,000, other than in the ordinary course of business;

(iv) terminated or canceled or waived any material right under any Company Contract, other than in the ordinary course of business consistent with past practice;

(v) acquired (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or collection of assets constituting all or substantially all of a business or business unit;

(vi) sold, transferred or otherwise disposed of a material amount of its properties or assets, other than in the ordinary course of business consistent with past practice;

(vii) changed its accounting methods or principles theretofore adopted, except as required by GAAP and reflected in the Financial Statements;

(viii) experienced any damage, destruction or casualty loss (other than those covered by insurance) with respect to any of the assets or properties of such Merged Company that, individually or in the aggregate with respect to all Merged Companies, exceeds $50,000;

(ix) made any change in compensation paid or payable to any officer or senior management employee, other than any change in the ordinary course of business consistent with past practice;

(x) made any material change to its Benefit Plans or the benefits payable thereunder;

(xi) experienced any work interruptions, labor grievances or similar claims filed, or any similar event or condition of any character;

(xii) incurred any Indebtedness (other than (1) borrowings under the Company's revolving line of credit in the ordinary course of business consistent with past practice, or (2) other ordinary course borrowings in an aggregate amount of no more than $100,000), guaranteed another Person's Indebtedness, or prepaid any Indebtedness;

(xiii) made any equity investments in any other Person;

(xiv) made any capital expenditures in excess of $25,000, in the aggregate;

(xv) made any material change in the terms of payment by its patients/payors for any services it performs or products it sells the effect of which is to enable it to receive payment or recognize revenues in its statement of operations for any period ending on or before the Closing Date which, but for that change, it would not so receive or recognize before a period beginning after the Closing Date;

(xvi) made any material change in its practices with respect to timely payment of accounts payable or other obligations payable to vendors, suppliers or other third parties; or

(xvii) entered into any Contract or made any binding commitment to take any of the actions specified in this Section 3.1(j).

(k) Company Contracts. Part 3.1(k) of the Disclosure Schedule sets forth a list of Contracts in effect as of the date of this Agreement to which any Merged Company is a party and which are in any one or more of the categories listed below (collectively, the "Company Contracts"):

(i) any joint venture agreement, operating agreement, management agreement, cost sharing agreement, or partnership agreement;

(ii) any Contract related to an acquisition or divestiture of any corporation, partnership or other business organization or division thereof or collection of assets constituting all or substantially all of a business or business unit by any Merged Company since September 1, 2010;

(iii) any Contract for the lease of tangible personal property or any Company Lease;

(iv) any employment, severance, retention, deferred compensation or consulting agreement;

(v) any Contract evidencing Indebtedness of such Company, or under which such Merged Company has issued any note, bond, indenture, mortgage, security interest or other evidence of Indebtedness, or has directly or indirectly guaranteed Indebtedness (other than capitalized leases), liabilities or obligations of any Person;

(vi) any Contract containing non-competition and/or non-solicitation covenants binding on any of the Merged Companies or, to the Company's Knowledge, any of their officers (other than those in favor of the Merged Companies);

(vii) any Contract between any Merged Company and any officer, director or Equityholder, or, to the Knowledge of the Company, any Affiliate thereof;

(viii) each Contract with the Merged Companies' top ten (10) vendors (based on the consolidated, aggregate dollar amount of purchases of vendor product by the Merged Companies during the twelve months ending on the Balance Sheet Date);

(ix) any Contract other than of a type described in subsections (i) through (viii) of this Section 3.1(k) involving (A) future payments by such Merged Company, (B) performance of services by such Merged Company with a value, or (C) receipt of goods or services by such Merged Company with a value, in each of the foregoing cases, in excess of $100,000 on an annual basis;

(x) any Contract providing for an exclusive relationship or the purchase from a supplier of all or substantially all of the requirements of any of the Merged Companies of a particular product or service, including cell phone contracts, utilities, healthcare insurance, leases and the like;

(xi) Any Contract between any Merged Company and any physician or physician group (commonly referred to as a medical director, medical adviser or physician consultant agreement); and

(xii) any outstanding binding commitment to enter into any agreement of the type described in subsections (i) through (ix) of this Section 3.1(k).

True, correct and complete copies of the Company Contracts have been made available to Parent. Each Company Contract is in full force and effect. Except as set forth on Part 3.1(k) of the Disclosure Schedule, (i) no Merged Company is in breach of or default under any Company Contract in any material respect, and (ii) to the Knowledge of the Company, no counterparty is in breach of or default under any Company Contract in any material respect. Except as set forth on Part 3.1(k) of the Disclosure Schedule, the transactions contemplated by this Agreement will not afford any other party the right to terminate any such Company Contract. Except as set forth on Part 3.1(k) of the Disclosure Schedule, none of the Company Contracts contains any "change of control" provisions triggered by the consummation of the transactions contemplated by this Agreement. Except as set forth on Part 3.1(k) of the Disclosure Schedule, the Company has no Knowledge of any plan or intention of any other party to any Company Contract to exercise any right to cancel or terminate that Company Contract.

(1) Employees and Compensation. Except as set forth on Part 3.1(1) of the Disclosure Schedule, no Merged Company is (or has been since October 31, 2010) subject to any labor dispute, labor-related arbitration, labor-related lawsuit or labor-related administrative proceeding, no such labor dispute, labor-related arbitration, labor-related lawsuit or labor-related administrative proceeding is pending, and, to the Knowledge of the Company, none is threatened. Except as set forth on Part 3.1(l) of the Disclosure Schedule, none of the Merged Companies' employees are or have been represented by any labor union nor are any collective bargaining agreements otherwise in effect with respect to such employees in connection with their employment by any of the Merged Companies and no union organizing activities involving such employees are pending or, to the Knowledge of the Company, threatened. Part 3.1(1) of the Disclosure Schedule sets forth (i) a true and correct list of the name, state of residence, title, employer, length of service, hourly pay rate and annualized pay rate, fixed bonuses, and discretionary bonuses of each officer, employee or independent contractor of the Merged Companies employed or engaged by any of the Merged Companies as of October 16, 2015, and (ii) any other form of compensation (other than salary, bonuses or customary benefits) paid or payable by any of the Merged Companies to each such officer, employee or independent contractor for the most recent fiscal year. Except as set forth on Part 3.1(1) of the Disclosure Schedule, the employment or engagement, as applicable, of each officer, employee or independent contractor of the Merged Companies is "at will" and may be terminated without liability of the Merged Companies. The Company has made available to Parent all employment contracts, contracts for a definite term, independent contractor agreements, and severance plans of the Merged Companies in effect (or under which any Merged Company has continuing obligations) as of October 30, 2015. Since October 31, 2010, the Company has not misidentified, mislabeled, or improperly classified any employees of the Merged Companies as independent contractors pursuant to the United States Department of Labor's and Internal Revenue Service's regulations.

(m) Compliance With Laws: Permits.

(i) Each Merged Company operates (and has at all times since October 31, 2010, operated) its business in compliance in all material respects with applicable Laws and Legal Requirements, including, without limitation, Laws and Legal Requirements respecting employment and employment practices, immigration, terms and conditions of employment, wages and hours, and workplace health and safety, and no Merged Company has received written (or, to the Knowledge of the Company, oral) notice of any Action by any Person alleging material liability under, or material noncompliance with, any such Law or Legal Requirement since October 31, 2010.

(ii) Except as set forth on Part 3.1(m)(ii) of the Disclosure Schedule, each Merged Company possesses all material approvals, permits, licenses, accreditations, certificates of need, provider numbers and provider agreements, qualifications, certifications and other authorizations required and/or issued by any Governmental Entity or third party payor (collectively, "Permits") required to conduct its business as it is currently conducted, and such Permits are valid and in full force and effect. Each Merged Company is (and has been at all times since October 31, 2010) in material compliance with the terms and conditions of such Permits. The Merged Companies have not received any written (or, to the Knowledge of the Company, oral) notice from a Governmental Entity of its intention to cancel, terminate, restrict, limit or otherwise qualify or not renew any of the Permits since January 1, 2013.

(iii) Notwithstanding the foregoing, the representations and warranties contained in this Section 3.1(m) do not apply to Taxes, Benefit Plans, Intellectual Property, Environmental Laws and Healthcare Laws, which subject matters are covered in their entirety and exclusively under Sections 3.1(i), 3.1(n), 3.1(o) 3.1(s) and 3.1(t), respectively.

(n) Employee Benefit Plans. Part 3.1(n) of the Disclosure Schedule sets forth a list of each Benefit Plan. The Company has made available to Parent the documents with respect to each Benefit Plan, and true and complete copies of: (i) any and all plan documents, amendments and agreements; (ii) any and all outstanding summary plan descriptions and material modifications thereto; (iii) the most recent annual report, if applicable, with respect to such Benefit Plan. Each Benefit Plan has been established and administered in all respects in accordance with its terms and applicable Law and Legal Requirements, including, as to each Benefit Plan that is subject to United States Law, ERISA and the Code. Except as contemplated by Section 4.2 or as set forth on Part 3.1(n) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not, in and of itself, (i) entitle any current or former employee, officer or independent contractor of any Merged Company to severance pay, unemployment compensation or any other payment, or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee, officer or independent contractor. Except as set forth on Part 3.1(n) of the Disclosure Schedule, the Merged Companies have no pension plans that are intended to qualify under Section 401(a) of the Code (the "Qualified Plans"). Each Qualified Plan has received a favorable determination or opinion letter from the Internal Revenue Service and, to the Knowledge of the Company, nothing has occurred subsequent to the issuance of such determination or opinion letter which would reasonably be expected to cause such Qualified Plan to lose its qualified status. Except as set forth on Part 3.1(n) of the Disclosure Schedule, none of the Merged Companies, nor any of their respective ERISA Affiliates, either currently or at any time during the six (6) year period ended on the date hereof, sponsored, maintained, or were otherwise obligated to contribute to a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, or any pension plan subject to Section 412 of the Code. Any trust funding a Benefit Plan, which is intended to be exempt from U.S. federal income Tax under Section 501(c)(9) of the Code, satisfies the requirements of that Section and has received a favorable determination letter from the IRS regarding that exempt status and has not, since receipt of the most recent favorable determination letter, been amended or operated in a way that would adversely affect that exempt status.

(o) Intellectual Property. Part 3.1(o) of the Disclosure Schedule identifies (i) each Merged Company's registered tradenames, registered trademarks, registered service marks, patents and registered copyrights, and any applications for the foregoing, and Internet domain names and email addresses, and (ii) any license pursuant to which Company Intellectual Property is licensed to any Merged Company by another Person (excluding license agreements pertaining to commercial off-the-shelf computer software products) or licensed to another Person by any Merged Company. The Company Intellectual Property includes all Intellectual Property used or held for use by the Merged Companies in, or necessary to, the conduct of their businesses as currently conducted in all material respects. The Merged Companies either own or have valid licenses or rights to use all of the Company Intellectual Property. Except where not material or as set forth on Part 3.1(o) of the Disclosure Schedule, (i) the conduct of each Merged Company's business does not infringe or otherwise violate any other Person's Intellectual Property, (ii) there is no claim pending or, to the Knowledge of the Company, currently threatened against any

Merged Company that the conduct of such Merged Company's business infringes or otherwise violates any other Person's Intellectual Property, (iii) to the Knowledge of the Company, no Person is infringing or otherwise violating any Company Intellectual Property, and (iv) no claims are pending or, to the Knowledge of the Company, threatened in writing against any Person by any Merged Company that another Person is infringing or otherwise violating any Company Intellectual Property. Except as set forth on Part 3.1(o) of the Disclosure Schedule, no Merged Company has granted to any Person exclusive rights to any of the Company Intellectual Property.

(p) Brokers' Fees. Except as set forth on Part 3.1(p) of the Disclosure Schedule, no Merged Company has dealt with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement, and no Merged Company is under an obligation to pay any broker's fee, finder's fee or commission in connection with the consummation of the transactions contemplated by this Agreement as a result of any agreement of any Merged Company.

(q) Affiliate Transactions. Except as set forth on Part 3.1(q) of the Disclosure Schedule and for employment relationships and the payment of compensation and benefits in the ordinary course of business consistent with past practice, (i) since the Balance Sheet Date, there have been no material transactions, and (ii) there are no Company Contracts, in each case between an Equityholder or any of its Affiliates (other than the Merged Companies), on the one hand, and any Merged Company, on the other hand. Any such Company Contracts will be terminated at or prior to the Closing except as otherwise set forth on Part 3.1(q) of the Disclosure Schedule.

(r) Insurance. Each Merged Company is insured under the insurance policies listed on Part 3.1(r) of the Disclosure Schedule, true and correct copies of which have been made available to Parent. The Merged Companies have made available to Parent true and correct copies of all insurance loss runs and worker's compensation claims for the Merged Companies for the most recently ended three (3) policy years. All such insurance policies are in full force and effect, are valid and enforceable, and all premiums currently due thereunder have been paid. No Merged Company has received any notice of cancellation or modification in coverage amounts of any such insurance policies. Further, no material insurance carried by the Merged Companies has been canceled during the past five (5) years, and no Merged Company has been denied any material coverage during such period. Except as disclosed on Part 3.1(r) of the Disclosure Schedule, as of the date hereof, there are no pending material claims under any such insurance policy as to which the respective insurers have denied coverage. No Merged Company has received any written (or, to the Knowledge of the Company, oral) notice of any material increase (or proposed material increase) after the date hereof in any deductibles, retained amounts or premiums payable under the insurance policies listed on Part 3.1(r) of the Disclosure Schedule that is disproportionate to other increases occurring in the market.

(s) Environmental Matters.

(i) Each Merged Company is (and has been at all times since October 31, 2010) in compliance in all material respects with all Environmental Laws applicable to its properties and is (and has been at all times since October 31, 2010) at all times in compliance in all material respects with all Environmental Permits for the operation of its business.

(ii) There has been no Release of, or human exposure to, any Hazardous Materials that has had or would reasonably be expected to result in material liability to the Merged Companies under Environmental Laws (other than such matters covered or barred by workers' compensation and related insurance).

(iii) Since October 31, 2010, no Merged Company has received any written (or, to the Knowledge of the Company, oral) notice, information request, demand, claim, notice of violation concerning any violation or alleged violation of, or any actual or alleged liability arising under or related to, any applicable Environmental Law (other than those resolved without any ongoing costs or obligations).

(iv) There are no writs, injunctions, decrees, orders or judgments outstanding, or any civil, criminal or administrative actions, demands, claims, hearings, investigations, suits or proceedings pending or, to the Knowledge of the Company threatened, that arise under or relate to any Environmental Law, including matters involving or alleging injury or death to any individual (other than such matters covered or barred by workers' compensation and related insurance).

(v) Notwithstanding any other representation and warranty in this Section 3.1, the representations and warranties contained in Section 3.1(s) constitute the sole representations and warranties of the Company relating to any Environmental Law or Hazardous Material.

(t) Healthcare Matters.

(i) Except as set forth on Part 3.1(t)(i) of the Disclosure Schedule: (A) the Merged Companies are, and have been at all times since October 31, 2009, conducted, in material compliance with all Healthcare Laws, and (B) no Merged Company has received any written (or, to the Knowledge of the Company, oral) notice from any Governmental Entity regarding any violation of any Healthcare Laws. The Merged Companies maintain a compliance program consistent in all material respects with the criteria established by the Federal Sentencing Guidelines and the guidance of the Office of Inspector General of the Department of Health and Human Services, and the Merged Companies are and have at all times since October 31, 2009 been operated in compliance in all material respects with their compliance program.

(ii) Except as set forth on Part 3.1(t)(ii) of the Disclosure Schedule: (A) the Merged Companies possess all Permits required by applicable Healthcare Laws necessary for the operation of the Merged Companies, which Permits are set forth on Part 3.1(t)(ii) of the Disclosure Schedule; (B) the Merged Companies are, and have been at all times since October 31, 2009, in compliance with such Permits in all material respects, and all of such Permits are valid, in good standing and in full force and effect; (C) there is no Action by or before any Governmental Entity pending, or, to the Company's Knowledge, threatened against any Merged Company to revoke, suspend, or otherwise limit any such Permit; (D) no Merged Company has received any written (or, to the Knowledge of the Company, oral) notice from any

Governmental Entity regarding any material violation of any such Permit or any revocation, withdrawal, suspension, cancellation or termination of any such Permit; and (E) the Merged Companies have filed all reports and maintained and retained all records required by applicable Healthcare Laws.

(iii) Except as set forth on Part 3.1(t)(iii) of the Disclosure Schedule: (A) all billing practices (including, without limitation, billing, coding, filing, and claims practices, and the related reports and filings) of the Merged Companies are, and have been at all times since October 31, 2009, in compliance with applicable Healthcare Laws in all material respects; (B) each of the Merged Companies has paid or caused to be paid all known and undisputed refunds, overpayments, discounts or adjustments, which have become due; (C) none of the Merged Companies has any reimbursement, payment or payment rate appeals, disputes or contested positions pending before any Governmental Entity and, to the Knowledge of the Company, none are threatened; (D) none of the Merged Companies has claimed or received reimbursements from Government Programs or Private Programs in excess of amounts permitted by applicable Healthcare Laws; and (E) the right of the Merged Companies to receive reimbursements pursuant to any Government Program or Private Program has not been terminated, rescinded, suspended or otherwise adversely affected as a result of any Action by a Governmental Entity or third party payor.

(iv) The Merged Companies, as applicable, have timely filed all cost reports required to be filed on or prior to the date hereof in accordance with applicable Government Program requirements. All cost reports submitted by the Merged Companies to Government Programs have been prepared in all material respects in accordance with and in compliance with applicable Healthcare Laws and are complete and accurate in all respects. None of the Merged Companies has received written (or, to the Knowledge of the Company, oral) notice of any dispute from any Governmental Entity regarding such cost reports, in each case other than with respect to adjustments in the ordinary course of business. None of the Merged Companies has received written (or, to the Knowledge of the Company, oral) notice of audits or violations with respect to any cost reports, and to the Knowledge of the Company, no such audits or violations are threatened.

(v) Neither any Merged Company nor any of their directors, officers or managing employees has been or is currently suspended, excluded or debarred from contracting with the United States federal or any state government or from participating in any Federal Health Care Program (as defined in 42 USC § 1320a-7b(f)) or is subject to an investigation or proceeding by any Governmental Entity that has resulted in or would reasonably be expected to result in such suspension, exclusion, or debarment; nor has any Merged Company or any of their directors, officers or managing employees, received notice of any impending or potential exclusion or listing. No Merged Company has been subject to sanction pursuant to 15 U.S.C. § 41 et seq. or 42 U.S.C. § 1320a-7a or 1320a-8, or been charged with or convicted of a crime described at 42 U.S.C. § 1320a-7b, and no such sanction or proceeding is pending or, to the Company’s Knowledge, threatened. To the Knowledge of the Company, no employee of the Merged Companies nor any independent contractor or vendor has been or is currently suspended, excluded or debarred from contracting with the United States federal or any state government or from participating in any Federal Health Care Program (as defined in 42 USC § 1320a-7b(f)) or is subject to an investigation or proceeding by any Governmental Entity that has resulted in or would reasonably be expected to result in such suspension, exclusion, or debarment.

(vi) Neither any Merged Company nor any of their directors, officers, employees, contractors or agents, have, solicited, received, paid or offered to pay any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, for any referral in violation of any applicable Healthcare Law.

(vii) Except as set forth on Part 3.1(t)(vii) of the Disclosure Schedule, no Merged Company is or has been since October 31, 2009: (A) a party to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services or any other consent decree, judgment, order, settlement or similar agreement with a Governmental Entity, (B) to the Company's Knowledge, the subject of any investigation, program integrity review or audit conducted by any federal, state or local Governmental Entity, (C) to the Company's Knowledge, a defendant or named party in any qui tam/False Claims Act litigation, (D) subject to any mandatory or discretionary exclusion or suspension from Federal program participation, or (E) been the subject of any investigation, program integrity review, audit or survey conducted by any federal, state or local Governmental Entity that resulted in a finding of any alleged improper activity or the Merged Company's receipt of either a notice of deficiency or other notice of any type of violation of any Healthcare Law. The Company has made available to Parent true, correct and complete copies of each survey of the Merged Companies conducted in the preceding three (3) years.

(viii) Except as set forth on Part 3.1(t)(viii) of the Disclosure Schedule, no Merged Company has: (A) had any security or data breaches compromising or otherwise involving Protected Health Information, as that term is defined in HIPAA, that required notification under 45 C.F.R. § 164.406 or 45 C.F.R. § 164.408(b); (B) received any claim or notice alleging or referencing the investigation of any breach or the improper use, disclosure or access to any Protected Health Information in its possession, custody or control; (C) has received any written (or, to the Knowledge of the Company, oral) communication from any Governmental Entity alleging that any of the Merged Companies are not in compliance with HIPAA that has not been resolved, and (D) no event has occurred that required any Merged Company to provide notification to any Governmental Entity under any state privacy and/or breach notification Laws. The Merged Companies, as applicable, have established and implemented such policies, programs, procedures, contracts and systems as are necessary to comply with HIPAA in all material respects as in effect as of the date hereof.

(ix) Each of the home health agencies of the Merged Companies (the "Agencies") enrolled in the Medicare program more than three (3) years prior to the date hereof and obtained its provider number listed in Part 3.1(t)(ii) of the Disclosure Schedule more than three (3) years prior to the date hereof. The related Merged Company has continuously owned and operated the business of such Agency under such provider numbers for more than three (3) years prior to the date hereof and there has been no "change in majority ownership" (as defined in C.F.R. § 424.502) of such Agency under Medicare regulations during such three (3) year period.

(x) Except as set forth on Part 3.1(t)(x) of the Disclosure Schedule, (i) none of the Merged Companies has entered into any joint venture, partnership, co-ownership or other financial arrangement involving any ownership, lease or investment interest in or by the Merged Companies with an individual known by it to be a physician or an immediate family member of a physician; (ii) no institutional referral source of the Merged Companies maintains an ownership interest in, or compensation arrangement with, the Merged Companies; and (iii) no physician who has, or whose immediate family member has, a financial relationship (as such terms are defined in the Stark Law), with any Merged Company directly or indirectly makes (or has made) referrals, as that term is defined in the Stark Law, to any Merged Company or any predecessor business without complying with an applicable exception from the Stark Law's referral prohibition as set forth on Part 3.1(t)(x) of the Disclosure Schedule.

(xi) All employees and independent contractors of the Merged Companies possess the necessary licenses, certificates and qualifications, as required by applicable Healthcare Laws, to carry out their respective duties to the Merged Companies, all of which licenses and certificates are listed on Part 3.1(t)(xi) of the Disclosure Schedule. No such employee or independent contractor has (i) had any professional license, Drug Enforcement Agency number (if applicable), Medicare, Medicaid or TRICARE provider number suspended or revoked, (ii) been reprimanded, sanctioned or disciplined by any state licensing board or any Governmental Entity, professional society, hospital, third party payor or specialty board, or (iii) had a final judgment or settlement without judgment entered against him or her in connection with a malpractice or similar action.

(xii) The Merged Companies are not relying on any exemption from or deferral of any Healthcare Laws (other than applicable exceptions from the Stark Law's referral prohibition as set forth on Part 3.1(t)(x) of the Disclosure Schedule).

(xiii) For the avoidance of doubt, and without limitation, "material" matters for purposes of this Section 3.1(t) shall include the following: (i) a substantial amount of money received by the Merged Companies or any predecessors from whom the Merged Companies acquired any Medicare or Medicaid provider number for home health services in excess of the amount due and payable under the related any Federal Health Care Program (as defined in 42 USC § 1320a-7b(f)) requirements; (ii) a matter that a reasonable person would consider a probable violation of Law applicable to any Federal Health Care Program (as defined in 42 USC § 1320a-7b(f))for which penalties or exclusion may be authorized; or (iii) the employment of or contracting with a Person who has been or is currently suspended, excluded or debarred from contracting with the United States federal or any state government or from participating in any Federal Health Care Program (as defined in 42 USC § 1320a-7b(f)).

(u) Miscellaneous.

(i) The Merged Companies do not have any liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent or otherwise) relating to the operation of their respective businesses, as applicable, that are required under GAAP to be accrued on the face of a balance sheet, except for (i) current liabilities incurred in the ordinary course of business, consistent with past practice, since the Balance Sheet Date, not involving any tort, breach of contract or contingent liability and not previously paid or discharged, (ii) expenses incurred in connection with the transactions contemplated by this Agreement, (iii) obligations under (A) Company Contracts and (B) other agreements that are not Company Contracts and were entered into by the Merged Companies in the ordinary course of business, consistent with its past practice, and (iv) liabilities set forth on the Balance Sheet.

(ii) Part 3.1(u)(ii) of the Disclosure Schedule contains a list, as of the date hereof, of the members of the Board of Directors and officers of each Merged Company.

(iii) Part 3.1(u)(iii) of the Disclosure Schedule contains a list of each bank or other financial institution in which a Merged Company has an account, safe deposit box or lock box arrangement, the name of the Merged Company in whose name such account, box or arrangement is held, the identifying numbers or symbols of the account, box or arrangement, and the name of each person authorized to draw thereon or to have access thereto.

(iv) The Merged Companies have made available to Parent true and correct copies of all cybersecurity policies and procedures maintained by them. Except as set forth on Part 3.1(u)(v) of the Disclosure Schedule, the Merged Companies are and have been in compliance with such policies and procedures in all material respects and no material violations or breaches thereof have occurred.

(v) True and complete copies of all minute books and company records of the Merged Companies have been made available for inspection by Parent. Such books and records reflect all transactions in the equity and the current ownership of the Company and its Subsidiaries, and contain true and complete copies of all resolutions adopted by the holders of Company Units and the Board of Managers of the Company.

(v) Disclosure. No representation or warranty in Section 3.1 of this Agreement and no statement in any related Part of the Disclosure Schedule contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

(w) Disclaimer of Warranties. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 3.1, NONE OF THE MERGED COMPANIES OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, SECURITYHOLDERS, AFFILIATES, MANAGERS, MEMBERS, PARTNERS, EMPLOYEES, CONSULTANTS, AGENTS, COUNSEL OR ADVISORS MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WHATSOEVER, ORAL OR WRITTEN, EXPRESS OR IMPLIED, TO PARENT OR ANY OF ITS AFFILIATES OR FINANCING SOURCES. ANY REPRESENTATIONS AND WARRANTIES NOT SPECIFICALLY SET FORTH IN THIS SECTION 3.1, WHETHER EXPRESS OR IMPLIED (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSES OR NON-INFRINGEMENT), ARE DISCLAIMED BY THE COMPANY. FOR AVOIDANCE OF DOUBT AND WITHOUT LIMITING THE FOREGOING, NO REPRESENTATION OR WARRANTY IS MADE WITH RESPECT TO ANY FINANCIAL PROJECTIONS, THE CONFIDENTIAL INFORMATION MEMORANDUM DELIVERED TO PARENT OR ANY OF ITS AFFILIATES OR

FINANCING SOURCES, ANY “MANAGEMENT PRESENTATIONS” OR ACCOMPANYING MATERIALS, OR ANY “DATA ROOM” OR “VIRTUAL DATA ROOM”. FURTHER, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE EXCLUDED ADR RECEIVABLES (INCLUDING THE AMOUNT OR COLLECTABILITY THEREOF), AND THE PARENT AND MERGER SUB ARE ACQUIRING SUCH EXCLUDED ADR RECEIVABLES ON AN “AS-IS” BASIS.

Section 3.2 Representations and Warranties of Parent. Parent represents and warrants to the Company and the Equityholders that each of the statements contained in this Section 3.2 is true and correct as of the date hereof or such other date specified therein. Except for the representations and warranties expressly set forth in this Section 3.2, Parent makes no other representation or warranty (either express or implied) herein or with respect to the transactions contemplated by this Agreement.

(a) Due Organization and Good Standing. Merger Sub is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Florida, with all requisite power and authority to own its properties and to carry on its business as such business is now conducted. Parent is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, with all requisite power and authority to own its properties and to carry on its business as such business is now conducted.

(b) Authorization and Execution. Each of Parent and Merger Sub has the power and authority and has taken all required action on its part necessary to permit it to execute and deliver and to carry out the terms of this Agreement and the other agreements, instruments and documents of Parent and/or Merger Sub contemplated hereby. This Agreement has been, and each of such other agreement, instrument and document to which it or they are parties will be at or prior to the Closing, duly and validly executed and delivered by Parent and/or Merger Sub, and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and such other agreements, instruments and documents, when so executed and delivered will constitute, the legal, valid and binding obligation of Parent and/or Merger Sub, enforceable against Parent and/or Merger Sub in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) Governmental Filings. No Governmental Filings are required in connection with the execution, delivery and performance of this Agreement or the other agreements, instruments or documents contemplated hereby, or the consummation by any of them of the transactions contemplated hereby or thereby, as applicable, except (i) the Articles of Merger, (ii) Governmental Filings that become applicable as a result of matters specifically related to the Company, or (iii) such other Governmental Filings the failure of which to be obtained or made would not materially impair the ability of Parent or Merger Sub to consummate the transactions contemplated hereby.

(d) No Conflict or Violation. Except as set forth on Part 3.2(d) of Parent's Disclosure Schedule, execution, delivery and performance by Parent and Merger Sub of this Agreement and the other agreements, instruments and documents contemplated hereby, as applicable, and the consummation by Parent and Merger Sub of the transactions contemplated hereby and thereby do not (i) assuming all authorizations, consents and approvals described or referred to in Section 3.2(c) have been obtained or made, violate any applicable Law or Legal Requirement to which Parent or Merger Sub are subject, (ii) require a consent, approval or notification under, conflict with, result in a violation or breach of, or constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate or cancel any Contract to which Parent or Merger Sub is a party, or (iii) violate the Organizational Documents of Parent or Merger Sub, except with respect the foregoing clauses (i) and (ii) as would not impair the ability of Parent or Merger Sub to consummate the transactions contemplated hereby.

(e) Legal Proceedings. As of the date of this Agreement, there are no Actions pending or, to the Knowledge of Parent, threatened which challenge the validity or enforceability of this Agreement or seek to enjoin or prohibit consummation of the transactions contemplated hereby. Neither Parent nor Merger Sub is subject to any judgment, decree, injunction or order of any Governmental Entity which would materially impair its ability to consummate the transactions contemplated hereby.

(f) Brokers' Fees. Neither Parent nor Merger Sub has dealt with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement, and none of them is under any obligation to pay any broker's fee, finder's fee, commission or similar amount in connection with the consummation of the transactions contemplated by this Agreement.

(g) No Reliance. Parent is a sophisticated commercial entity and has conducted an independent investigation, review and analysis of the assets, business, condition (financial or otherwise), liabilities, operations and prospects of the Merged Companies. In making the determination to proceed with the transactions contemplated by this Agreement and the other agreements, instruments and documents contemplated hereby, Parent has not relied upon any representations, warranties, communications or disclosures of any nature other than those expressly set forth in Sections 3.1 and 3.3. The Company and none of its directors, officers, shareholders, Affiliates, managers, members, partners, employees, consultants, agents, counsel or advisors makes or has made any representation or warranty, express or implied, to Parent or any of its Affiliates or financing sources (except for the representations and warranties made by the Company and the Key Unit Holder expressly set forth in Sections 3.1 and 3.3, as applicable), and without limiting the generality of the foregoing, no representation or warranty is made with respect to any financial projections, the confidential information memorandum delivered to Parent or any of its Affiliates or financing sources, any "management presentations" or accompanying materials, or any "data room" or "virtual data room".

(h) Solvency. Immediately after the consummation of the Merger (including, without limitation, after the payment in full of the Merger Consideration), each Merged Company will be Solvent, except to the extent any failure of each Merged Company to be solvent results from a breach of the Company's representations and warranties.

(i) Operations of Merger Sub. Since the date of its formation, Merger Sub has not engaged in any activities other than in connection with or as contemplated by this Agreement.

(j) Disclaimer of Other Representations and Warranties. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 3.2, NEITHER PARENT NOR MERGER SUB OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, SECURITYHOLDERS, AFFILIATES, MANAGERS, MEMBERS, PARTNERS, EMPLOYEES, CONSULTANTS, AGENTS, COUNSEL OR ADVISORS MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WHATSOEVER, ORAL OR WRITTEN, EXPRESS OR IMPLIED, TO PARENT OR ANY OF ITS AFFILIATES OR FINANCING SOURCES. ANY REPRESENTATIONS AND WARRANTIES NOT SPECIFICALLY SET FORTH IN THIS SECTION 3.2 ARE DISCLAIMED BY THE PARENT AND MERGER SUB.

Section 3.3 Representations and Warranties of Key Unit Holder. Except as set forth on the related Part of the Disclosure Schedule, the Key Unit Holder represents and warrants to Parent that each of the statements contained in this Section 3.3 is true and correct as of the date hereof or such other date specified therein. Except for the representations and warranties expressly set forth in this Section 3.3, the Key Unit Holder makes no other representation or warranty (either express or implied) herein or with respect to the transactions contemplated by this Agreement.

(a) Due Organization and Good Standing. The Key Unit Holder is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, with all requisite power and authority to own its properties and to carry on its business as such business is now conducted.

(b) Authorization and Execution. The Key Unit Holder has the power and authority and has taken all required action on its part necessary to permit it to execute and deliver and to carry out the terms of this Agreement. This Agreement has been duly and validly executed and delivered by the Key Unit Holder, and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes the legal, valid and binding obligation of the Key Unit Holder, enforceable against the Key Unit Holder in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) Governmental Filings. No Governmental Filings are required in connection with the Key Unit Holder's execution, delivery and performance of this Agreement or the other agreements, instruments or documents contemplated hereby, or the consummation by it of the transactions contemplated hereby or thereby, as applicable.

(d) No Conflict or Violation. The execution, delivery and performance by the Key Unit Holder of this Agreement, and the consummation by the Key Unit Holder of the transactions contemplated hereby and thereby do not (i) violate any applicable Law or Legal Requirement to which the Key Unit Holder is subject, (ii) require a consent, approval or notification under, conflict with, result in a violation or breach of, or constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate or cancel any Contract to which the Key Unit Holder is a party, or (iii) violate the Organizational Documents of the Key Unit Holder.

(e) Legal Proceedings. As of the date of this Agreement, there are no Actions pending against the Key Unit Holder or, to the Knowledge of the Key Unit Holder, threatened against the Key Unit Holder which challenge the validity or enforceability of this Agreement or seek to enjoin or prohibit consummation of the transactions contemplated hereby. The Key Unit Holder is subject to any judgment, decree, injunction or order of any Governmental Entity which would materially impair its ability to consummate the transactions contemplated hereby.

(f) Brokers' Fees. Except as set forth on Part 3.1(p) of the Disclosure Schedule, the Key Unit Holder has not dealt with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement, and it is not under any obligation to pay any broker's fee, finder's fee, commission or similar amount in connection with the consummation of the transactions contemplated by this Agreement.

(g) Ownership. The Key Unit Holder is the lawful record and beneficial owner of the Company Units set forth opposite its name on Part 3.1(d)(i) of the Disclosure Schedule and has good and marketable title to such Company Units, free and clear of any Encumbrances, warrants, options, calls, commitments, proxies, and voting agreements, and with no restriction on the voting rights and other incidents of record and beneficial ownership pertaining thereto, other than as set forth in the Company Operating Agreement, which will be terminated at the Closing.

(h) Disclaimer of Other Representations and Warranties. EXCEPT AS SPECIFICALLY SET FORTH IN THIS SECTION 3.3, NEITHER THE KEY UNIT HOLDER OR ANY OF ITS DIRECTORS, OFFICERS, SECURITYHOLDERS, AFFILIATES, MANAGERS, MEMBERS, PARTNERS, EMPLOYEES, CONSULTANTS, AGENTS, COUNSEL OR ADVISORS MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WHATSOEVER, ORAL OR WRITTEN, EXPRESS OR IMPLIED, TO COMPANY OR ANY OF ITS AFFILIATES. ANY REPRESENTATIONS AND WARRANTIES NOT SPECIFICALLY SET FORTH IN THIS SECTION 3.3 ARE DISCLAIMED BY THE KEY UNIT HOLDER.

ARTICLE IV
COVENANTS

Section 4.1 Conduct of the Merged Companies' Businesses.

(a) During the period from the date of this Agreement until the earlier of the Closing or the termination of this Agreement, except as required by applicable Law or Legal Requirement, set forth on Part 4.1 of the Disclosure Schedule, required by this Agreement or consented to by Parent in writing (which consent shall not be unreasonably withheld or delayed), the Company shall, and shall cause each other Merged Company to:

(i) conduct its business and operations in the ordinary course of business consistent with past practice and in accordance with applicable Law and Legal Requirements in all material respects, except as expressly contemplated by this Agreement; and

(ii) maintain its legal existence.

(b) During the period from the date of this Agreement until the earlier of the Closing or the termination of this Agreement, except as required by applicable Law or Legal Requirements, set forth on Part 4.1 of the Disclosure Schedule, required by this Agreement or consented to by Parent in writing (which consent shall not be unreasonably withheld or delayed), the Company shall not, and shall not permit any other Merged Company to:

(i) effect any amendment to or change its Organizational Documents in any respect;

(ii) make any non-cash dividend or distribution on the Company Units, or, except as required by the terms of existing Company Units, issue, repurchase or redeem any equity interests or any options, warrants, convertible or exchangeable securities or other rights to acquire equity interests of any such Merged Company;

(iii) except in the ordinary course of business consistent with past practice (including ordinary course borrowings under revolving lines of credit, which are expressly permitted hereby), issue any note, bond, or other debt security, or create, incur, assume or guarantee any Indebtedness or any capitalized lease obligation;

(iv) except in the ordinary course of business consistent with past practice, accelerate, terminate, modify or cancel any material right under any Company Contract;

(v) except in the ordinary course of business consistent with past practice, sell, lease, transfer or otherwise dispose of any of the material property or assets of such Merged Company;

(vi) except in the ordinary course of business consistent with past practice, cancel, compromise or settle any material claim, or intentionally waive or release any material rights, of such Merged Company;

(vii) make any increase in the cash compensation of any employee, other than salary raises and other changes in compensation in the ordinary course of business consistent with past practice and any payments to employees from the Merger Consideration;

(viii) make any material change to any Benefit Plan;

(ix) subject to any Encumbrance any of the properties or assets of the Merged Companies, except for Permitted Encumbrances;

(x) make any changes to its accounting methods or principles, other than as may be required by Law, Legal Requirements or GAAP;

(xi) make any change to any Tax election, other than as required by Law or Legal Requirements or in the ordinary course of business consistent with past practice, or settle or compromise any liability relating to Taxes with a taxing authority;

(xii) acquire any corporation, partnership or other business organization or division thereof or collection of assets constituting all or substantially all of a business or business unit, whether by merger or consolidation, purchase of substantial assets or equity interests or any other manner;

(xiii) adopt a complete or partial plan of liquidation or resolutions authorizing or providing for such a liquidation or dissolution, consolidation, recapitalization, reorganization or bankruptcy, or make a general assignment for the benefit of creditors;

(xiv) make any material change in its customs or practices regarding cash management, collection of accounts receivable, payments of accounts payable, or cash distributions; or

(xv) agree or otherwise commit to take any of the actions prohibited by the foregoing clauses (i) through (xiv).

(c) Notwithstanding anything to the contrary herein, the Company may distribute to the Equityholders, by distribution or otherwise, all or any cash and cash equivalents of the Company and the Subsidiaries prior to the Closing.

Section 4.2 Employment Matters.

(a) Subject to Section 4.2(b), Parent presently intends for the Surviving Company to honor the Benefit Plans and employment agreements of the Surviving Company; provided, however, for the avoidance of doubt, (i) Parent reserves the right to cause the Surviving Company to terminate the employment of any "at will" employee at any time, with or without cause, and to exercise all termination rights available to it under any employment agreement, and (ii) should a background check or drug screen regarding any employee of the Surviving Company (regardless of whether such background check or drug screen is conducted before or after the Closing Date) indicate that he or she has been excluded from participation under any Government Program or would for some other reason not be qualified for employment by Parent under its existing policies or applicable Law, Parent, in its sole discretion, shall have the option to cause the Surviving Company to terminate the employment of such employee. With the exception of any payments or liabilities associated with the termination of the Conversion Award Agreements and the Phantom Unit Agreements, which payments are being made pursuant to Section 2.4(a)(v) hereof and which other liabilities, if any, are being accounted for as a liability in the computation of Closing Working Capital, the Surviving Company shall be solely responsible for all liabilities relating to the amendment, termination or alleged termination of any Benefit Plan occurring at or following the Closing (and no liability or obligation related thereto shall be accounted for as a liability in computing the Closing Working Capital). In addition, the Surviving Company shall be solely responsible for all severance obligations relating to the termination of any employees at or following the Closing (and no liability or obligation related thereto shall be accounted for as a liability in computing the Closing Working Capital);

provided, however, it is understood and agreed that, in the event any such employees are offered continued employment by the Surviving Company at the Closing on substantially the same terms and conditions and such employees elect to decline such continued employment, any severance obligations relating to the termination of their employment shall be accounted for as a liability in computing the Closing Working Capital. In addition, it is understood and agreed that all Sales Bonus Payments are being paid at Closing out of the Merger Consideration.

(b) During the period commencing at the Closing and ending on the date which is twelve (12) months after the Closing (or if earlier, the date of the employee's termination of employment with the Merged Company), Parent shall and shall cause each Merged Company to provide each employee who remains employed immediately after the Closing (each, a "Continuing Employee") with: (i) base salary or hourly wages which are no less than the base salary or hourly wages provided by such Merged Company immediately prior to the Closing; (ii) target bonus opportunities (excluding equity-based compensation), if any, which are no less than the target bonus opportunities (excluding equity-based compensation) provided by such Merged Company immediately prior to the Closing; (iii) retirement and welfare benefits that are no less favorable in the aggregate than those provided by such Merged Company immediately prior to the Closing; and (iv) severance benefits that are no less favorable than the practice, plan or policy in effect for such Continuing Employee immediately prior to the Closing; provided, however, Parent and the Merged Companies' obligations hereunder (x) are expressly subject to and conditioned upon the related Continuing Employee executing and delivering to Parent, prior to the Closing, Parent's standard protective covenants agreement required for similarly situated employees, and (y) shall terminate with respect to any Continuing Employee if he or she ceases to be employed by the Merged Companies.

(c) The provisions of this Agreement are for the benefit of the parties hereto, and no employee of any Merged Company shall have any rights hereunder. Nothing herein expressed or implied shall be deemed an amendment of any Benefit Plan or otherwise confer upon any employee of any Merged Company, or any legal representatives or beneficiaries thereof, any rights or remedies, including any right to employment or continued employment for any specified period or to be covered under or by any employee benefit plan or arrangement, or shall cause the employment status of any employee to be other than terminable at-will.

Section 4.3 Publicity.

(a) Prior to the Closing and except as provided in Section 4.3(b), no party shall (or permit any Affiliate or any agent or representative thereof to) issue a press release or make any other public announcement concerning the transactions contemplated by this Agreement without the prior written consent of the Agent, the Company and Parent, except as such release or announcement may be required by Law or the rules or regulations of the United States or foreign securities exchange, in which case the party required to make the release or announcement shall allow each of the other parties reasonable time to comment on such release or announcement in advance of such issuance. After the Closing, no press releases related to this Agreement and the transactions contemplated herein, or other announcements to the employees, patients/payors or suppliers of the Merged Companies, will be issued without the approval of the Parent (which approval, in each case, shall not be unreasonably withheld, conditioned or delayed); provided, however, Parent shall first permit Agent a reasonable opportunity to review and comment on the press release proposed to be issued by Parent upon consummation of the Closing.

(b) Upon execution of this Agreement, the Parties have agreed that a mutually agreeable public announcement will be made.

Section 4.4 **Confidentiality.** Any information regarding the Merged Companies heretofore or hereafter obtained from the Merged Companies by Parent and Merger Sub shall be subject to the terms of the of the Nondisclosure Agreement dated as of June **15, 2015,** by and among Amedisys and the Company (the "Nondisclosure Agreement"), and such information shall be held by Parent and Merger Sub in accordance with the terms of the Nondisclosure Agreement, which shall continue in full force and effect.

Section 4.5 **Access to Information.** Subject to Section 4.4, during the period from the date of this Agreement to the Closing Date, if reasonably requested by Parent, the Company shall, and shall cause each other Merged Company to, afford the officers, directors, employees and other agents of Parent reasonable access during normal business hours to the properties, books and records, offices and other facilities, and employees of the Merged Companies. Any such access shall be managed by and conducted through those representatives identified by the Company, and shall be subject to such additional limitations as the Company may reasonably require to prevent disclosure of the transactions contemplated hereby, the disruption of the business of the Merged Companies and/or the disclosure of any confidential or legally privileged information. Without the prior written consent of the Company, Parent shall not contact any referral source, patient, customer, dealer, distributor, vendor, supplier, insurer or service provider of any Merged Company concerning such Merged Company or the transactions contemplated hereby. Notwithstanding anything to the contrary set forth in this Agreement, the Company shall not be required to disclose to Parent or any agent or representative thereof any (a) information relating to the pending sale process being conducted by the Merged Company, except as expressly required by Section 4.12 with respect to offers or proposals received after the date of this Agreement, or (b) information if doing so would violate any Company Contract, Law or Legal Requirement or which would result in a loss of the ability to successfully assert a claim of privilege (including without limitation, the attorney-client and work product privileges), it being understood that the Company shall make reasonable efforts, through redaction or otherwise, to maximize the delivery of information hereunder. Subject to Section 4.18, no information obtained by Parent pursuant to this Section 4.5 or otherwise shall be deemed to amend or supplement the Disclosure Schedule, to prevent or cure any breach of warranty, or breach of covenant, or to otherwise limit or affect any rights of the Buyer Indemnitees under Article VII.

Section 4.6 **Filings and Authorizations, Including AHCA Filings.**

(a) Each of Parent and the Company shall promptly make or cause to be made any and all required filings with AHCA or other Governmental Entities for the change of ownership of the Permits issued to the Merged Companies by AHCA or such other Governmental Entities. If not filed prior to the date hereof and subject to the Company's timely provision of all required supporting documentation and other information reasonably available to the Company, Parent shall file a complete application for licensure / change of ownership, on the form prescribed by AHCA (and together with all supporting documents and other information required to be filed therewith), with AHCA in accordance with applicable Law no later than five (5) Business Days after the date of this Agreement, and in such application shall specify December 31, 2015 as the proposed effective date for the change of ownership (such date, the "AHCA CHOW Date").

(b) The parties agree to cooperate fully and promptly respond to any inquiries or investigations initiated by AHCA or such other Governmental Entities in connection with any such filings. Without limiting the generality of the foregoing, Parent shall use commercially reasonable efforts to respond to any request by AHCA or such other Governmental Entities for additional or omitted information promptly. The Company shall deliver to Parent at or prior to the Closing all such documents as Parent may reasonably request to obtain Federal approval of the change of ownership of the Merged Companies contemplated by this Agreement.

(c) Promptly following the parties' execution and delivery of this Agreement, the Merged Companies will give any notices to third parties and will, from the date of this Agreement until the Closing, use commercially reasonable efforts to obtain any third party consents referred to in Part 3.1(c)(2) of the Disclosure Schedule.

(d) The Company, on the one hand, and Parent, on the other hand, shall, and shall cause their Affiliates to, promptly file or cause to be filed all other necessary Governmental Filings, including those referred to in Part 3.1(c)(1) of the Disclosure Schedule.

(e) Each of Parent and the Company agree to cooperate with and promptly to consult with the other party or its counsel with respect to any filing with any Governmental Entity and shall use their commercially reasonable efforts to obtain the consents, approvals, waivers or other authorizations from Governmental Entities, including without limitation, any approvals required from AHCA by the AHCA CHOW Date. Parent shall promptly, and in any event within three (3) Business Days, notify the Agent of the satisfaction of the condition set forth in Section 5.1(d).

Section 4.7 Closing Efforts. Upon the terms and subject to the conditions herein provided, except as otherwise provided in this Agreement, and without limiting the obligations of the parties under Section 4.6, each of the parties hereto agrees to act in good faith and use reasonable efforts to take or cause to be taken all actions, to do or cause to be done and to assist and cooperate with the other party hereto in doing all things necessary, proper or advisable under applicable Laws and Legal Requirements to satisfy the conditions specified in this Agreement necessary to consummate the transactions contemplated hereby. Without limitation of the foregoing, Parent shall use commercially reasonable efforts to assist the Company in satisfying the condition to closing set forth in Section 5.1(m), including, without limitation, diligently requesting that the applicable accrediting bodies survey the particular agency locations of the Merged Companies as soon as possible following the date hereof. For avoidance of doubt and without otherwise limiting or expanding the foregoing, neither the Company nor any of its Affiliates shall be obligated to make any payments or otherwise pay any consideration to any third party to obtain any applicable consent, waiver or approval, unless the payment of such consideration is required by applicable Law or the terms of the applicable Contract.

Section 4.8 Compliance with Employment Laws. On and after the Closing Date, Parent and the Surviving Company shall comply with all applicable Laws requiring notice to employees in the event of a plant closing, layoff, discharge, termination, relocation or reassignment of employees. For the avoidance of doubt, Parent and the Surviving Company shall be responsible for notices, payments or other obligations due to any employees, and all notices, payments, fines or assessments due to any Governmental Entity pursuant to any applicable federal, state or local Laws, common law, rule or regulation with respect to the employment, discharge, layoff, termination, relocation or reassignment of any employees of the Merged Companies by the Surviving Company occurring or accruing at or after the Closing, including but not limited to foreign, state or local Laws and any rules or regulations as have been issued in connection with the foregoing.

Section 4.9 Further Assurances. On and after the Closing Date, the Company, the Agent, and Parent shall, and Parent shall cause Merger Sub to, cooperate and use all of their respective commercially reasonable efforts to take or cause to be taken all appropriate actions and do, or cause to be done, all things necessary or appropriate to consummate and make effective the transactions contemplated hereby, including the execution of any additional documents or instruments of any kind, the transfer of assets or property, the obtaining of consents which may be reasonably necessary or appropriate to carry out any of the provisions hereof and the taking of all such other actions as such party may reasonably be requested to take by the other party hereto from time to time, consistent with the terms of this Agreement and the other agreements, instruments and documents contemplated hereby, in order to effectuate the provisions and purposes hereof and thereof and the transactions contemplated hereby and thereby.

Section 4.10 Parent's Obligations. If the Closing occurs, and subject to Section 4.17(i), Parent shall be liable for all obligations of the Merged Companies under Section 4.11. The Agent and the Equityholders shall not be required to make any demand upon, or to pursue or exhaust any right or remedy against, the Surviving Company prior to exercising their rights under this Section 4.10, and no delay or omission on the part of the Agent or the Equityholders in exercising rights hereunder shall operate as a waiver or relinquishment of such rights or remedies. To the extent anything herein could be deemed to be a guarantee or suretyship by Parent, Parent hereby waives any and all defenses available to a guarantor or surety (other than the defense that the obligation has been satisfied).

Section 4.11 Indemnification and Exculpation.

(a) All rights to indemnification and exculpation (including the advancement of expenses) from liabilities for acts or omissions occurring at or prior to the Closing existing as of the Closing Date in favor of the current or former members of the Board of Managers and officers of the Merged Companies (the "Indemnified Persons"), as provided in their respective Organizational Documents or any indemnification or employment agreements of the Merged Companies and pursuant to applicable Law, shall survive the Closing for a period of six (6) years, and, following the Closing, Parent agrees to cause the Merged Companies to comply with and honor any such rights to indemnification, exculpation and advancement; provided, that if any claims are asserted or made within such period, all rights to indemnification and exculpation (and to advancement of expenses) hereunder in respect of any such claims shall continue, without diminution, until disposition of any and all such claims.

(b) An Indemnified Person shall notify the applicable Merged Company of the existence of any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal or administrative (each, a "Proceeding") for which such Indemnified Person is entitled to indemnification hereunder as promptly as reasonably practicable after such Indemnified Person learns of such Proceeding; provided, that the failure to so notify shall not affect the obligations of Parent or the Surviving Company under this Section 4.11 except to the extent such failure to notify actually prejudices the Merged Company. The Merged Company, at its expense, shall have the right to control the defense of the Proceeding with counsel selected by the Merged Company and reasonably acceptable to the Indemnified Person. The Parent and the Surviving Company shall cause the Merged Company to cooperate fully with the Indemnified Person, and the Indemnified Person shall cooperate fully with the Merged Company, in connection with the defense of any Proceeding. No settlement of a Proceeding may be made by the Merged Company without the Indemnified Person's consent, except for a settlement which requires no more than a monetary payment for which the Indemnified Person is fully indemnified and which does not require the admission of liability. No settlement of a Proceeding may be made by an Indemnified Person without the consent of the Merged Company (such consent not to be unreasonably withheld, delayed or conditioned).

(c) Prior to the Closing, Parent shall, by causing the Merged Companies to be added to the directors' and officers' liability insurance policy of Amedisys effective as of the Effective Time, obtain extended reporting coverage thereunder for the Merged Companies in the form and on terms reasonably acceptable to the Agent so that the Indemnified Persons shall be covered for a period of six (6) years after the Closing under the terms of such policy; the cost of such extended reporting coverage to be paid by Parent (and not included in the Closing Working Capital).

(d) The provisions of this Section 4.11 are intended to be for the benefit of, and enforceable by, each Indemnified Person and such Indemnified Person's estate, heirs and representatives, and nothing herein shall affect any indemnification rights that any Indemnified Person or such Indemnified Person's estate, heirs and representatives may have under a Merged Company's Organizational Documents.

(e) In the event that after the Closing Date, Parent or the Surviving Company or their respective successor(s) or assign(s) (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger, or (ii) transfers, directly or indirectly, all or substantially all of its properties and assets or the equity ownership interests of any Merged Company to any Person, then, and in each case, proper provision shall be made so that the successor(s), assign(s) and transferee(s) of such Person, as the case may be, honor the indemnification and other obligations set forth in this Section 4.11.

Section 4.12 Exclusivity. From the date of this Agreement until the Closing Date or the earlier termination of this Agreement, none of the Key Unit Holder, the Company, the other Merged Companies, nor any of their respective Affiliates, employees, officers, directors, members, managers, advisors, agents or other representatives shall, directly or indirectly, initiate with, solicit from, encourage or respond to (including by way of furnishing non-public information or assistance), or enter into discussions or negotiations of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with, any Person other than Parent and its Affiliates and advisors with respect to the acquisition of the business of the Merged Companies, pursuant to a sale of stock, merger, consolidation or other business combination involving the Merged Companies, or a sale of all or a material portion of the assets of the Merged Companies. If, from the date of this Agreement until the Closing Date or the earlier termination of this Agreement, the Company or any of the other Persons referenced above receives an offer or proposal relating to any acquisition of the business of the Merged Companies, such Person shall notify Parent of the receipt of such offer, the terms of the offer, and the identity of the offeror.

Section 4.13 Books and Records. From and after the Closing, Parent will cause the Merged Companies to maintain a reasonable records retention policy. After the Closing, the Agent and its accountants, lawyers and representatives shall be entitled, upon reasonable advance written notice, to have access to and to make copies (at Agent's expense) of the pre-Closing books and records of the Merged Companies for any purpose relating to the Equityholders' ownership of the Merged Companies prior to the Closing, including, without limitation, the preparation of Tax Returns. In the event of any litigation or threatened litigation between the parties relating to this Agreement or the transactions contemplated hereby, the covenants contained in this Section 4.13 shall not be considered a waiver by any party of any right to assert the attorney-client privilege.

Section 4.14 Certain Tax Matters.

(a) For Income Tax purposes, the Merger shall be treated pursuant to IRS Revenue Ruling 99-6, I.R.B. 1999-6 (situation 2), as (i) a sale of all of the Company Units by the Equityholders (resulting in a termination of the Company as a partnership pursuant to Section 708(b)(1) of the Code (and any comparable provision of other Tax Law) as of the end of the Closing Date), and (ii) an acquisition by Parent of all of the Company's assets in exchange for the Merger Consideration (as adjusted, and taking into account other items treated as purchase price for Income Tax purposes). The Agent shall control and file, or cause to be filed (as a Company Expense), the final partnership Income Tax Return for the Company and the 2015 Income Tax Returns for Hi-Tech Care, Inc. and Infinity Home Care Acquisition Corp.; provided, however, the Agent shall provide each such proposed Income Tax Return to Parent for its review and comment no less than thirty (30) days prior to the filing date thereof and the Agent shall reasonably consider all comments thereon. The parties agree that all deductions relating to the payment of the Indebtedness, Company Expenses, Sale Bonus Payments and payments to the holders of the Company Phantom Units accrue on the Closing Date and shall be reported on the final Income Tax Return for the Company as a partnership (for the year ending on the Closing Date). The parties agree that they will file all Tax Returns in accordance with the foregoing, and not take any position inconsistent therewith in any Action by a taxing authority.

(b) The Agent shall control and prepare, or cause to be prepared (as a Company Expense), for the review and approval of Parent (such approval not to be unreasonably withheld, conditioned or delayed), the allocation of the purchase price for Income Tax purposes among the assets of the Company (including the assets of any Subsidiary that is treated as an entity that is disregarded as separate from the Company for Income Tax purposes), including for purposes of Sections 751 and 1060 of the Code (and any comparable provision of other Tax Law). Within sixty (60) days after the Closing Date, the Agent will deliver to Parent a statement (the "Allocation Statement") setting forth such allocation for Parent's review and approval (such approval not to be unreasonably withheld, conditioned or delayed). The parties agree that they will file all Tax Returns in accordance with the Allocation Statement as finally approved by Parent and the Agent (including, in the case of Parent, IRS Form 8594), and not take any position inconsistent therewith in any Action by a taxing authority.

Section 4.15 Release by Equityholders. Effective as of the Closing, each of the Equityholders releases the Company, its successors and assigns, and its Affiliates, members, managers, directors, and officers from any claim, demand, lien, liability, debt, right, set-off, trespass, tort, wrong, covenant, action, suit, expense, damage, judgment, order and liability of whatever kind or nature, in law or in equity, under contract, in tort, by statute or otherwise, whether known or unknown, vested or contingent, suspected or unsuspected, and whether or not concealed or hidden, that were or could have been asserted in any suit, arbitration or mediation, in any jurisdiction, state, federal or otherwise, under any law, state, federal or otherwise, in each case arising out of or relating to, in whole or in part, Equityholder's ownership of Company Units and status as a member of the Company.

Section 4.16 Payment and Performance Guarantee by Amedisys. Amedisys hereby absolutely, unconditionally and irrevocably guarantees, as a primary obligor and not merely a surety, to the Company and the Equityholders (i) the performance of all obligations of Parent under this Agreement to the extent such obligations are to be performed prior to or at the Closing and (ii) the due and punctual payment by Parent of all payments of Merger Consideration owing by Parent pursuant to Sections 2.4 and 2.7 of the Agreement (clauses (i) and (ii) collectively, the "Guaranteed Obligations"). The guarantee by Amedisys set forth in clause (i) above shall terminate following consummation of the Closing. The guarantee by Amedisys set forth in this Section 4.16 shall continue to be effective or be reinstated, as the case may be, if at any time any payment or performance of the Guaranteed Obligations is rescinded or must otherwise be returned by the Equityholders upon the insolvency, bankruptcy or reorganization of Amedisys or otherwise, all as though such payment had not been made. This is a guarantee of payment and performance, as applicable, and not of collection only. The Agent and the Equityholders shall not be required to make any demand upon, or to pursue or exhaust any right or remedy against, the Parent prior to exercising their rights under this Section 4.16, and no delay or omission on the part of the Agent or the Equityholders in exercising rights hereunder shall operate as a waiver or relinquishment of such rights or remedies.

Section 4.17 Additional Covenants.

(a) *Termination of Conversion Award Agreements and Phantom Unit Agreements.* At or prior to the Closing, the Company shall cause the Conversion Award Agreements and Phantom Unit Agreements to be terminated, effective upon consummation of the Closing, which termination will not affect the rights of the holders of the Company Phantom Units to receive payment of the portion of the Merger Consideration owing to them hereunder. For the avoidance of doubt, all taxes owing by the Company in connection with the payments of the Sale Bonus Payments and the payments to the holders of the Company Phantom Units to be made hereunder shall be accounted for as a liability in the computation of Closing Working Capital. The Company shall provide evidence of its compliance with the terms of this Section 4.17(a) to Parent at or prior to the Closing.

(b) *Payment of Indebtedness.* At the Closing, the Merged Companies shall pay all Indebtedness of the Merged Companies in full (excluding the AW Obligations), including all fees relating to the payment thereof, to the extent not paid or payable by Parent pursuant to Section 2.4(a)(i).

(c) *Financial Statements.* From the date hereof until the Closing Date, the Company shall provide monthly consolidated financial statements for the Merged Companies and year-to-date consolidated financial statements for the Merged Companies, prepared in accordance with GAAP consistent with the Merged Companies' past practices, no later than thirty (30) days after the end of each month, together with the related trial account balances and such other financial information as may be reasonably requested by Parent.

(d) *Maintenance of Insurance.* The Company shall cause the Merged Companies to maintain insurance coverage for the Merged Companies through the Closing Date no less favorable than the insurance coverages for them in effect as of the date hereof.

(e) *Employees and Integration.* From the date hereof to the Closing Date, subject to Section 4.5, the Company shall cause the Merged Companies to provide Parent the opportunity reasonably requested by it to contact and have access to the employees of the Merged Companies for pre-Closing introductions and training sessions. Prior to the Closing, subject to Section 4.5, the Company agrees to cause the Merged Companies to provide to Parent information and access reasonably requested by it necessary to proceed with its pre-Closing integration processes. The Company agrees to cause the Merged Companies to use commercially reasonable methods to assist Parent in the transfer of data from the networks of the Merged Companies to Parent's network, provided that Parent has executed any instruments necessary to ensure that such transfer complies with HIPAA and other Legal Requirements governing the transfer or sharing of confidential patient information. The Company shall, at least three (3) Business Days prior to the Closing, provide Parent with an updated true and correct list of (i) the name, state of residence, title, employer, length of service, hourly pay rate and annualized pay rate, fixed bonuses, and discretionary bonuses of each officer, employee or independent contractor of the Merged Companies employed or engaged by any of the Merged Companies as of December 18, 2015, and (ii) any other form of compensation (other than salary, bonuses or customary benefits) paid or payable by any of the Merged Companies to each such officer, employee or independent contractor for the most recent fiscal year.

(f) *Drag-Along Rights.* Promptly following the parties' execution and delivery of this Agreement, the Key Unit Holder and the Board of Directors of the Company shall exercise their "drag-along" rights in accordance with Section 7.4 of the Company Operating Agreement in furtherance of the transactions contemplated hereby.

(g) *AW Obligations.* Upon any AW Obligations becoming due and payable, Parent and Agent hereby agree to deliver joint written instructions to the Escrow Agent directing it to pay such AW Obligations from the AW Escrow Amount. Subject to any such payments by the Escrow Agent from the AW Escrow Amount, the AW Escrow Amount shall remain in escrow until all potential Earn-Out Payment obligations owing by the Merged Companies under the AW Stock Purchase Agreement shall have been satisfied. In the event any portion of the AW Escrow Amount remains in escrow following the satisfaction in full of all such payment obligations by the Merged Companies, such portion shall be distributed to the Agent for the account and benefit of the Equityholders. Parent and Agent hereby agree to timely cause joint written instructions to be delivered to the Escrow Agent consistent with the terms herein. If the amount of the AW Obligations exceed the AW Escrow Amount, the Equityholders, severally based on their respective pro rata shares of the Escrow Fund as set forth on the Distribution Schedule, shall promptly reimburse Parent for such excess following demand by Parent, which demand shall include documentation substantiating such excess. The Key Unit Holder shall promptly pay on demand from Parent any amounts due from the Equityholders pursuant to the foregoing sentence that are not funded by the Equityholders within 30 days after Parent's demand.

(h) *Bank Accounts.* At least three (3) Business Days prior to the Closing, the Company shall deliver to Parent all documentation required to change authorizations for the accounts identified on Part 3.1(u)(iv) of the Disclosure Schedule to the individuals designated by Parent, with such documentation to be held in escrow by Parent and not released until the Closing.

(i) *Joinder to Amedisys Credit Facility.* Notwithstanding anything to the contrary in this Agreement, neither Parent nor Amedisys shall be liable for any of the obligations of the Merged Companies after Closing under Sections 4.10 and 7.3 unless and until such Merged Companies have been made Loan Parties (as defined in the Amedisys Credit Facility) to that certain Credit Agreement, dated as of August 28, 2015, to which Amedisys, Amedisys Holding, L.L.C., certain subsidiaries of Amedisys, Bank of America, N.A., as administrative agent, and certain lenders are party thereto (the "Amedisys Credit Facility") by executing a joinder thereto. Amedisys hereby covenants and agrees to use commercially reasonable efforts to cause the Merged Companies to be made Loan Parties to the Amedisys Credit Facility within thirty (30) days following the Closing; provided, however, Amedisys hereby covenants and agrees that, in any event, the Merged Parties shall be made Loan Parties to the Amedisys Credit Facility within sixty (60) days following the Closing and Amedisys and Parent shall become liable for the obligations of the Merged Companies after Closing under Sections 4.10 and 7.3 no later than such sixtieth (60th) day.

(j) *Angel Watch 338(h)(10) Election.* The Company shall coordinate with Parent in scheduling the consummation of the Final Closing (as defined in the AW Stock Purchase Agreement). In the event of the consummation of the Final Closing prior to, contemporaneously with, or promptly following the Closing hereunder, the Company shall, upon the request of Parent, (i) cause Infinity Home Care of Jacksonville, LLC to exercise the right to make an election under Section 338(h)(10) or Section 336(e) of the Code (and any corresponding election under state, local and foreign Tax Law) with respect to the purchase and sale of the Shares (as defined in the AW Stock Purchase Agreement), as contemplated by Section 7.1 of the AW Stock Purchase Agreement, (ii) use commercially reasonable efforts to cause AW and each

Seller (as defined in the AW Stock Purchase Agreement) to join in such election, (iii) use commercially reasonable efforts to cause each Seller to otherwise comply with its obligations under Section 7.1 of the AW Stock Purchase Agreement, and (iv) use commercially reasonable efforts to deliver to Parent, no later than the Closing, an executed copy of Form 8023, Elections Under Section 338 for Corporations Making Qualified Stock Purchases (or its equivalent under Section 336(e)), for such election.

(k) *Due Diligence Findings.* The Company acknowledges that on or about October 26, 2015, Parent provided the Company with a copy of the preliminary draft report of the third party medical record review performed for Parent in connection with this transaction. The Company is undertaking a review of the preliminary findings in the report and, no later than December 15, 2015, the Company shall make any adjustments or refunds necessary to address any verified findings of overpayments following the Company's review of the report, to the reasonable satisfaction of Parent. No later than December 15, 2015, the Company shall provide Parent with the results of its review of the preliminary findings in the report and evidence of any adjustments or refunds made in connection with any verified findings of overpayments contained therein, in each case to the reasonable satisfaction of Parent. Within five business days of its receipt of these results, Parent shall identify any issues with the results, including the specific refunds reasonably desired with respect to those matters. The Company shall have the right to resolve those identified matters by refunding the applicable amounts in question by the Closing Date.

In addition, to the extent the Parent identified any compliance issue in the email dated October 29, 2015, at 11:32 PM EST, that is reasonably likely to result in a reportable event under Parent's corporate integrity agreement, the parties shall work in good faith to analyze and remediate to the reasonable satisfaction of Parent any validated compliance issues as soon as reasonably practicable after signing, but in no event later than December 15, 2015. Within five business days of its receipt of the proposed remediation from the Company, Parent shall identify any issues with the proposed action, including the specific contracts that it reasonably desires to be terminated. The Company shall have the right to resolve those identified matters by refunding the applicable amounts and/or terminating the applicable contracts prior to the Closing Date.

Section 4.18 Supplemental Disclosure Schedules.

(a) The Company may, at any time and from time to time not less than five (5) Business Days prior to the Closing, by notice in accordance with the terms of this Agreement, supplement any one or more Parts of the Disclosure Schedule; provided that, except as expressly provided below in this Section 4.18, such supplements shall not be deemed to amend the Disclosure Schedule or qualify the related representations and warranties of the Company herein. With respect to any item or matter that relates solely to actions, occurrences, facts, developments or events that (i) both arises and becomes known to the Company after the date hereof and would have been required or permitted to be set forth or described in the Disclosure Schedule had such matter existed as of the date hereof, (ii) does not arise from a breach of this Agreement, and (iii) either (A) is not material to the Merged Companies, taken as a whole or (B) arises out of or is attributable to any item described in parts (i) through (viii) of the definition of "Material Adverse Effect" in Article I, the item in such supplemental disclosure shall be deemed to amend the Disclosure Schedule and qualify the representations and warranties of the Company. Any other supplemental disclosures to the Disclosure Schedule shall not be deemed to amend the Disclosure Schedule, shall be made without effect to or qualification of any of the related representations and warranties of the Company contained in this Agreement, and shall have no effect on the right of the Buyer Indemnitees to indemnification. For clarification, any such disclosed matter will not be the basis for a Fraud claim.

(b) Each Party will give prompt written notice to the other Parties of any notice or development which has caused a material breach of or inaccuracy in any of its own representations and warranties in Article III. Subject to Section 4.18(a), no such written notice shall be deemed to have amended and qualified the representations and warranties in Article III, or to have cured any material breach of or inaccuracy in a representation or warranty that otherwise might have existed.

ARTICLE V
CONDITIONS OF PURCHASE

Section 5.1 Conditions to Obligations of Parent and Merger Sub. The obligation of Parent and Merger Sub to consummate the transactions contemplated by this Agreement is expressly subject to the fulfillment or express written waiver of the following conditions on or prior to the Closing Date:

(a) Obligations of the Company. The Company and the Key Unit Holder shall have performed, in all material respects, on or before the Closing Date, all covenants contained in this Agreement which by the terms hereof are required to be performed by it after the date of this Agreement and on or before the Closing Date.

(b) Representations and Warranties. Each representation and warranty set forth in Sections 3.1 and 3.3 shall be true and correct at and as of the Closing as though then made except to the extent such representations and warranties by their terms speak of an earlier date in which case they shall be true and correct as of such earlier date, except where the failure of any such representation and warranty to be true and correct (whether as of the Closing or such earlier date) does not constitute a Material Adverse Effect.

(c) Compliance Certificate. The Company shall have delivered to Parent a certificate, dated as of the Closing Date, to the effect that the conditions set forth in Sections 5.1(a) and 5.1(b) have been satisfied as of the Closing, together with copies of (i) the Organizational Documents of the Merged Companies, and all amendments thereto, and (ii) the resolutions adopted by the requisite number of holders of Company Units and the Board of Managers of the Company duly authorizing the transactions contemplated hereby.

(d) AHCA CHOW Date. The AHCA CHOW Date shall have occurred, or the application for licensure / change of ownership submitted by Parent shall have been approved by AHCA prior to such date.

(e) No Prohibition. There shall not be any order or injunction of a court of competent jurisdiction or governmental agency in effect preventing, restraining or invalidating the consummation of the material transactions contemplated hereby.

(f) Third Party Consents and Governmental Filings. All Governmental Entity and third party filings or registrations with, notifications to, or authorizations, consents or approvals set forth on Schedule III shall have been made or obtained, as applicable; provided, however, with respect to the landlord consents required under the Merged Companies' lease agreements for premises in Palm Beach, Florida, Clearwater, Florida, and Jacksonville, Florida respectively, listed on Schedule III, if such consents have not been received on or prior to December 1, 2015, this condition shall also be deemed satisfied with respect to such consents if the Merged Companies have, prior to the Closing Date and at the sole expense of the Company (to be accounted for as a Company Expense), relocated their respective operations in Palm Beach, Florida, Clearwater, Florida and Jacksonville, Florida to other locations in the related communities pursuant to new leases, each such location and lease to be reasonably satisfactory to Parent, and shall have timely made all required regulatory notices or filings in connection with each such relocation.

(g) Restrictive Covenant Agreements. The following Persons shall have executed and delivered to Parent restrictive covenant agreements in the forms of Exhibit H, as applicable: the Key Unit Holder and each member of the Company Knowledge Group.

(h) Legal Opinion. The Company shall have delivered to Parent an opinion of counsel for the Company as to the matters listed on Exhibit I.

(i) Good Standing Certificates. The Company shall have delivered to Parent a Certificate of Status in regard to each Merged Company issued by the Secretary of State of Florida (dated as of a recent date);

(i) No Material Adverse Effect. Since the Balance Sheet Date, no Material Adverse Effect shall have occurred.

(j) Section 2.3 Deliverables. The Company shall have delivered the certificate, Distribution Schedule and payoff letters, if any, required by Section 2.3(b).

(k) Escrow Agreement. The Agent and the Escrow Agent shall have entered into the Escrow Agreement.

(l) Resolution of Due Diligence Findings. The Company shall have performed, in all material respects, on or before the Closing Date, all covenants contained in Section 4.17(k) of this Agreement. For purposes of this Section 5.1(l), "material" shall have the same meaning given such term in Section 3.1(t)(xiii).\

(m) Completion of Surveys. The Del Ray (Palm Beach), Florida, Vero Beach, Florida and Amelia Island, Florida (Angel Watch) agency locations of the Merged Companies shall have satisfied AHCA survey requirements for change of ownership of such agencies.

Section 5.2 Conditions to Obligations of the Company. The obligation of the Company to consummate the transactions contemplated by this Agreement is expressly subject to the fulfillment or express written waiver of the following conditions on or prior to the Closing Date:

(a) Representations and Warranties of Parent. Each of the representations and warranties of Parent contained in Section 3.2 shall be true and correct in all material respects at and as of the Closing as though then made except to the extent such representations and warranties by their terms speak of an earlier date in which case they shall be true and correct in all material respects as of such earlier date (except for any representations and warranties that are qualified by the concept of materiality, which shall be true and correct in all respects).

(b) Obligations of the Parent and Merger Sub. Parent and Merger Sub shall have performed in all material respects, on or before the Closing Date, all covenants contained in this Agreement which by the terms hereof are required to be performed by Parent and Merger Sub after the date of this Agreement and on or before the Closing Date.

(c) Compliance Certificate. Parent shall have delivered to the Company a certificate, dated as of the Closing Date, to the effect that the conditions set forth in Sections 5.2(a) and (b) have been satisfied as of the Closing.

(d) AHCA CHOW Date. The AHCA CHOW Date shall have occurred, or the application for licensure / change of ownership submitted by Parent shall have been approved by AHCA prior to such date.

(e) No Prohibition. There shall not be any order or injunction of a court of competent jurisdiction or governmental agency in effect preventing, restraining or invalidating the consummation of the material transactions contemplated hereby.

(f) Closing Payments. Parent shall have made the payments contemplated by Section 2.4.

(g) Other Agreements. Parent and the Escrow Agent shall have entered into the Escrow Agreement.

ARTICLE VI
TERMINATION

Section 6.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing Date as follows:

(a) by mutual written consent of Parent and the Company;

(b) by Parent, if (i) any of the representations and warranties of the Company or the Key Unit Holder set forth in this Agreement are not true and correct to the extent required by Section 5.1(b), or if the Company or the Key Unit Holder shall have breached or failed to perform any of its obligations, covenants or agreements under this Agreement to the extent required by Section 5.1(a), and (ii) such breach, failure or misrepresentation is material to the Merged Companies, taken as a whole, and, if curable, is not cured within thirty (30) days after Parent gives the Company written notice identifying in reasonable detail such breach, failure or misrepresentation; provided that Parent is not permitted to terminate this Agreement pursuant to this Section 6.1(b), if, at the time of such attempted termination, the Company would have the right to terminate this Agreement pursuant to Section 6.1(c) but for the proviso thereof;

(c) by the Company, if (i) any of the representations and warranties of Parent set forth in this Agreement are not true and correct to the extent required by Section 5.2(a), or if Parent or Merger Sub shall have breached or failed to perform any of their respective obligations, covenants or agreements under this Agreement to the extent required by Section 5.2(b), and (ii) such breach, failure or misrepresentation is material and, if curable, is not cured within thirty (30) days after the Company gives Parent written notice identifying in reasonable detail such breach, failure or misrepresentation; provided that the Company is not permitted to terminate this Agreement pursuant to this Section 6.1(c), if, at the time of such attempted termination, Parent would have the right to terminate this Agreement pursuant to Section 6.1(b) but for the proviso thereof;

(d) by either Parent or the Company, if any court or other Governmental Entity having competent jurisdiction has issued a final and non-appealable order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement; provided that the right to terminate this Agreement pursuant to this Section 6.1(d) shall not be available to any party whose breach of any provision of this Agreement results in such order, decree or ruling; or

(e) by either the Parent or the Company, if the Closing shall not have occurred on or before February 29, 2016 (the "Outside Date"); provided, that if the condition to closing set forth in Section 5.1 (m) shall not have been satisfied on or prior to such date, the Outside Date shall be extended until April 30, 2016; provided, further, that the right to terminate this Agreement pursuant to this Section 6.1(e) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Closing to be consummated by such time.

Section 6.2 Effect of Termination. In the event of termination of this Agreement by a party hereto pursuant to Section 6.1 hereof, written notice thereof shall forthwith be given by the terminating party to the other parties hereto specifying the provision hereof pursuant to which such termination is made, and this Agreement shall thereupon terminate and become void and have no effect, except that the provisions of Section 4.3 (Publicity), Sections 4.4 (Confidentiality), 4.10 (Parent's Obligation), 4.16 (Payment and Performance Guarantee by Amedisys), this Section 6.2 (Effect of Termination) and Article VIII (Additional Operative Provisions) shall survive the termination of this Agreement; provided, however, that such termination shall not relieve any party hereto of any liability for any breach of this Agreement prior to such termination. For greater certainty, if Parent and Merger Sub do not close the transactions contemplated hereby in circumstances in which all of the closing conditions set forth in Section 5.1 have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing), such event shall be deemed to be a breach of this Agreement by Parent and Merger Sub.

ARTICLE VII
INDEMNIFICATION

Section 7.1 Survival. The representations, warranties and covenants contained in this Agreement and in any certificate delivered at the Closing shall survive the Closing and terminate at 5:00 PM Eastern time on the date that is eighteen (18) months after the Closing Date; provided, however, that (a) all covenants and agreements contained herein which by their terms are to be performed solely, or which prohibit actions, subsequent to the Closing, shall survive the Closing in accordance with their terms and (b) the representations and warranties contained in clauses (a) (Due Organization and Good Standing), (b) (Authorization, Execution and Delivery; Valid and Binding Agreement), (d) (Capital Structure; Subsidiaries), (i) (Taxes), (p) (Brokers' Fees), and (s) (Environmental Matters) of Section 3.1 (collectively, the "Fundamental Representations") shall survive the Closing and terminate at 5:00 PM Eastern time on the earlier of (i) the date that is seven (7) years after the Closing Date, or (ii) the date that is thirty (30) days after the expiration of the applicable statute of limitations (including any period of interruption or tolling), and (c) all rights and obligations under Sections 7.2(a)(iii), 7.2(a)(iv), 7.2(a)(v), 7.2(a)(vi) and 7.2(a)(vii) shall survive the Closing and terminate at 5:00 PM Eastern time on the date that is thirty (30) months after the Closing Date (as applicable in each of the foregoing cases, the "Survival Expiration Date"). No claim for breach of any representation, warranty, covenant or agreement, or claim for indemnification under Section 7.2(a), may be brought after the applicable Survival Expiration Date, except for claims (x) of which the Agent has been notified in writing with reasonable specificity by Parent prior to the applicable Survival Expiration Date, or (y) of which Parent has been notified in writing with reasonable specificity by the Agent prior to the applicable Survival Expiration Date.

Section 7.2 Indemnification of Parent.

(a) If the Closing occurs, subject to the terms of this Article VII, each Equityholder, severally and not jointly (limited to and based on each Equityholder's pro rata share of the Escrow Fund), agree to indemnify and hold harmless Amedisys, Parent, the Surviving Company, and the other Merged Companies (collectively, the "Buyer Indemnitees") from and against Losses incurred by the Buyer Indemnitees by reason of: (i) any inaccuracy or breach of any of the representations or warranties of the Company specifically set forth in Section 3.1 or contained in any certificate delivered at the Closing by the Company pursuant to this Agreement; (ii) the failure of the Company to perform any of its covenants or agreements contained herein required to be performed prior to the Closing, or the failure of the Agent to perform any covenant or agreement set forth herein which by its terms is to be performed after the Closing; (iii) any claim by an Equityholder or current or former holder of any other security of the Company, in its capacity as such, challenging this Agreement, the other transactions contemplated hereby or an act or omission by the Agent hereunder, including, without limitation, any claims relating to (x) the delivery of the Agent Fund, or (y) the Agent's exercise or failure to exercise its rights pursuant to Section 8.5; (iv) the failure of any portion of the Company Expenses or the Indebtedness of the Merged Companies outstanding as of the Closing to be paid at Closing (subject to Section 4.17(g)); (v) any post-payment review of claims, actions, audits, investigations, or proceedings conducted by or on behalf of any Government Programs, including, but not limited to, Medicare administrative contractors or intermediaries, recovery audit contractors, zone program integrity contractors, specialty medical review contractors, or similar investigative agencies, but only to the extent such Losses arise from the provision of healthcare services or the submission of healthcare claims by the Merged Companies and any predecessors from whom the Merged Companies acquired any Medicare or Medicaid provider number relating to dates of service prior to the Closing Date ("Recoupment Indemnity Matter"); provided, however, that Recoupment Indemnity Matter shall exclude Losses to the extent arising from post-closing changes by Parent or the Merged Companies to the billing policies, procedures and/or practices used by the Merged Companies prior to Closing, with respect to bills submitted by Parent or the Merged Companies following Closing for dates before the Closing Date; (vi) any audits, investigations, claims, actions, proceedings or lawsuits by the U.S. Department of Health and Human Services Office of Inspector General, U.S. Department of Justice, a state attorney general, state Medicaid agency or other agencies or Governmental Entities with respect to healthcare fraud, False Claims Act matters, qui tam or whistle blower actions, or other intent-based, reckless disregard-based, or other scienter-based Laws related to the provision of healthcare services or the submission of healthcare claims by the Merged Companies and any predecessors from whom the Merged Companies acquired any Medicare or Medicaid provider number relating to dates of service prior to the Closing Date, but excluding Losses to the extent arising from post-closing changes by Parent or the Merged Companies to the billing policies, procedures and/or practices used by the Merged Companies prior to Closing with respect to bills submitted by Parent or the Merged Companies following Closing for dates before the Closing Date; and (vii) the ongoing Tax dispute matter listed on Part 3.1(i) of the Disclosure Schedule; provided, however, the Buyer Indemnitee's Losses with respect to such matter shall be limited to the reasonable out-of-pocket cost incurred by the Merged Companies in litigating such matter and any out-of-pocket Taxes due and owing by the Merged Companies as a result of the resolution of such litigation for the period prior to the Closing Date. If the Closing occurs, subject to the terms of this Article VII, and to the extent in excess of the then remaining balance of the Escrow Fund at the related time, the Equityholders, severally and not jointly (based on each Equityholder's pro rata share of the Merger Consideration paid to the Equityholders), agree to indemnify and hold harmless the Buyer Indemnitees for all Losses incurred by the Buyer Indemnitees by reason of any inaccuracy or breach by the Company of a Fundamental Representation and for all Losses incurred by the Buyer Indemnitees pursuant to Sections 7.2(a)(ii), 7.2(a)(iii), 7.2(a)(iv), 7.2(a)(v), 7.2(a)(vi) and 7.2(a)(vii). For purposes of determining both (1) whether the Company has breached any of its representations and warranties in Section 3.1 (other than in Sections 3.1(j) and 3.1(v)) or whether the Company has breached any covenants or agreements herein, and (2) the amount of Losses suffered or incurred by any Buyer Indemnitee by reason of such breach, qualifications therein referring to "material", "Material Adverse Effect" and other qualifications of similar import or effect shall be disregarded (but, for the avoidance of doubt, qualifications referring to "Knowledge" or specified dollar amounts or dates or periods shall not be disregarded).

(b) In addition to the limitations in Section 7.1, the right of the Buyer Indemnitees to submit claims pursuant to Section 7.2(a) is subject to the following limitations: (i) no right to be indemnified or held harmless shall exist and no claim may be made against the Equityholders under Section 7.2(a)(i) (except for Fundamental Representations and Fraud (as defined in Article I) which shall not be subject to the Deductible) unless and until the aggregate amount of all Losses incurred by the Buyer Indemnitees in respect of claims thereunder exceeds $415,800 (the "Deductible"), and then Buyer Indemnitees shall be entitled to indemnification only for the amount in excess of the Deductible; (ii) except for Fundamental Representations and Fraud (as defined in Article I), the sole source of payment for all indemnification claims under Section 7.2(a)(i) shall be limited to the amount of, and in no event exceed, the remaining amount of the Escrow Fund held by the Escrow Agent; (iii) the aggregate amount of all Losses for which the Equityholders shall be liable pursuant to Sections 7.2(a)(v), 7.2(a)(vi) and 7.2(a)(vii) (whether from the Escrow Fund or otherwise) shall be limited to, and in no event exceed, $12,600,000; (iv) the Escrow Fund shall be the Buyer Indemnitees' first recourse for all indemnification claims not otherwise subject to Section 7.2(b)(ii), and no Equityholder shall be responsible to pay for any such indemnification claim until the Escrow Fund has been reduced to zero dollars ($0), (v) the aggregate liability of each Equityholder for all indemnification claims (including, in the case of the Key Unit Holder, pursuant to Section 7.2(c)) shall be limited to, and shall in no event exceed, such Equityholder's pro rata share of the Merger Consideration actually paid to such Equityholder; and (vi) no claim shall be made with respect to Losses arising out of any breach of the representations or warranties contained in Section 3.1 to the extent that that there has been a corresponding reduction in the calculation of the Closing Working Capital or a corresponding reserve for such Losses has been made expressly on the Financial Statements.

(c) If the Closing occurs, subject to the terms of this Article VII, the Key Unit Holder agrees to indemnify and hold harmless the Buyer Indemnitees from and against Losses incurred by the Buyer Indemnitees by reason of any inaccuracy or breach of any of the representations or warranties of the Key Unit Holder specifically set forth in Section 3.3.

Section 7.3 Indemnification of Equityholders. If the Closing occurs, subject to the terms of this Article VII and Section 4.17(i), Parent and the Surviving Company, jointly and severally, agree to indemnify and hold harmless the Equityholders from and against Losses incurred by the Equityholders by reason of (i) any breach of any of the representations or warranties of Parent in Section 3.2 of this Agreement or in any certificate delivered pursuant to this Agreement, (ii) any breach of any of the covenants or agreements of Parent in this Agreement, (iii) the failure of the Surviving Company to perform any covenant or agreement set forth herein which by its terms is to be performed after the Closing, or (iv) the post-Closing ownership of the Merged Companies and the operation of their respective businesses by Parent and its Affiliates.

Section 7.4 Indemnification Procedures and Related Provisions and Additional Limitations.

(a) Any party entitled to make a claim for indemnification hereunder (an "Indemnified Party") shall promptly notify (a "Claim Notice") the indemnifying party (the "Indemnifying Party") of the claim in writing upon learning of such claim or the facts constituting such claim, describing the claim in reasonable detail, the amount thereof, and the basis therefor, and in the case of any claims based on a claim by a third party, attach all notices, pleadings and other documents or instruments served upon or received by the Indemnified Party with respect thereto; provided that no delay on the part of the Indemnified Party in giving any such Claim Notice shall relieve the Indemnifying Party of any indemnification obligation hereunder except to the extent that the Indemnifying Party is prejudiced by such delay. The Indemnifying Party's failure to respond to a Claim Notice within thirty (30) days of its delivery will be deemed to be a denial of the claim. No action shall be taken pursuant to the provisions of this Agreement or otherwise by the Indemnified Party (unless reasonably necessary to protect the rights of the Indemnified Party) until the later of (i) the expiration of the 30-day response period, or (ii) thirty (30) days following the expiration of the 30-day response period if a response, delivered within such 30-day period, requests an opportunity to cure the matter giving rise to indemnification (and, in such event, the amount of such claim for indemnification shall be reduced to the extent so cured).

(b) In the event that any Action or Recoupment Indemnity Matter is commenced by a third party involving a claim (an "Asserted Liability") for which an Indemnified Party is entitled to be indemnified and held harmless hereunder by an Indemnifying Party, the Indemnifying Party or, if the Indemnifying Party is the Equityholders, the Agent on behalf of the Equityholders, shall have thirty (30) days from its receipt of the Claim Notice (the "Notice Period") to notify the Indemnified Party in writing whether or not the Indemnifying Party or the Agent, as the case may be, desires, at the Indemnifying Party's sole cost and expense and with counsel reasonably acceptable to the Indemnified Party, to defend against such Asserted Liability. If the Indemnifying Party or the Agent, as the case may be, undertakes to defend against such Asserted Liability, which shall require the Indemnifying Party or the Agent, as the case may be, to (i) timely notify the Indemnified Party in writing that it has assumed such defense and that it will indemnify the Indemnified Party against any Losses arising out of such Asserted Liability (subject to any limitations set forth in this Article VII), and (ii) provide evidence of its financial wherewithal to do so should the Indemnifying Party's liability exposure for the Asserted Liability exceed the remaining balance of the Escrow Fund, the Indemnifying Party or the Agent, as the case may be, shall use its commercially reasonable efforts to defend and protect the interests of the Indemnified Party with respect to such Asserted Liability. The Indemnified Party, at its own expense, shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose. If the Indemnifying Party or the Agent, as the case may be, does not undertake to defend the Asserted Liability (or is not entitled to the defend the Asserted Liability under Section 7.4(c)), the Indemnifying Party or the Agent shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose at its own expense. The Indemnified Party shall not consent to the entry of any judgment or enter into any settlement with respect to any Asserted Liability without the prior written consent of the Indemnifying Party or the Agent, as the case may be (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party or the Agent, as the case may be, shall not consent to the entry of any judgment or enter into any settlement with respect to any Asserted Liability without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (i) requires only the payment of money that the Indemnifying Party is obligated to pay, (ii) provides for a full and unconditional release of the Indemnified Party without any admission of wrongdoing or liability, and (iii) will not materially adversely affect the continued operations of the Indemnifying Party or the Agent, as the case may be, and their respective Affiliates. The Indemnified Party and the Indemnifying Party or the Agent, as the case may be, agree to make available to each other, their counsel and other representatives, all information and documents available to them which relate to an Asserted Liability. The Indemnified Party and the Indemnifying Party or the Agent, as the case may be, and the Surviving Company and its employees also agree to render to each other such assistance and cooperation as may reasonably be required to ensure the proper and adequate defense of an Asserted Liability (including, in the case of a Recoupment Indemnity Matter, access to and the cooperation of the Corporate Compliance Officer of the Company and any other employee holding a similar position). Notwithstanding anything to the contrary herein, if the Indemnifying Party is the Equityholders and the Agent undertakes to defend against an Asserted Liability, (i) the costs thereof shall be paid exclusively from, and the Agent shall be entitled to advancement and reimbursement of expenses with respect thereto out of, the Agent Fund, and (ii) neither the Agent nor its Affiliates shall, by reason of the undertaking of such Asserted Liability, have any personal liability for such costs, the Asserted Liability or for indemnifying and holding harmless the Indemnified Party.

(c) Notwithstanding the foregoing, the Indemnifying Party or the Agent, as the case may be, shall not be entitled to assume or maintain control of the defense of any Asserted Liability if (i) the Asserted Liability is a criminal proceeding, action, indictment, allegation or investigation, (ii) the Indemnifying Party or the Agent, as the case may be, has failed to defend or is failing to defend in good faith the Asserted Liability that is not cured within a reasonable time after receiving written notice from the Indemnified Party specifying in reasonable detail the manner in which the Indemnifying Party or the Agent, as the case may be, has so failed or is failing, or (iii) the primary relief sought in respect of the Asserted Liability is non-monetary relief (other than a general boilerplate request for such other and further relief as the court deems just and proper).

Section 7.5 Insurance and other Third Party Recoveries. In calculating the threshold set forth in Sections 7.2(b)(i) and the amounts otherwise payable to an Indemnified Party, the amount of any indemnified Losses shall be computed net of (i) payments actually recovered by the Indemnified Party under any insurance policy with respect to such Losses (after giving effect to any applicable deductible or retention and any out of pocket costs incurred by the Indemnified Party in connection therewith), and (ii) any amounts actually recovered by the Indemnified Party from any other Person with respect to such Losses (after giving effect to any out of pocket costs incurred by the Indemnified Party in connection therewith). In the event an insurance recovery or third party recovery relating to an indemnification payment is received after the Indemnifying Party or the Agent, as the case may be, has made an indemnification payment under this Agreement that did not take into account such insurance recovery or third party recovery, the Indemnified Party shall promptly pay the Indemnifying Party or the Agent, as the case may be, an amount equal to the lesser of such insurance recovery or third party recovery and the amount of the related indemnification payment. Each Indemnified Party shall use commercially reasonable efforts to mitigate the amount of Losses for which it may be entitled to indemnification hereunder.

Section 7.6 Manner of Payment.

(a) Subject to Section 7.6(d), any indemnification obligations of the Equityholders pursuant to Section 7.2(a) shall be paid to Parent within thirty (30) days after the final determination thereof or agreement of the parties with respect thereto.

(b) Any indemnification obligations of the Key Unit Holder pursuant to Section 7.2(c) shall be paid to Parent within thirty (30) days after the final determination thereof or agreement of the parties with respect thereto.

(c) Any indemnification obligations of Parent and the Surviving Company pursuant to Section 7.3 shall be paid to Agent within thirty (30) days after the final determination thereof or agreement of the parties with respect thereto.

(d) Notwithstanding anything to the contrary in this Agreement, in the event any actual out-of-pocket recoupments, charge-backs or credits against and paid by a Buyer Indemnitee relating to one or more Recoupment Indemnity Matters for which a Buyer Indemnitee is entitled to indemnification hereunder total $750,000 or more in the aggregate in one fiscal quarter or $1,500,000 or more cumulatively, the Buyer Indemnitee shall be entitled to reimbursement from the Escrow Fund and the Equityholders, as applicable hereunder, for all such recoupments, charge-backs or credits within five (5) Business Days of its delivery to Agent of documentation substantiating such recoupments, charge-backs or credits. The Agent agrees to promptly execute and deliver to the Escrow Agent a joint written instruction with Parent in order to timely effectuate such reimbursement of Buyer Indemnitee. Should the amount of any such recoupments, charge-backs or credits be reduced pursuant to appeals thereof, the Buyer Indemnitee shall replenish the Escrow Fund or reimburse the Agent (for the benefit of the Equityholders, as applicable), as applicable hereunder, for the amount thereof previously paid to the Buyer Indemnitee promptly upon receipt by the Buyer Indemnitee of reimbursement therefor under the related Government Program. The terms of this Section 7.6(d) shall remain in effect following any application thereof by the Buyer Indemnitees and continue to apply to any and all subsequent actual out-of-pocket recoupments, charge-backs or credits against a Buyer Indemnitee relating to one or more Recoupment Indemnity Matters for which a Buyer Indemnitee is entitled to indemnification hereunder totaling $750,000 or more in the aggregate in one fiscal quarter or $1,500,000 or more cumulatively.

Section 7.7 Remedies Exclusive. THE REMEDIES PROVIDED IN THIS ARTICLE VII SHALL BE THE EXCLUSIVE REMEDIES OF THE PARTIES HERETO AND THE OTHER INDEMNITEES NAMED HEREIN AND THEIR HEIRS, SUCCESSORS AND ASSIGNS AFTER THE CLOSING WITH RESPECT TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, ANY BREACH OR NON-PERFORMANCE OF ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT CONTAINED HEREIN. IF THE CLOSING OCCURS, NO PARTY MAY BRING OR COMMENCE ANY CLAIM, SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER IN CONTRACT, TORT OR OTHERWISE, EXCEPT FOR INDEMNIFICATION PURSUANT TO THIS ARTICLE VII**.** NOTWITHSTANDING THE FOREGOING, THE PARTIES HAVE AGREED THAT (A) IF BUYER CAN DEMONSTRATE THAT FRAUD HAS OCCURRED (AS DEFINED IN ARTICLE I), THEN WITH RESPECT TO ANY RESULTING INDEMNIFICATION CLAIM UNDER SECTION 7.2(a)(i), THE DEDUCTIBLE SHALL NOT APPLY AND THE AGGREGATE MAXIMUM LIABILITY OF ANY EQUITYHOLDER SHALL BE INCREASED TO THE EQUITYHOLDER’S PRO RATA SHARE OF $12,600,000, AND (B) THIS SECTION 7.7 DOES NOT APPLY TO CLAIMS FOR EQUITABLE INJUNCTIVE RELIEF.

Section 7.8 Tax Treatment of Indemnity Payments. For all Tax purposes, the parties agree to treat indemnity payments made pursuant to this Agreement as an adjustment to the purchase price to the extent permitted by applicable Tax Law.

ARTICLE VIII
ADDITIONAL OPERATIVE PROVISIONS

Section 8.1 Assignment; Binding Effect. This Agreement and the rights hereunder are not assignable unless such assignment is consented to in writing by Parent, Merger Sub and the Company and, subject to the preceding clause, this Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors or permitted assigns.

Section 8.2 Choice of Law. This Agreement and all claims arising from and relating to this Agreement and the transactions contemplated hereby shall be governed by and interpreted and enforced in accordance with the Laws of the State of Delaware, without regard to the conflicts of Laws rules thereof.

Section 8.3 Dispute Resolution. Except for the resolution of Disputed Items pursuant to Section 2.7 and Actions brought pursuant to Section 8.16:

(a) Any disagreement or dispute between the parties arising out of or related to this Agreement or any of the agreements delivered in connection herewith or any of the transactions contemplated hereby or thereby (each, a "Dispute") shall be resolved by Parent and the Agent in the manner provided in this Section 8.3. Parent and the Agent shall attempt to resolve any Dispute hereunder in good faith by meeting to discuss the Dispute within ten (10) Business Days following the original written notice of any Dispute by the party making such a claim and shall seek to resolve the Dispute in writing within thirty (30) days following the original written notice of any Dispute by the party making such a claim. No settlement reached under this clause (a) shall be binding on the parties until reduced to a writing signed on behalf of the parties by Parent and the Agent.

(b) Should Parent and the Agent fail to meet within ten (10) Business Days or fail to resolve the each outstanding Dispute within thirty (30) days following the giving of the notice as outlined in clause (a) above, then either such party may initiate a voluntary, non-binding mediation conducted by a mutually-agreed mediator. Should Parent and the Agent for any reason be unable to agree upon a mediator, they shall each select a mediator, which two mediators shall appoint a third capable mediator for them. Parent and the Agent shall each bear an equal portion of the costs and expenses of the mediation and shall endeavor in good faith to resolve therein each outstanding Dispute. No settlement reached under this clause (b) shall be binding on the parties until reduced to a writing signed by Parent and the Agent.

(c) In the event the Parent and the Agent are unable to resolve any outstanding Dispute as provided in clauses (a) and (b) above within ninety (90) days following the giving of the original written notice as referred to therein, then such outstanding Dispute shall be determined by binding arbitration following the procedures contained in this clause (c). A panel of three arbitrators (collectively, the "Arbitrators") shall be selected as follows: (i) one arbitrator shall be selected by Parent, (ii) one arbitrator shall be selected by the Agent, and (iii) one arbitrator shall be mutually agreed to by Parent and the Agent; provided that, if the parties cannot mutually agree to the third Arbitrator, the third Arbitrator shall be appointed by the American Arbitration Association from its panel of neutral arbitrators. Each Arbitrator must be independent and have reasonable experience in transactions of the type provided for in this Agreement and matters relating to the underlying Dispute. Each party agrees to execute an engagement letter in the customary form required by the Arbitrators. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect from time to time (the "Commercial Rules"), except as modified by the agreement of the parties and the following provisions:

(i) On any conflict between the Commercial Rules in effect from time to time and the provisions of this Agreement, the provisions of this Agreement shall be controlling.

(ii) The forum for arbitration shall be in Atlanta, Georgia. Any party may commence arbitration of a Dispute by a demand for arbitration served on the other parties.

(iii) The Arbitrators will be empowered to hear all Disputes, including the determination of the scope of arbitration. Consistent with the expedited nature of arbitration, (i) each party will, on the written request of the other party, promptly provide the other with copies of non-privileged documents relevant to the issues raised in any Dispute, and (ii) at the request of any party, the Arbitrators shall have the discretion to order examination of witnesses to the extent the Arbitrators deem such additional discovery relevant and appropriate based on good cause shown and with due consideration for the nature of the Dispute and the amount in dispute. Any dispute regarding discovery, or the relevance or scope thereof, will be conclusively determined by the Arbitrators.

(iv) The Arbitrators may enter a default decision against any party who fails to participate in the arbitration proceeding.

(v) The Arbitrators shall be bound by and shall enforce the terms of this Agreement. The Arbitrators' decision shall be made by majority vote of the Arbitrators. The Arbitrators' decision shall be in writing and in the form of a reasoned opinion, and a court reporter shall record all hearings. Any award rendered by the Arbitrators regarding the Dispute shall be final, non-appealable, conclusive and binding upon the parties, and judgment thereon may be entered and enforced in any court of competent jurisdiction, provided that the Arbitrators shall have no power or authority to grant punitive damages, injunctive relief, specific performance or other equitable relief.

(vi) The Expedited Procedures of the American Arbitration Association shall apply in any case in which no disclosed claim or counterclaim exceeds $75,000, exclusive of interest, attorneys' fees, and arbitration fees and costs.

(vii) Notwithstanding the foregoing, in the event a Dispute involves less than $1,000,000, such Dispute shall be determined by a single arbitrator to be mutually agreed upon by the parties. If the parties cannot agree upon such single arbitrator, such Dispute shall be resolved in accordance with the other terms of this Section 8.3.

(viii) Notwithstanding the foregoing, nothing herein shall prohibit a party from instituting judicial proceedings to (A) compel arbitration in accordance with this clause (c); (B) obtain orders to require witnesses to obey subpoenas issued by the Arbitrators or as may otherwise be necessary to facilitate the arbitration proceedings; or (C) secure confirmation or enforcement of any arbitration award rendered pursuant to this Agreement. The prevailing party shall be entitled to receive from the other party or parties' reimbursement of the prevailing party's reasonable legal fees and disbursements incurred in connection with such arbitration.

(d) Agent and Parent shall maintain, and cause their respective Affiliates and their respective employees, agents and other representatives to maintain, the confidential nature of the existence, nature, underlying facts and circumstances, and status of the Dispute and the dispute resolution process contemplated under this Section 8.3, except as may be necessary (i) to prepare for or conduct the dispute resolution proceedings contemplated hereby, including the presentation of claims and defenses, (ii) to pursue or oppose legal remedies in court pertaining to this dispute resolution process, (iii) to comply in good faith with applicable Laws and Legal Requirements, or (iv) comply with any award pursuant to this Section 8.3. The preceding restriction does not prevent Agent from providing any information to the Equityholders. The parties reserve the right to enter into, or request from the arbitrator, a more detailed confidentiality agreement or protective order.

Section 8.4 Consent to Jurisdiction and Service of Process; Waiver of Jury Trial. SUBJECT TO SECTION 8.3, ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OBLIGATIONS HEREUNDER, OR THE TRANSACTIONS CONTEMPLATED HEREBY, SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF DELAWARE. BY EXECUTING AND DELIVERING THIS AGREEMENT, THE PARTIES, IRREVOCABLY (A) ACCEPT GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS, (B) WAIVE ANY OBJECTIONS WHICH SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, ANY OBLIGATIONS HEREUNDER OR THE TRANSACTIONS CONTEMPLATED HEREBY BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (A) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (C) AGREE THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO SUCH PARTY AT THEIR RESPECTIVE ADDRESSES PROVIDED IN ACCORDANCE WITH SECTION 8.6, AND (D) AGREE THAT SERVICE AS PROVIDED IN CLAUSE (C) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER SUCH PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 8.5 Agent. Subject to this Section 8.5, Axiom HealthEquity Holdings Management, LLC, a Delaware limited liability company, will act as the "Agent" under this Agreement. The Agent has the full power and authority on behalf of the Equityholders to take any and all actions and make any and all determinations in respect of this Agreement and/or the transactions contemplated hereby. Without limiting the generality of the foregoing, the Agent is authorized to (a) negotiate, execute and deliver all amendments, modifications and waivers to this Agreement or any other agreement, document or instrument contemplated by this Agreement and (b) take all actions on behalf of the Equityholders in connection with any claims or disputes with respect to this Agreement or the transactions contemplated hereby, to initiate, prosecute, defend and/or settle such claims and disputes, and to authorize payments in respect of any claims brought against the Equityholders or the Key Unit Holder from the Escrow Fund, including without limitation, any payments under Sections 2.7(c), 2.7(e), or 4.17(g). The Agent will not receive a fee for serving as the Agent of the Equityholders hereunder. The Agent is entitled to engage counsel and other advisors, and the reasonable fees and expenses of such counsel and advisors may be paid from the Agent Fund. The Agent shall not be liable to the Equityholders for any action taken by it pursuant to this Agreement, and the Equityholders shall indemnify and hold the Agent harmless from any Losses arising out of it serving as agent hereunder, except in each case if and to the extent the Agent has engaged in bad faith or willful misconduct as finally by an order of a court of competent jurisdiction or arbitration panel under Section 8.3. The Agent is serving in that capacity solely for purposes of administrative convenience, and is not personally liable for any of the obligations of the Equityholders hereunder solely on account of serving as the Agent, and Parent, Merger Sub and the Surviving Company agree that they will not look to the underlying assets of the Agent for the satisfaction of any obligations of the Company or the Equityholders. Any Person serving as the Agent hereunder may resign as Agent upon at least ten (10) days' prior written notice to the Company and Parent. A Majority in Interest of the Equityholders (as defined in the Company Operating Agreement, based on ownership of the Company Units immediately prior to the Effective Time) shall appoint, and may remove, a replacement Person or Persons to serve as Agent hereunder, who will be considered an "Agent" for all purposes of this Agreement. All rights of an Agent to indemnification hereunder shall survive such Agent's death, dissolution, resignation or removal.

Section 8.6 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered personally or actually received, as of the date received, (b) if delivered by certified mail, return receipt requested, five (5) Business Days after being mailed, (c) if delivered by a nationally recognized overnight delivery service, one (1) Business Day after being deposited with such delivery service for next Business Day delivery, or (d) if sent via facsimile or similar electronic transmission, as of the date received, to such party at its address set forth below (or such other address as it may from time to time designate in writing to the other parties hereto):

If to Parent and Merger Sub or, after the Closing, the Surviving Company to:

Amedisys Health Care West, L.L.C.
c/o Amedisys, Inc.
5959 S. Sherwood Forest Blvd.
Baton Rouge, LA 70816
Telecopy: (225) 299-3796
Attn: Paul B. Kusserow
Chief Executive Officer

Amedisys Health Care West, L.L.C.
c/o Amedisys, Inc.
5959 S. Sherwood Forest Blvd.
Baton Rouge, LA 70816
Telecopy: (225) 299-3796
Attn: David L. Kemmerly, Esq.
General Counsel

with courtesy copies to (which shall not constitute notice):

Kantrow, Spaht, Weaver & Blitzer (APLC)
445 North Boulevard, Suite 300
Baton Rouge, LA 70802
Telecopy: (225) 383-4703
Attn: Lee C. Kantrow, Esq.
Jacob M. Kantrow, Esq.

If to the Company prior to the Closing, to:

Infinity Home Care, L.L.C.
6700 Professional Pkwy West
Sarasota, Florida 34240
Facsimile: 941-827-9927
Attention: Chief Executive Officer

with courtesy copies to (which shall not constitute notice):

Hill, Ward & Henderson, P.A.
Suite 3700, Bank of America Plaza
101 East Kennedy Boulevard
Tampa, Florida 33602
Facsimile: 813-221-2900
Attention: David S. Felman and Prestin Weidner

If to the Agent or the Equityholders, to:

Axiom HealthEquity Holdings Management, LLC
5550 W. Executive Dr., Suite 230
Tampa, FL 33609
Facsimile: 813-490-7111
Attention: Phil Dingle or Brian Anderson

with courtesy copies to (which shall not constitute notice):

Hill, Ward & Henderson, P.A.
Suite 3700, Bank of America Plaza
101 East Kennedy Boulevard
Tampa, Florida 33602
Facsimile: 813-221-2900
Attention: David S. Felman and Prestin Weidner

Section 8.7 Headings. The headings contained in this Agreement are inserted for convenience only and shall not be considered in interpreting or construing any of the provisions contained in this Agreement.

Section 8.8 Fees and Expenses. Except as otherwise specified in this Agreement, each party hereto shall bear its own costs and expenses (including investment advisory and legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby; provided that Parent and the Company shall share equally all Transfer Taxes (with the Company's portion thereof to constitute a Company Expense), and Parent shall, at its own expense, timely file all necessary Tax Returns with respect to all such Transfer Taxes.

Section 8.9 Entire Agreement; Schedules. This Agreement (including the exhibits and schedules hereto), the Escrow Agreement, and the other agreements, instruments and documents executed and delivered among the parties hereto at or in connection with the Closing constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings between the parties with respect to such subject matter; provided, however, that this Agreement shall not supersede the terms and provisions of the Nondisclosure Agreement, which shall survive and remain in effect until expiration or termination thereof in accordance with its terms and Section 4.4 of this Agreement. Information set forth on any Schedule hereto shall be deemed to qualify each Section of this Agreement to which such Schedule relates (or makes cross-reference), as well as representations and warranties in other Sections of this Agreement but only to the extent that the specific item on any such Schedule is reasonably apparent on its face as being applicable to such other Section and only as related to such specific item. No information set forth on any Schedule hereto shall be deemed to broaden in any way the scope of the Company's representations and warranties. The inclusion of an item on any Schedule hereto is not evidence of the materiality of such item for purposes of this Agreement or otherwise, or that such item is a disclosure required under the Agreement. Any description of any agreement, document, instrument, plan, arrangement or other item set forth on any Schedule hereto is a summary only and is qualified in its entirety by the terms of such agreement, document, instrument, plan, arrangement or item, copies of which have been made available to Parent. No disclosure in any Schedule hereto relating to any possible breach or violation of any agreement, permit, license, Law or Legal Requirement shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, or shall constitute an admission of liability to any third party.

Section 8.10 Interpretation.

(a) When a reference is made to an Article, Section or Schedule, such reference shall be to an Article, Section or Schedule of or to this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The conjunction “or” is used in the inclusive sense of “and/or.” Unless the context requires otherwise, words using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other genders. References to “dollars” or “$” are to U.S. dollars. The terms “hereof,” “herein,” “hereby,” “hereto” and derivative or similar words refer to this entire Agreement.

(b) This Agreement was prepared jointly by the parties hereto and no rule that it be construed against the drafter will have any application in its construction or interpretation.

Section 8.11 Waiver and Amendment. This Agreement may be amended, modified, supplemented or the performance hereof waived only by a written mutual agreement executed and delivered by (a) Parent and Merger Sub and (b) prior to the Closing, the Company and Key Unit Holder, or after the Closing, the Agent. Any amendment, modification, supplement or waiver effected in accordance with this Section 8.11 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waiver or failure to insist upon strict compliance with any obligations, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 8.12 Third-party Beneficiaries. Except as otherwise specifically set forth in this Agreement, this Agreement (including, for avoidance of doubt and without limitation, Section 4.2) is for the sole benefit of the parties hereto and their permitted assigns and nothing herein express or implied shall give or be construed to give to any Person, other than the parties hereto and such permitted assigns, any legal or equitable rights hereunder.

Section 8.13 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction or arbitration panel under Section 8.3, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 8.14 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterpart signature pages, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement, which shall be binding upon all of the parties hereto notwithstanding the fact that all parties are not signatory to the same counterpart. The exchange of copies of this Agreement and of signature pages by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 8.15 Further Assurances. Following the Closing, the parties shall execute and deliver to each other such documents and take such other actions as may reasonably be requested in order to consummate more effectively the transactions contemplated hereby.

Section 8.16 Specific Performance.

(a) The parties hereto agree that irreparable damage for which monetary relief, even if available, would not be an adequate remedy, would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached, including if the parties hereto fail to take any action required of them hereunder to consummate the transactions contemplated hereby. Subject to the following sentence and Section 7.7, the parties acknowledge and agree that (i) the parties shall be entitled to seek an injunction or injunctions, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the courts described in Section 8.4, without proof of damages or otherwise, this being in addition to any other remedy to which they are entitled under this Agreement (including any Actions for damages) and (ii) the right of specific enforcement is an integral part of the transactions contemplated by this Agreement and without that right, none of the parties hereto would have entered into this Agreement. The parties hereto agree not to assert that a remedy of specific enforcement brought in accordance with this Agreement is unenforceable, invalid, contrary to Law or inequitable for any reason, and not to assert that a remedy of monetary damages would provide an adequate remedy or that the parties otherwise have an adequate remedy at law. The parties hereto acknowledge and agree that any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

(b) To the extent any party hereto brings any Action in accordance with this Agreement to enforce specifically the performance of the terms and provisions of this Agreement prior to the Closing, the Outside Date shall automatically be extended by (i) the amount of time during which such Action is pending, plus twenty (20) Business Days, or (ii) such other time period established by the court presiding over such Action.

Section 8.17 Attorney-Client Privilege and Conflict Waiver . Hill, Ward & Henderson, P.A. (the "Company Firm") has represented the Company in connection with this Agreement and the other agreements, instruments and documents contemplated hereby and the transactions contemplated hereby and thereby (the "Transaction Engagement") and in that connection, not as counsel for any other Person, including Parent. The parties hereto recognize the commonality of interest that exists and will continue to exist until the Closing, and the parties agree that the existence of such commonality of interest prior to the Closing should continue to be recognized after the Closing. Specifically, the parties agree that Parent shall not, and shall not cause the Merged Companies to, and shall cause the Merged Companies not to, seek to have the Company Firm disqualified from representing the Agent or Equityholders in connection with any dispute that may arise between the Agent and/or the Equityholders, on one hand, and Parent or any Merged Company, on the other hand, in connection with this Agreement or the transactions contemplated hereby. Further, notwithstanding that the Company, the Agent and the Equityholders are or were a client of the Company Firm, upon and after the Closing, all communications between the Company, Agent and the Equityholders and the Company Firm in the course of the Transaction Engagement shall be deemed to be attorney-client confidences that belong solely to the Agent and the Equityholders and not the Merged Companies or Parent in any dispute arising between the Agent and/or the Equityholders, on one hand, and Parent or any Merged Company, on the other hand. Parent shall not have access to any such communications, or to the files of Company Firm relating to the Transaction Engagement, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, notwithstanding that the Company was a client, in the Transaction Engagement or otherwise, upon and after the Closing: (i) the Agent (and not the Merged Companies) shall have the right to decide whether or not to waive the attorney-client privilege that may apply to any communications between any Merged Company and the Company Firm that occurred prior to the Closing in connection with the Transaction Engagement, (ii) to the extent that files of the Company Firm in respect of the Transaction Engagement constitute property of the client, only the Agent shall hold such property rights and (iii) the Company Firm shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to the Surviving Company, any other Merged Company, Parent or any of their respective Affiliates (other than the Agent) by reason of any attorney-client relationship between the Company Firm and the Company or otherwise. If Agent or any Equityholder so desires, and without the need for any consent or waiver by any Merged Company or Parent, the Company Firm shall be permitted to represent such party after the Closing in connection with any matter, including anything related to the transactions contemplated by this Agreement and the other agreements, instruments and documents contemplated hereby and the transactions contemplated hereby and thereby. Without limiting the generality of the foregoing sentence, after the Closing, the Company Firm shall be permitted to represent the Agent, any Equityholder, any of their respective Affiliates, family members or representatives, or any one or more of them, in connection with any negotiation, transaction or dispute ("dispute" includes litigation, arbitration or other adversarial proceedings) with Parent, the Merged Companies or any of their Affiliates under or relating to this Agreement and the other agreements, instruments and documents contemplated hereby and the transactions contemplated hereby and thereby, such as claims for indemnification and disputes involving other agreements entered into in connection with this Agreement and the other agreements, instruments and documents contemplated hereby and the transactions contemplated hereby and thereby. Upon and after the Closing, the Merged Companies shall cease to have any attorney-client relationship with the Company Firm, unless the Company Firm is specifically engaged in writing by an Merged Company to represent it after the Closing and either such engagement involves no conflict of interest with respect to the Agent or an Equityholder or the Agent or such Equityholder consents in writing at the time to such engagement. Any such representation by the Company Firm after the Closing does not affect the provisions of this Section 8.17. For example, and not by way of limitation, even if the Company Firm is representing any Merged Company after the Closing, the Company Firm shall be permitted to simultaneously represent the Agent or any Equityholder in any matter, including any disagreement or dispute relating hereto. Each of the parties to this Agreement consent to the foregoing arrangements and waive any actual or potential conflict of interest that may be involved in connection with any representation by the Company Firm hereunder.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be executed as of the day and year first above written.

THE COMPANY:

INFINITY HOME CARE L.L.C.

By: /s/ Stephen B. Karasick
Name: Stephen B. Karasick
Title: Chief Executive Officer

AGENT:

AXIOM HEALTHEQUITY HOLDINGS MANAGEMENT, LLC

By: /s/ Phillip S. Dingle
Name: Phillip S. Dingle
Title: Manager

KEY UNIT HOLDER (for purposes of Sections 2.7(c), 2.7 (e), 3.3, 4.12, 4.17(f), 4.17(g) and 7.2(c) only):

INFINITY HEALTHCARE HOLDINGS, LLC

By: Axiom HealthEquity Holdings, LLC, its Manager

By: /s/ Phillip S. Dingle
Name: Phillip S. Dingle
Title: Manager

PARENT:

AMEDISYS HEALTH CARE WEST, L.L.C.

By: Amedisys Holding, L.L.C.,
Member-Manager

By: Amedisys, Inc.,
Member-Manager

By: /s/ Paul B. Kusserow
Name: Paul B. Kusserow
Title: Chief Executive Officer

MERGER SUB:

IHC ACQUISITIONS, L.L.C.

By: Amedisys Health Care West, L.L.C.,
Member-Manager

By: Amedisys Holding, L.L.C.,
Member-Manager

By: Amedisys, Inc.,
Member-Manager

By: /s/ Paul B. Kusserow
Name: Paul B. Kusserow
Title: Chief Executive Officer

AMEDISYS (for purposes of Sections 4.16 and 4.17(i) only):

AMEDISYS, INC.

By: /s/ Paul B. Kusserow
Name: Paul B. Kusserow
Title: Chief Executive Officer

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Section 3: EX-10.28 (EX-10.28)

Exhibit 10.28

AGREEMENT OF PURCHASE AND SALE

BETWEEN

AMEDISYS PROPERTY, LLC

AND

FRANCISCAN MISSIONARIES OF OUR LADY HEALTH SYSTEM, INC.

THIS AGREEMENT OF PURCHASE AND SALE (this "**Agreement**") is made and entered into as of this 25th day of November, 2015 (the "**Contract Date**") by and between **AMEDISYS PROPERTY, L.L.C.,** a Louisiana limited liability company ("**Seller**"), and **FRANCISCAN MISSIONARIES OF OUR LADY HEALTH SYSTEM, INC.,** a Louisiana non-profit corporation ("**Purchaser**").

1. SALE. Seller agrees to sell and convey, or cause to be sold and conveyed, to Purchaser, and Purchaser agrees to purchase from Seller, for the purchase price set forth below and on the terms and conditions set forth in this Agreement, all of the following:

(a) those certain tracts or parcels of land, together with all rights, servitudes and interests appurtenant thereto including, but not limited to, any streets or other public ways adjacent to said tracts or parcels which are described on **Exhibit A** attached hereto and generally depicted on **Exhibit B** attached hereto (collectively, the "**Land**"). The Land consists of Tract F-1-A (the "**Main Property**," which contains approximately 16.283 acres and has a municipal address of 5959 S. Sherwood Forest Boulevard, Baton Rouge, LA) and Lot Y-2-A (the "**Corner Property**," formerly designated as Lot B, which has a municipal address of 5861 S. Sherwood Forest Boulevard, Baton Rouge, LA), all located in Section 58, T7S, R2E, Greensburg Land District, East Baton Rouge Parish, LA. The legal description of the Land is subject to verification by the Survey (defined herein);

(b) all of the buildings, structures, fixtures and other improvements located on the Land, including, but not limited to, that certain office building containing approximately 110,000 square feet known as the Amedisys headquarters office building located on the Main Property (collectively, the "**Building**"), and all other on-site structures, systems and utilities associated with the Building (all such improvements being referred to herein as the "**Improvements**");

(c) the personal property located on the Land and listed on **Exhibit C** attached hereto, together with three (3) diesel generators located on the Land, all UPS backup systems and wiring connected to the generators, all supplemental air systems and security systems located on the Land and one (1) Nissan delivery truck (the "**Vehicle**") (collectively, the "**Personal Property**");

(d) to the extent assignable, all of Seller's and Seller's affiliates right, title and interest in the contracts and agreements relating to the upkeep, repair, maintenance and operation of the Land, Improvements or Personal Property that are listed and described on **Exhibit D** attached hereto and made a part hereof (collectively, the "**Contracts**"); and

(e) to the extent transferable, all of Seller's and Seller's affiliates right, title and interest (if any) in and to, (i) all guaranties and warranties issued with respect to the Personal Property or the Improvements, if any; (ii) all plans and specifications, drawings and prints describing the Improvements; and (iii) all licenses, permits, approvals, certificates of occupancy, dedications and subdivision maps in connection with the Land or the Improvements (collectively, the "**Intangibles**"), but specifically excluding any trademarks or trade names associated with the Improvements.

The Land, the Improvements, the Personal Property, the Contracts and the Intangibles are hereinafter referred to collectively as the "**Property**."

2. PURCHASE PRICE. The total purchase price to be paid to Seller by Purchaser for the Property shall be Twenty Million and 00/100 Dollars ($20,000,000.00) (the "**Purchase Price**"). The portion of the Purchase Price allocable to the Land and Improvements is Eighteen Million Three Hundred Thirty Thousand and 00/100 Dollars ($18,330,000.00) (the "**Real Property Purchase Price**") and the portion of the Purchase Price allocable to the Personal Property, Contracts and Intangibles is One Million Six Hundred Seventy Thousand and 00/100 Dollars ($1,670,000.00).

3. CLOSING. The purchase and sale contemplated herein shall be consummated at a closing ("**Closing**") to take place through an escrow with the Title Company (defined below). Subject to the terms and conditions contained herein, the Closing shall occur no later than December 1, 2015 (the "**Closing Date**").

4. DEPOSIT.

4.1. Deposit. Not later than November 27th, 2015, Purchaser shall deposit with BD Title, LLC (the "**Title Company**") the amount of $25,000.00 (the "**Deposit**"), to be held by the Title Company in a non-interest bearing escrow account in accordance with the terms and conditions of this Agreement. The Deposit is a deposit on account of the Purchase Price and is not an earnest money deposit.

4.2. Application at Closing. In the event the Closing occurs, the Deposit shall be applied towards the Purchase Price.

4.3. Title Company.

(a) Seller and Purchaser acknowledge that Title Company is an affiliate of Purchaser's counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, and waives any conflict or potential conflict in connection therewith. Purchaser and Seller acknowledge that the selection of Title Company was not imposed upon any of them, and was voluntarily chosen by them as a matter of mutual agreement.

(b) Title Company accepts its designation as Title Company in this Agreement and agrees to receive and hold the Deposit and to disburse it as provided in this Agreement. In performing any duties hereunder with respect to the Deposit, the Title Company shall not incur any liability to anyone for any damages, losses or expenses, except for gross negligence or willful misconduct, and it shall accordingly not incur any such liability with respect to any action taken or omitted in reliance upon any written notice or instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information contained therein, which the

Title Company shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons and to conform with the provisions of this Agreement. Seller and Purchaser hereby agree to indemnify and hold harmless the Title Company against any and all losses, claims, damages, liabilities and expenses, including actual and reasonable costs of investigation and actual and reasonable counsel fees and disbursements, which may be imposed upon the Title Company or incurred by the Title Company in connection with its acceptance or the performance of its duties hereunder, including any litigation arising from this Agreement or involving the subject matter hereof, excepting however, losses, claims, damages, liabilities or expenses arising as a result of Title Company's gross negligence or willful misconduct.

(c) In the event of a dispute between Seller and Purchaser, the Title Company shall refrain from taking any action until it shall be given a direction in writing by Seller and Purchaser which resolves the dispute to the satisfaction of Title Company or until the dispute has been resolved by a final and non-appealable determination by a court of competent jurisdiction, or, at the Title Company's option, the Title Company may deposit into the registry of the Civil District Court in East Baton Rouge Parish, Louisiana, all money in its hands under this Agreement in a concursus proceeding and have Seller and Purchaser cited to appear and prove their entitlement to such money, and thereupon be discharged from all further duties and liabilities under this Agreement, except for any liabilities arising as a result of Title Company's gross negligence or willful misconduct. The parties hereto further agree that Title Company shall not be liable for failure of the bank into which the Deposit is deposited and shall only be liable otherwise in the event of its gross negligence or willful misconduct.

5. SELLER'S UNDERTAKINGS.

5.1. Documents. No later than ten (10) days following the Contract Date, Seller shall deliver to Purchaser (or make available to Purchaser through an on-line data room) all of the documents and agreements described on **Exhibit E** attached hereto and made a part hereof that are in Seller's possession or reasonable control (the "**Documents**"). The Documents that are furnished to or made available to Purchaser pursuant to this **Section 5.1** are being furnished or made available to Purchaser for information purposes only and without any representation or warranty whatsoever by Seller with respect thereto, express or implied.

5.2. Cooperation. Seller, at no cost to Seller and at Purchaser's sole cost and expense, shall reasonably cooperate with Purchaser prior to the Closing Date in obtaining any and all governmental approvals and/or permits, including, without limitation, any zoning and resubdivision applications, reasonably sought by Purchaser in connection with the Land and Improvements. Notwithstanding the foregoing, it is expressly acknowledged by Purchaser that the sale of the Property is not contingent or conditioned upon Purchaser obtaining such governmental approvals and/or permits, including, without limitation, any zoning and resubdivision applications.

6. INSPECTION PERIOD.

6.1. Basic Property Inspection. During the "**Inspection Period**" (which Inspection Period is defined to be the period commencing on the Contract Date and ending on November 25, 2015), Purchaser and Purchaser's contractors, consultants, engineers, surveyors, accountants, attorneys and their respective employees, agents, contractors and subcontractors of every tier (collectively, "**Purchaser's Representatives**") shall be entitled to conduct a "**Basic Property Inspection**," which will include, without limitation, the rights to: (i) enter upon the Land and Improvements, upon providing prior e-mail notice to Seller as set forth below, to perform inspections and tests of the Land and the Improvements; and (ii) make investigations with regard to environmental conditions of the Land and the Improvements and the compliance by the Land and the Improvements with all applicable laws, ordinances, rules and regulations. Purchaser shall provide at least two (2) business days prior e-mail notice to Seller (sent to Sami Watterson, sami.watterson@amedisys.com) prior to conducting any Basic Property Inspection at the Land or Improvements, including any investigations, study, interview or test to or at the Land and the Improvements. If Purchaser determines that the results of any inspection, test, examination or review do not meet Purchaser's criteria, in its sole and absolute discretion, for the purchase, use or operation of the Property in the manner contemplated by Purchaser, then Purchaser may terminate this Agreement by written notice to Seller (the "**Termination Notice**"), given not later than the last day of the Inspection Period (the "**Approval Date**"). If Purchaser fails to timely deliver a Termination Notice to Seller prior to the Approval Date, Purchaser shall be automatically deemed to have forever waived its right to terminate the Agreement under this **Section 6.1.** Upon the timely and proper termination of this Agreement by Purchaser pursuant to this **Section 6.1,** the Deposit shall be returned to Purchaser and neither party shall have any further liability or obligation to the other hereunder, except for those liabilities and obligations that expressly survive a termination of this Agreement. During the three (3) business days prior to Closing, Purchaser shall have the right to inspect the Land and Improvements to confirm that there has not been a material change in the condition of the Land or Improvements from their condition as of the Inspection Period, subject to the other provisions in this Agreement, including Section 11.1 of this Agreement.

6.2. Purchaser's Undertaking. Prior to conducting any and all Basic Property Inspections at the Land or the Improvements, including any and all studies, investigations and inspections, Purchaser or Purchaser's Representatives, as applicable, shall provide a certificate of insurance evidencing that any such party conducting the Basic Property Inspections at the Land or the Improvements has in place commercial general liability insurance in an amount of not less than $1,000,000 per occurrence and $3,000,000 **aggregate,** worker's compensation insurance as required by statute and automobile liability insurance in an amount of not less than $1,000,000 per occurrence and $3,000,000 **aggregate,** if applicable, for their activities on the Land and Improvements covering any accident arising in connection with the presence of Purchaser and Purchaser's Representatives on the Land and the Improvements and the performance of any investigations, examinations or studies thereon, which liability insurance shall name Seller as an additional insured thereunder. Purchaser will bear the cost of all such studies, inspections and/or investigations and shall furnish Seller with true and complete copies of all reports and/or inspection results received by Purchaser in connection with Purchaser's investigations of the Property including written reports regarding the physical condition of the Land and Improvements that it receives from any third parties performing any such inspections and tests within five (5) business days of receipt of same. Purchaser's obligations hereunder shall survive the termination of this Agreement and Closing. During all such studies, investigations and inspections of the Land and Improvements a representative of Seller shall be present, unless waived by Seller, and Purchaser hereby covenants and agrees, on behalf of itself and Purchaser's

Representatives, that in conducting all studies, investigations and inspections of the Land or the Improvements permitted by this **Section 6,** Purchaser and Purchaser's Representatives shall: (a) comply with Seller's safety and conduct policies now in effect, (b) not disturb any employees, tenants, occupants or patients of Seller or their respective employees, tenants, occupants or patients, (c) not interfere with the use, operation and maintenance of the Property, (d) not damage any part of the Property or any personal property owned or held by any tenant, occupant or other third party, (e) not injure or otherwise cause bodily harm to Seller, or Seller's respective agents, guests, invitees, contractors (of any tier) and employees or any tenants, occupants or their guests or invitees, (f) comply with all applicable laws, (g) promptly pay when due all costs of all study, investigation, inspection and other Basic Property Inspection activities permitted by this **Section 6** with regard to the Land and Improvements, (h) repair any physical damage to the Property resulting from all study, investigation, inspection and other Basic Property Inspection activities permitted by this **Section 6** and (i) not reveal or disclose prior to Closing any information obtained during the Inspection Period or any extension thereof concerning the Property to anyone other than the Permitted Outside Parties (as defined below), in accordance with the confidentiality standards set forth below, or except as may be otherwise required by law. Purchaser shall and hereby does agree to indemnify, protect, defend and hold Seller, Seller's affiliates, insurers, their respective partners, shareholders, officers and directors, Seller's tenant's, occupants, agents, guest, invitees, contractors (of any tier) and employees, and all of their respective successors and assigns (collectively, the "**Seller Indemnified Parties**") harmless from and against any and all liabilities, losses, damages, liens, claims, causes of action, judgments, damages, costs and expenses (including reasonable attorney's fees and court costs) arising from the exercise by Purchaser or Purchaser's Representatives of its Basic Property Inspection rights and other rights and activities permitted in this **Section 6**. Purchaser's undertakings pursuant to this **Section 6** shall indefinitely survive the Closing or termination of this Agreement and shall not be merged into any instrument of conveyance delivered at Closing.

6.3. Confidentiality. Purchaser acknowledges that the Evaluation Materials (as defined below) are confidential and will be used by Purchaser solely to assist Purchaser in determining the feasibility of purchasing the Property and Purchaser shall not disclose the contents or results of any Evaluation Materials to any person other than to those persons who are responsible for determining the feasibility of Purchaser's acquisition of the Property, those persons who may be assisting or representing Purchaser with regard to the potential acquisition of the Property, and Purchaser's Representatives to the extent that such Purchaser's Representatives reasonably need to know such information and data in order to assist, and perform services on behalf of, Purchaser, provided that all of the foregoing have agreed in writing to preserve the confidentiality of such information as required hereby (collectively, the "**Permitted Outside Parties**"). At any time and from time to time prior to Closing, within five (5) business days after Seller's request, Purchaser shall deliver to Seller a list of all parties to whom Purchaser has provided any Evaluation Materials. Purchaser agrees to maintain in confidence, the information contained in this Agreement or pertaining to the sale contemplated hereby and the Evaluation Materials and not divulge same except to Permitted Outside Parties in strict accordance with the confidentiality standards set forth in this Section 6.3; provided, however, Purchaser may disclose such information and data to the extent required by any applicable statute, law, regulation or governmental authority; provided further that before disclosing such information. Purchaser provides Seller with three (3) business days prior written notice, detailing the applicable statute, law, regulation or governmental authority requiring disclosure. For purposes of this Agreement, the term "**Evaluation Materials**" shall mean the (i) Documents, Contracts and any other materials or information delivered or made available by Seller or its agents to Purchaser or Purchaser's Representatives, (ii) any studies, analysis, investigation, reports or other documents prepared or otherwise relating to the Basic Property Inspection, including all studies, investigations and reports permitted by this **Section 6** or other activities permitted by this **Section 6** and all results and analysis pertaining thereto, and (iii) all analyses, compilations, studies, reports, investigations or other documents whether prepared by Purchaser, Purchaser's Representatives or otherwise, which contain or otherwise reflect the information or materials described in items (i) and (ii) of this **Section 6.3.**

7. TITLE AND SURVEY MATTERS.

7.1. Conveyance of Title. At Closing, Seller agrees to deliver to Purchaser the following:

7.1.1. An act of sale with respect to the Land and Improvements in the form attached hereto as **Exhibit F** (the "**Act of Sale**"), conveying the Land and Improvements to Purchaser, free and clear of all liens, claims and encumbrances except for the following items (the "**Permitted Exceptions**"): (1) taxes not yet due and payable; (2) those matters that may be approved by Purchaser during the Inspection Period or deemed accepted by Purchaser pursuant to **Section 7.4**; (3) matters arising out of any act of Purchaser or Purchaser's Representatives; and (4) local, state and federal laws, ordinances, rules and regulations, including, but not limited to, zoning ordinances.

7.1.2. A bill of sale and assignment in the form attached hereto as **Exhibit G** conveying the Personal Property, Contracts and Intangibles to Purchaser (the "**Bill of Sale**").

7.1.3. A Bill of Sale conveying the Vehicle to Purchaser in the form attached hereto as **Exhibit I** (the "**Vehicle Sale**").

7.2. Title Commitment. Prior to the expiration of the Inspection Period, Purchaser may obtain from the Title Company (as agent for a national title insurance company) a commitment relating to the Property (the "**Title Commitment**") for an owner's title insurance policy (the "**Title Policy**"), in the full amount of the Real Property Purchase Price, showing fee simple title to the Property in Seller, together with copies of all recorded documents evidencing title exceptions raised in "Schedule B" of such Title Commitment. The cost of the title insurance premium shall be paid by Purchaser along with any and all other costs related to the Title Policy, including, but not limited to, the cost of any endorsements and all title search fees. Purchaser shall provide Seller with a true and complete copy of the Title Commitment and copies of documents evidencing title exceptions raised in "Schedule B" within five (5) business days of receipt of same, at no additional cost to Seller.

7.3. Survey. Prior to the expiration of the Inspection Period, Purchaser may obtain, at Purchaser's sole cost and expense, a current ALTA/ACSM or other survey of the Property (the "**Survey**"), prepared by a surveyor(s) duly registered in the State of Louisiana.

Should the Survey indicate the presence of any encroachments by or upon any Property, or other matters that materially and adversely affect the value or marketability of title to any Property, or other matters which materially and adversely affect Purchaser's use, operation or financing of any Property, such matters shall be considered Defects (provided a Defect Notice (as defined below) therefor is timely delivered), and the cure provisions set forth in **Section 7.4** below shall apply. Purchaser shall provide Seller with a copy of the Survey within five (5) business days of receipt of same, at no additional cost to Seller.

7.4. Defects and Cure. The Title Commitment and the Survey are collectively referred to as "**Title Evidence**." If the Title Evidence discloses any matters to which Purchaser objects (the "**Defects**"), other than those matters listed in items (1), (3) and (4) comprising Permitted Exceptions in **Section 7.1** above, Purchaser shall notify Seller thereof (the "**Defect Notice**"), in writing, at least five (5) business days prior to the expiration of the Inspection Period, and thereafter Seller shall have the right (but, except as set forth below, not the obligation) to cure and remove such Defects prior to or at Closing. If included in Purchaser's Defect Notice, Seller shall be obligated to cure and remove prior to or at Closing the liens of any mortgages or security interests placed on the Property by Seller or any affiliate of Seller and liens of and any past due ad valorem taxes listed on **Exhibit J,** unless Seller provides written evidence that same are not due and owing by Seller (the "**Mandatory Cure Items**"). Within five (5) business days after Seller's receipt of the Defect Notice, Seller shall notify Purchaser ("**Seller's Response Notice**") as to those Defect(s), if any, that Seller elects to cure prior to or at Closing (the "**Voluntary Cure Items**"). If Seller fails to deliver such Seller's Response Notice to Purchaser within ten (10) days, Seller shall be deemed to have notified Purchaser that Seller shall not cure any Defect(s) raised in the Defect Notice other than Mandatory Cure Items. If Seller notifies Purchaser (or is deemed to notify Purchaser) that it will not cure any or all Defect(s), then Purchaser may: (i) terminate this Agreement by written notice to Seller and Title Company given within five (5) days after Purchaser receives (or is deemed to receive) Seller's Response Notice, in which event the Deposit shall be returned to Purchaser and neither party shall have any further liability to the other hereunder, except as otherwise specifically provided in this Agreement; or (ii) proceed to close with no reduction in or offset against the Purchase Price, and thereafter Purchaser shall be deemed to have accepted such Defect(s) (other than the Mandatory Cure Items) as Permitted Exceptions, and Purchaser shall be deemed to automatically and forever waive any and all claims and liabilities against Seller with respect to such Defect(s). To the extent that Purchaser fails to timely and properly notify Seller (pursuant to this **Section 7.4**) of any such Defect(s) (other than Mandatory Cure Items), Purchaser shall be deemed to have accepted the same and to automatically and forever waive its right to terminate this Agreement pursuant to this **Section 7.4** and such Defect(s) shall be deemed Permitted Exceptions for all purposes hereunder.

8. REPRESENTATIONS AND WARRANTIES.

8.1. Seller represents and warrants to Purchaser that the following matters are true as of the Contract Date, shall be true and correct as of the Closing Date (the truth and accuracy of which shall be conditions to Purchaser's obligation to close) and will survive the Closing for a period of six (6) months notwithstanding any provision to the contrary contained in any documents executed at or in connection with Closing:

8.1.1. Authority. The execution and delivery of this Agreement by Seller, and the performance of this Agreement by Seller, have been approved, except with respect to the Leaseback Agreements, which will be approved on or before the Closing Date, and this Agreement is binding on Seller and enforceable against Seller in accordance with its terms. No consent of any creditor, investor, judicial or administrative body, governmental authority, or other governmental body or agency, or other party to such execution, delivery and performance by Seller is required, except for such consent with respect to the Leaseback Agreements, that will be obtained at or prior to the Closing Date.

8.1.2. Litigation. Except as what has been previously disclosed in writing to Purchaser by Seller or discovered by Purchaser during its due diligence activities and to Seller's knowledge, Seller has not received any written notice of any pending or threatened judicial, municipal or administrative proceedings materially affecting the Property, or in which Seller is a party to by reason of Seller's ownership of all or any part of the Property that would have a material adverse effect on the Property.

8.1.3. Condemnation. To Seller's knowledge, Seller has not received written notice of any pending or contemplated condemnation or other governmental taking proceedings affecting all or any part of the Land and Improvements.

8.1.4. Leases. There are no leases, tenants, rights of possession or parties in possession in effect with respect to the Land and Improvements, except as shown in the mortgage or conveyance records of East Baton Rouge Parish.

8.1.5. Contracts. To Seller's knowledge, Seller has not received written notice of any material defaults by Seller under any of the Contracts which have not been cured, and, to Seller's knowledge, no event or circumstance has occurred or exists which with the passage of time and/or the giving of notice would constitute a material breach or material default by Seller under any of the Contracts that would have a material adverse effect on the Property.

8.1.6. Service Agreements. There are no material contracts or agreements which affect the maintenance and operation of the Property to which Seller is a party and which could be binding on Purchaser, other than the Permitted Encumbrances, matters shown in the conveyance or mortgage records of East Baton Rouge Parish, Louisiana and the Contracts.

8.1.7. Seller's Knowledge. For purposes of this **Section 8.1,** all references to "Seller's knowledge" shall refer only to the actual knowledge of Sami Watterson, Managing Director of Real Estate of Amedisys, Inc.

8.2. Purchaser represents and warrants to Seller that the following matters are true as of the Contract Date, shall be true and correct as of the Closing Date (the truth and accuracy of which shall be conditions to Purchaser's obligation to close) and will survive the Closing:

8.2.1. Authority. The execution and delivery of this Agreement by Purchaser, and the performance of this Agreement by Purchaser, have been duly authorized by Purchaser, and this Agreement is binding on Purchaser and enforceable against Purchaser in accordance with its terms. No consent of any creditor, investor, judicial or administrative body, governmental authority, or other governmental body or agency, or other party to such execution, delivery and performance by Purchaser is required.

9. ACTIONS AFTER THE CONTRACT DATE. The parties covenant to do the following through the Closing Date:

9.1. Title. From and after the Contract Date, Seller shall not make any change to the condition of title to the Property other than removal of Voluntary Cure Items or Mandatory Cure Items without obtaining Purchaser's prior, written consent, which Purchaser shall not unreasonably withhold, delay or condition.

9.2. Maintenance and Operation of Property. Seller shall operate and maintain the Property in the ordinary course of Seller's business as same is presently being conducted as of the Contract Date. It is expressly acknowledged by Purchaser that Seller shall be permitted to prepare the Property for its tenancy as contemplated by this Agreement in Purchaser's reasonable determination. From and after the Contract Date, Seller shall not enter into any new contract with respect to the operation and maintenance of the Property that will survive the Closing, or that would otherwise affect the use, operation or enjoyment of the Property after Closing, without obtaining Purchaser's prior, written consent, which Purchaser shall not unreasonably withhold, delay or condition.

10. PROPERTY SOLD "AS IS"

10.1. PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT THE PROPERTY IS BEING CONVEYED BY SELLER TO PURCHASER "AS IS, WHERE IS", WITH ALL FAULTS, AT PURCHASER'S SOLE PERIL AND RISK AND WITHOUT ANY WARRANTIES OR REPRESENTATIONS WHATSOEVER WITH RESPECT TO THE PROPERTY, WHETHER EXPRESS OR IMPLIED, AND THAT PURCHASER IS RELYING SOLELY ON ITS OWN TITLE EXAMINATION, INSPECTION AND EVALUATION OF THE PROPERTY.

10.2. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PURCHASER HEREBY EXPRESSLY ACKNOWLEDGES AND AGREES THAT NEITHER SELLER, NOR ANY PARTY, WHOMSOEVER, ACTING OR PURPORTING TO ACT IN ANY CAPACITY WHATSOEVER ON BEHALF OF SELLER, HAS MADE ANY REPRESENTATION, WARRANTY OR GUARANTY TO PURCHASER, AS TO: (A) THE PROPERTY BEING FREE FROM ANY DEFECTS OR VICES; (B) THE CONDITION OR STATE OF REPAIR OF THE PROPERTY (INCLUDING BUT NOT LIMITED TO THE ENVIRONMENTAL CONDITION OF THE PROPERTY); (C) ANY HAZARDOUS SUBSTANCES OR MATERIALS (WHICH INCLUDES ALL SUBSTANCES AND MATERIALS LISTED AS SUCH BY APPLICABLE LAW, ANY POLLUTANTS OR CONTAMINANTS, WHETHER HARMFUL OR NOT, MOLD, ASBESTOS AND NATURALLY-OCCURRING BUT HARMFUL SUBSTANCES (SUCH AS METHANE OR RADON) NOT HAVING BEEN RELEASED OR NOT EXISTING ON, IN, UNDER, ABOVE, UPON OR IN THE VICINITY OF THE PROPERTY; (D) THE QUALITY, NATURE,

ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE SOILS AND GEOLOGY; (E) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITIONS OF ANY ELECTRICAL, MECHANICAL, PLUMBING, SEWAGE AND UTILITY SYSTEMS AND FACILITIES SERVING THE PROPERTY; (F) THE HABITABILITY OF THE PROPERTY; (G) THE MERCHANTABILITY OF TITLE TO THE PROPERTY, EXCEPT AS EXPRESSLY STATED OTHERWISE IN THE ACT OF SALE, BILL OF SALE OR VEHICLE SALE; (H) THE FITNESS, SUITABILITY OR ADEQUACY OF THE PROPERTY FOR ITS ORDINARY USE OR ANY INTENDED USE OR PARTICULAR PURPOSE; (I) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, (J) ANY ACCESS TO THE PROPERTY; (K) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY SUBDIVISION REQUIREMENTS APPLICABLE TO THE PROPERTY BEING TRANSFERRED, PURCHASER ASSUMING ALL RESPONSIBILITY AND LIABILITY IN CONNECTION THEREWITH; AND (L) THE PROPERTY'S COMPLIANCE WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS, AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OF ENTITY.

10.3. PURCHASER HEREBY EXPRESSLY WAIVES ANY IMPLIED WARRANTIES OF SELLER (A) AGAINST EVICTION, (B) AGAINST REDHIBITORY DEFECTS OR VICES OR HIDDEN OR LATENT DEFECTS, (C) AS TO PURCHASER'S OWNERSHIP AND PEACEFUL POSSESSION OF THE PROPERTY AND (D) THE PROPERTY BEING FIT FOR ITS ORDINARY USE OR FOR PURCHASER'S INTENDED USE OR PARTICULAR PURPOSE, THAT PURCHASER MAY BE ENTITLED TO UNDER LOUISIANA CIVIL CODE ARTICLES 2475, 2500 ET SEQ. AND 2520 ET SEQ., AND PURCHASER HEREBY RELEASES SELLER FROM ANY AND ALL LIABILITY WHATSOEVER IN CONNECTION THEREWITH. PURCHASER HEREBY FURTHER WAIVES AND RENOUNCES ANY AND ALL RIGHTS PURCHASER MAY HAVE UNDER LOUISIANA CIVIL CODE ARTICLES 2500 ET SEQ. AND 2520 ET SEQ. INCLUDING, WITHOUT LIMITATION, ANY RIGHT TO RESCIND THE ACT OF SALE, BILL OF SALE OR VEHICLE SALE OR REDUCE THE PURCHASE PRICE.

10.4. PURCHASER HEREBY RELEASES SELLER FROM ANY CLAIMS, DEMANDS, LIABILITIES, COSTS OR SUITS UNDER OR PURSUANT TO 42 U.S.C. § 9601, ET SEQ., 42 U.S.C. § 7401, ET SEQ., 42 U.S.C. § 6901, ET SEQ., 33 U.S.C. §1251, ET SEQ., 15 U.S.C. §2601 ET SEQ. AND LA. R.S. 30:2001, ET SEQ., TOGETHER WITH ANY AND ALL CLAIMS, DEMANDS, SUITS OR LITIGATION UNDER ANY OTHER APPLICABLE LAWS, STATUTES, RULES OR REGULATIONS AS THE SAME MAY FROM TIME TO TIME BE AMENDED, RELATING TO ANY CONTAMINATION ON, IN OR UNDER THE PROPERTY, AND ALL OTHER ENVIRONMENTAL OR HAZARDOUS SUBSTANCE LIABILITIES OF ANY KIND AND NATURE, WHATSOEVER, INCLUDING, WITHOUT LIMITATION. (A) ALL FORESEEABLE AND UNFORESEEABLE DAMAGES OF ANY KIND OR NATURE AND (B) THE COSTS OF ANY REQUIRED OR NECESSARY INVESTIGATION, STUDY, REPAIR, CLEAN-UP AND/OR DETOXIFICATION UNDER ANY LAW, STATUTE, RULE, REGULATION, ORDINANCE OR DECREE.

10.5. PURCHASER HEREBY ACKNOWLEDGES THAT: (I) THE FOREGOING WAIVERS AND RELEASES HAVE BEEN BROUGHT TO THE ATTENTION OF PURCHASER, (II) THE FOREGOING WAIVERS AND RELEASES HAVE BEEN READ AND ARE UNDERSTOOD BY PURCHASER, (III) THE TERMS AND CONDITIONS OF THESE WAIVERS AND RELEASES ARE AN INTEGRAL PART OF THE ACT OF SALE WITHOUT WHICH IT WOULD NOT HAVE BEEN MADE BY SELLER, AND (IV) THE ACT OF SALE, BILL OF SALE OR VEHICLE SALE TAKE INTO CONSIDERATION THE FOREGOING WAIVERS AND RELEASES. PURCHASER EVIDENCES ITS ACKNOWLEDGEMENT BY INITIALING BELOW.

PURCHASER'S INITIALS [Initials Illegible]

11. CONDITIONS PRECEDENT.

11.1. Each of the matters set forth in this Section 11.1 is a condition precedent to Purchaser's obligation to proceed to Closing (individually, a **"Purchaser's Condition Precedent**" and collectively, the "**Purchaser's Conditions Precedent**"), and if any of the Purchaser's Conditions Precedent have not been satisfied prior to the Closing Date, Purchaser may: (i) waive the condition and proceed to Closing or (ii) terminate this Agreement. If Purchaser terminates this Agreement pursuant to this Section 11.1, Purchaser shall be entitled to the return of the entire amount of the Deposit. The failure to occur of any Purchaser's Conditions Precedent shall not constitute a default by Seller hereunder, unless the failure is a result of Seller's fault, breach of any covenant, representation, warranty or obligation of Seller set forth in this Agreement, in which event Purchaser also shall be entitled to pursue any remedies available to it under Section 18.1 of this Agreement.

11.1.1. Change in Condition. Without the prior written consent of Purchaser, in its reasonable discretion, no material, adverse change in the physical condition of the Property from that existing as of the end of the Inspection Period shall have occurred, and no material, adverse change in addition to those matters set forth in Schedule BII of the Title Commitment, except as permitted under Section 9.1 above, shall have occurred that would adversely impact Seller's ownership or use of the Property. For purpose of this Section Error! Reference source not found., a material, adverse change in the physical condition of the Property is a change in condition the cost of which to repair, remedy or otherwise rectify is reasonably expected to exceed $175,000. If such material adverse change is discovered in condition or title by Purchaser, Purchaser shall promptly notify Seller in writing of such change, including all back up documentation and an itemized estimate of the costs to cure such change, together with a description of the actions necessary to remedy or cure such change. Seller shall have the right, but not the obligation, to cure such change as requested by and set forth in Purchaser's notice at or prior to Closing at Seller's sole expense or credit Purchaser the amount of the cure set forth in the notice against the Purchase Price, each at Seller's own option and sole discretion, and if so elected and completed, the Closing will proceed, provided that Seller gives Purchaser written notice of Seller's election no later than two (2) business days following Seller's receipt of Purchaser's notice of material, adverse change. If Seller does not elect to (or fails to) cure or provide a credit to the Purchase Price as stated above, Purchaser may terminate this Agreement.

11.1.2. Cure Items. Seller shall satisfy all of the Voluntary Cure Items and Mandatory Cure Items.

11.1.3. Representations and Warranties. Each of Seller's representations and warranties set forth in Section 8 shall be true and correct as of the Closing Date.

11.2. Each of the matters set forth in this **Section 11.2** is a condition precedent **to** Seller's obligation to proceed to Closing (individually, a **"Seller's Condition Precedent"** and collectively, the **"Seller's Conditions Precedent")**, and if any of the Seller's Conditions Precedent have not been satisfied prior to the Closing Date, Seller may: (i) waive the condition and proceed to Closing or (ii) terminate this Agreement. If Seller terminates this Agreement pursuant to this **Section 11.2**, Seller shall be entitled to retain the entire amount of the Deposit. The failure to occur of any Seller's Conditions Precedent shall not constitute a default by Purchaser hereunder, unless the failure is a result of Purchaser's breach of any covenant, representation, warranty or obligation of the Purchaser set forth in this Agreement, in which event Seller also shall be entitled to pursue any remedies available to it under **Section 18.2** of this Agreement.

11.2.1. Representations and Warranties. Each of Purchaser's representations and warranties set forth in **Section 8.2** shall be true and correct as of the Closing Date.

12. SELLER'S CLOSING DELIVERIES. At Closing (or such other times as may be specified below), Seller shall deliver or cause to be delivered to Purchaser the following, all executed by Seller as applicable:

12.1. Act of Sale. The Act of Sale, in recordable form conveying the Land and Improvements to Purchaser, subject to the Permitted Exceptions.

12.2. Bill of Sale. The Bill of Sale conveying the Personal Property, Contracts and Intangibles to Purchaser.

12.3. Vehicle Sale. The Vehicle Sale conveying the Vehicle to Purchaser.

12.4. Leaseback Agreement. The Leaseback Agreements as defined in **Section 16** below).

12.5. Seller's/Owner's Affidavit. A Seller's/Owner's Affidavit in form and substance reasonably acceptable to the Title Company and Seller, as the Title Company may require to issue a title policy to Purchaser and/or Purchaser's mortgagee with all standard exceptions removed to the extent that such affidavit is the only requirement for removal, insuring title to the Property subject only to the Permitted Exceptions. Seller shall not be required to indemnify Purchaser or Title Company or the title insurer in such Seller's/Owner's Affidavit.

12.6. Closing Statement. A closing statement conforming to the proration and other relevant provisions of this Agreement (the "**Closing Statement").**

12.7. Entity Transfer Certificate. An Entity Transfer Certification confirming that Seller is a "United States Person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

12.8. Authorization; Gap Agreement. Such authorization of Seller as Purchaser's title insurer may reasonably require in connection with the execution by Seller of the Act of Sale and other Closing documents. Seller also shall execute a Gap Indemnity Agreement in form and substance mutually acceptable to the Title Company and Seller granting an indemnity against any matters of record affecting the Property (except as permitted under **Sections 9.1 and 11.1.1** above) that arise as the result of any action of Seller and are filed between the effective date of the Title Company's most recent title update (which shall be conducted at least 1 day prior to the Closing Date) and the Closing Date.

12.9. Contracts. To the extent in the possession of Seller, copies/originals of the Contracts.

12.10. Recertification of Representations and Warranties. An instrument certifying that Seller's representations and warranties set forth in **Section 8** above are true and correct as of the Closing Date.

12.11. Keys. Keys to all locks located in the Property.

12.12. Rules of Road and Non-Disclosure Agreement. Unexecuted "Rules of the Road" in form and substance mutually agreeable to Purchaser and Seller in connection with use of the Common Areas (as defined in the Leaseback Agreements), addressing matters such as shared use by Purchaser and Seller of common kitchen areas, water filtration, security services/guards, vending machines and other compliance matters (the "**Rules of the Road**") and an all-encompassing non-disclosure agreement with respect to Seller's and Purchaser's confidential information and trade secrets executed by both Purchaser and Seller mutually acceptable to Purchaser and Seller (the "**NDA**").

13. PURCHASER'S CLOSING DELIVERIES. At Closing (or at such other times as may be specified below), Purchaser shall deliver or cause to be delivered to Seller the following, all executed by Purchaser as applicable:

13.1. Act of Sale. The Act of Sale.

13.2. Bill of Sale. The Bill of Sale.

13.3. Vehicle Sale. The Vehicle Sale conveying the Vehicle to Purchaser.

13.4. Leaseback Agreements. The Leaseback Agreements.

13.5. Closing Statement. The Closing Statement executed in counterpart by Purchaser.

13.6. Recertification of Representations and Warranties. An instrument certifying that Purchaser's representations and warranties set forth in **Section 8** above are true and correct as of the Closing Date.

13.7. Authorization: Gap Agreement. Such authorization as the Title Company may reasonably require in connection with the execution by Purchaser of the Act of Sale and other Closing documents. Purchaser also shall execute a Gap Indemnity Agreement in form and substance acceptable to the Title Company granting an indemnity against any matters of record affecting Purchaser that arise as the result of any action or inaction of Purchaser and that are filed between the effective date of the Title Company's title search and the Closing Date.

13.8. Rules of the Road and Non-Disclosure Agreement. The Rules of the Road and the NDA.

14. PRORATIONS AND ADJUSTMENTS.

14.1. The following shall be prorated and adjusted between Seller and Purchaser as of the Closing Date, except as otherwise specified:

(a) All accrued general real estate and ad valorem taxes and assessments for the current year applicable to the Property shall be prorated on an accrual basis, utilizing actual final tax bills, if available prior to Closing. If such bills are not available, then such taxes shall be prorated on the basis of the most currently available tax bills for the Property.

(b) All assessments, general or special, with Seller being responsible for any installments of assessments which are due prior to the Closing Date and Purchaser being responsible for any installments of assessments which are due on or after the Closing Date.

(c) Water, electricity, sewer, gas, telephone and other utility charges based, to the extent practicable, on final meter readings and final invoices.

(d) Amounts paid or payable under the Contracts to be assigned to and assumed by Purchaser shall be prorated.

(e) Such other items that are customarily prorated in transactions of this nature shall be ratably prorated.

14.2. If any prorations made pursuant to this Agreement on the Closing Date are based on a prior year's tax bill because of the unavailability of a tax bill for the year in which the Closing Date occurs, then Purchaser and Seller agree to re-prorate such amounts based on and following receipt of the tax bill covering the year in which the Closing Date occurs. The obligation to re-prorate shall survive the Closing.

15. CLOSING EXPENSES.

15.1. Seller shall pay for: (i) transfer taxes, if any, customarily paid by Seller; and (ii) the cost of canceling and/or releasing Mandatory Cure Items.

15.2. Purchaser will pay for: (i) any title insurance premium (including any endorsements), as well as title examination and title abstract costs; (ii) the cost of recording the Act of Sale, (iii) the cost of the Survey; (iv) transfer taxes, if any, customarily paid by Purchaser; (v) a customary closing charge; and (vi) the cost of any mortgage certificates in the name of Purchaser that may be required by the Title Company.

15.3. Subject to Section 18 below, Seller and Purchaser each shall bear their own attorney's fees and costs.

16. LEASEBACK AGREEMENTS At Closing, the parties shall enter into two leases substantially in the forms attached hereto *in globo* as **Exhibit H** (the "**Leaseback Agreements**'') pursuant to which Seller, as tenant, will lease from Purchaser, as landlord, (a) a portion of the Building as shown on the Floor Plan (as defined in the first Leaseback Agreement) and (b) the server room as described in the second Leaseback Agreement.

17. DESTRUCTION, LOSS OR DIMINUTION OF PROPERTY. If, prior to Closing, all or any substantial portion of the Property is damaged by fire or other natural casualty or is taken or made subject to condemnation, eminent domain or other governmental acquisition proceedings, then Purchaser or Seller, may terminate this Agreement by written notice to the other and Title Company, and Purchaser may receive the return of the Deposit, and neither party shall have any further liability to the other hereunder, except as specifically provided otherwise in this Agreement.

18. DEFAULT.

18.1. Default by Seller. If Seller fails to perform any of the covenants and agreements contained herein to be performed by Seller within the time for performance as specified herein (including Seller's obligation to close), Purchaser may either (i) waive the default and proceed to Closing, (ii) terminate Purchaser's obligations under this Agreement by written notice to Seller with a copy to Title Company, in which event the Deposit shall be returned to Purchaser or (iii) file an action for specific performance of this Agreement. In addition, Purchaser may bring an action against Seller to recover the direct and documented actual costs incurred by Purchaser in connection with this transaction, including, without limitation, reasonable attorneys' fees, provided that the amount recoverable in any such action shall not exceed an amount equal to two (2) times the amount of the Deposit. Purchaser shall have no other remedy for any default by Seller, including any right to proceed against Seller for any other damages of whatsoever nature and kind, including consequential damages.

18.2. Default by Purchaser. If Purchaser fails to perform any of the covenants and agreements contained herein to be performed by Purchaser within the time for performance as specified herein (including Purchaser's obligation to close), Seller may either (i) waive the default and proceed to Closing, (ii) terminate Seller's obligations under this Agreement by written notice to Purchaser with a copy to Title Company, in which event the Deposit shall be remitted to Seller or (iii) file an action for specific performance of this Agreement. In addition, Seller may bring an action against Purchaser to recover any and all costs incurred by Purchaser in connection with this transaction, including, without limitation, attorneys' fees provided, that the amount recoverable in any such action shall not exceed an amount equal to two (2) times the amount of the Deposit. Seller shall have no other remedy for any default by Purchaser, including any right to proceed against Purchaser for any other damages of whatsoever nature and kind, including consequential damages.

19. SUCCESSORS AND ASSIGNS. Purchaser may assign this Agreement or any interest herein to an affiliate, which is an entity controlled by or under common control with Purchaser, without the prior written consent of Seller. An assignment to a non-affiliated entity shall require Seller's prior written consent. Any assignment shall not release Purchaser from its obligations under this Agreement.

20. LITIGATION. In the event of litigation between the parties with respect to the Property, this Agreement, the performance of their respective obligations hereunder or the effect of a termination under this Agreement, the losing party shall pay all costs and expenses incurred by the prevailing party in connection with such litigation, including, but not limited to, reasonable attorneys' fees of counsel selected by the prevailing party. Notwithstanding any provision of this Agreement to the contrary, the obligations of the parties under this **Section 20** shall survive termination of this Agreement.

21. NOTICES. Any notice, demand or request which may be permitted, required or desired to be given in connection therewith shall be given in writing and directed to Seller and Purchaser as follows:

Seller:	David Kemmerly General Counsel Amedisys, Inc. 5959 S. Sherwood Forest Blvd Baton Rouge, LA 70816
With a copy to:	Jones Walker LLP 201 St. Charles Avenue, Suite 5100 New Orleans, LA 70170-5100 Attn: Seth A. Levine
Purchaser:	Franciscan Missionaries of our Lady Health System, Inc. 4200 Essen Lane Baton Rouge, LA 70809 Attn: Jody Martin, Associate General Counsel
With a copy to:	Baker Donelson 201 St. Charles Ave., Suite 3600 New Orleans, LA 70170 Attn: Jon F. Leyens, Jr.

Notices shall be deemed properly delivered and received when and if either (i) personally delivered; or (ii) one (1) business day after deposit with Federal Express or other nationally recognized overnight courier.

22. BENEFIT. This Agreement is for the benefit only of the parties hereto and no other person or entity shall be entitled to rely hereon, receive any benefit herefrom or enforce against any party hereto any provision hereof.

23. BROKERAGE. Each party hereto represents and warrants to the other that it has dealt with no brokers or finders in connection with this transaction other than Beau Box Commercial Real Estate, L.L.C. (the "**Broker**"). If the transaction proceeds to Closing, then at Closing, Seller and Purchaser shall pay Broker a total commission equal to three (3%) of the Purchase Price. Payment of said commission shall be divided equally between Seller and Purchaser (1.5% each). Seller and Purchaser each hereby indemnify, protect and defend and hold the other harmless from and against all losses, claims, costs, expenses and damages (including, but not limited to, reasonable fees of counsel selected by the indemnified party) resulting from the claims of any broker, finder or other such party, other than the Broker, claiming by, through or under the acts or agreements of the indemnifying party. The obligations of the parties pursuant to this **Section 23** shall survive any termination of this Agreement.

24. MISCELLANEOUS.

24.1. Entire Agreement. This Agreement, including the exhibits attached hereto, constitutes the entire understanding between the parties with respect to the transaction contemplated herein, and all prior or contemporaneous oral agreements, understandings, representations and statements, and all prior written agreements, understandings, letters of intent and proposals are merged into this Agreement. Neither this Agreement nor any provisions hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

24.2. Time of the Essence. Time is of the essence of this Agreement. If any date herein set forth for the performance of any obligations by Seller or Purchaser or for the delivery of any instrument or notice as herein provided should be on a Saturday, Sunday or legal holiday, the compliance with such obligations or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State in which the Land is located for observance thereof.

24.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

24.4. Partial Invalidity. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity of enforceability of any other provision hereof.

24.5. Counterparts. This Agreement may be executed in multiple counterparts and shall be valid and binding with the same force and effect as if all parties had executed the same Agreement.

24.6. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and the masculine shall include the feminine and vice versa. This Agreement shall not be construed as if prepared by one of the parties, but rather according to its fair meaning as a whole, as if both parties had prepared it. All Exhibits attached hereto are incorporated in this Agreement by reference thereto.

24.7. No Oral Modification or Waiver. This Agreement may not be changed or amended orally, but only by an agreement in writing. No waiver shall be effective hereunder unless given in writing, and waiver shall not be inferred from any conduct of either party.

[Signature Page(s) Next]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Purchase and Sale on the date first above written.

SELLER:

AMEDISYS PROPERTY, LLC

By: /s/ Paul Kusserow
Name: Paul Kusserow
Title: CEO & President

PURCHASER:

FRANCISCAN MISSIONARIES OF OUR LADY HEALTH SYSTEM, INC.

By: /s/ Robert D. Ramsey, Jr.
Name: Robert D. Ramsey, Jr.
Title: CFO & SVP

[Signature Page to Purchase Agreement: FMOL – Amedysis]

Title Company Receipt

The undersigned Title Company hereby acknowledges receipt of the Deposit set forth herein and agrees to hold said Deposit and serve as Title Company hereunder.

BD Title, LLC

By: /s/ Jon F. Leyens, Jr.
Name: Jon F. Leyens, Jr.
Title: Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Purchase and Sale on the date first above written.

SELLER:

AMEDISYS PROPERTY, LLC

By: ____________________
Name: ____________________
Title: ____________________

PURCHASER:

FRANCISCAN MISSIONARIES OF OUR LADY HEALTH SYSTEM, INC.

By: ____________________
Name: ____________________
Title: ____________________

[Signature Page to Purchase Agreement: FMOL – Amedysis]

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Section 4: EX-21.1 (EX-21.1)

Exhibit 21.1

LIST OF SUBSIDIARIES

CORPORATIONS
AMEDISYS HOME HEALTH, INC. OF SOUTH CAROLINA, a South Carolina corporation
AMEDISYS HOME HEALTH, INC. OF VIRGINIA, a Virginia corporation
ANGEL WATCH HOME CARE, INC., a Florida Corporation
HI-TECH CARE, INC., a Florida Corporation
HMR ACQUISITION, INC., a Delaware corporation
INFINITY HOME CARE ACQUISITION CORP., a Florida corporation

LIMITED LIABILITY COMPANIES

ACCUMED HEALTH SERVICES, L.L.C., a Texas limited liability company
ACCUMED HOLDING, L.L.C., a Delaware limited liability company
ACCUMED HOME HEALTH OF GEORGIA, L.L.C.., a Georgia limited liability company
ACCUMED HOME HEALTH OF NORTH TEXAS, L.L.C., a Texas limited liability company
ADVENTA HOSPICE, L.L.C., a Florida limited liability company
ALBERT GALLATIN HOME CARE AND HOSPICE SERVICES, LLC, a Delaware limited liability company
AMEDISYS AIR, L.L.C., a Louisiana limited liability company
AMEDISYS ALABAMA, L.L.C., an Alabama limited liability company
AMEDISYS ALASKA, LLC, an Alaska limited liability company
AMEDISYS ARIZONA, L.L.C., an Arizona limited liability company
AMEDISYS ARKANSAS, LLC, an Arkansas limited liability company
AMEDISYS BA, LLC, a Delaware limited liability company
AMEDISYS CALIFORNIA, L.L.C., a California limited liability company
AMEDISYS COLORADO, L.L.C., a Colorado limited liability company
AMEDISYS CONNECTICUT, L.L.C., a Connecticut limited liability company
AMEDISYS DELAWARE, L.L.C., a Delaware limited liability company
AMEDISYS FLORIDA, L.L.C., a Florida limited liability company
AMEDISYS GEORGIA, L.L.C., a Georgia limited liability company
AMEDISYS HEALTH CARE WEST, L.L.C., a Delaware limited liability company
AMEDISYS HOLDING, L.L.C., a Louisiana limited liability company
AMEDISYS HOME HEALTH OF ALABAMA, L.L.C. an Alabama limited liability company
AMEDISYS HOSPICE, L.L.C., a Louisiana limited liability company
AMEDISYS IDAHO, L.L.C., an Idaho limited liability company
AMEDISYS ILLINOIS, L.L.C., an Illinois limited liability company
AMEDISYS INDIANA, L.L.C., an Indiana limited liability company
AMEDISYS IOWA, L.L.C., an Iowa limited liability company

AMEDISYS KANSAS, L.L.C., a Kansas limited liability company
AMEDISYS LA ACQUISITIONS, L.L.C., a Louisiana limited liability company
AMEDISYS LOUISIANA, L.L.C., a Louisiana limited liability company
AMEDISYS MAINE, P.L.L.C., a Maine professional limited liability company
AMEDISYS MARYLAND, L.L.C., a Maryland limited liability company
AMEDISYS MASSACHUSETTS, L.L.C., a Massachusetts limited liability company
AMEDISYS MICHIGAN, L.L.C., a Michigan limited liability company
AMEDISYS MINNESOTA, L.L.C., a Minnesota limited liability company
AMEDISYS MISSISSIPPI, L.L.C., a Mississippi limited liability company
AMEDISYS MISSOURI, L.L.C., a Missouri limited liability company
AMEDISYS NEBRASKA, L.L.C., a Nebraska limited liability company
AMEDISYS NEVADA, L.L.C., a Nevada limited liability company
AMEDISYS NEW HAMPSHIRE, L.L.C., a New Hampshire limited liability company
AMEDISYS NEW JERSEY, L.L.C., a New Jersey limited liability company
AMEDISYS NEW MEXICO, L.L.C., a New Mexico limited liability company
AMEDISYS NORTH CAROLINA, L.L.C., a North Carolina limited liability company

AMEDISYS NORTH DAKOTA, L.L.C., a North Dakota limited liability company
AMEDISYS NORTHWEST, L.L.C., a Georgia limited liability company
AMEDISYS OHIO, L.L.C., an Ohio limited liability company
AMEDISYS OKLAHOMA, L.L.C., an Oklahoma limited liability company
AMEDISYS OREGON, L.L.C., an Oregon limited liability company
AMEDISYS PENNSYLVANIA, L.L.C., a Pennsylvania limited liability company
AMEDISYS PERSONAL CARE, LLC, a Delaware limited liability company
AMEDISYS PROPERTY, L.L.C., a Louisiana limited liability company
AMEDISYS QUALITY OKLAHOMA, L.L.C., an Oklahoma limited liability company
AMEDISYS RHODE ISLAND, L.L.C., a Rhode Island limited liability company
AMEDISYS SC, L.L.C., a South Carolina limited liability company
AMEDISYS SOUTH DAKOTA, L.L.C., a South Dakota limited liability company
AMEDISYS SOUTH FLORIDA, L.L.C., a Florida limited liability company
AMEDISYS SPECIALIZED MEDICAL SERVICES, L.L.C., a Louisiana limited liability company
AMEDISYS SP-IN, L.L.C., an Indiana limited liability company
AMEDISYS SP-KY, L.L.C., a Kentucky limited liability company
AMEDISYS SP-OH, L.L.C., an Ohio limited liability company
AMEDISYS SP-TN, L.L.C., a Tennessee limited liability company
AMEDISYS TENNESSEE, L.L.C., a Tennessee limited liability company
AMEDISYS TEXAS, L.L.C., a Texas limited liability company
AMEDISYS TLC ACQUISITION, L.L.C., a Louisiana limited liability company
AMEDISYS UTAH, L.L.C., a Utah limited liability company
AMEDISYS VENTURES, L.L.C., a Delaware limited liability company
AMEDISYS VIRGINIA, L.L.C., a Virginia limited liability company
AMEDISYS WASHINGTON, L.L.C., a Washington limited liability company
AMEDISYS WESTERN, L.L.C., a Delaware limited liability company
AMEDISYS WEST VIRGINIA, L.L.C., a West Virginia limited liability company
AMEDISYS WISCONSIN, L.L.C., a Wisconsin limited liability company
ANMC VENTURES, L.L.C., a Louisiana liability company
AVENIR VENTURES, L.L.C., a Louisiana limited liability company
BEACON HOSPICE, L.L.C., a Delaware limited liability company
BROOKSIDE HOME HEALTH, LLC, a Virginia limited liability company
CH HOLDINGS, LLC, a Louisiana limited liability company
COMPREHENSIVE HOME HEALTHCARE SERVICES, L.L.C., a Tennessee limited liability company
EMERALD CARE, L.L.C., a North Carolina limited liability company
FAMILY HOME HEALTH CARE, L.L.C., a Kentucky limited liability company
HHC, L.L.C., a Tennessee limited liability company
HOME HEALTH OF ALEXANDRIA, L.L.C., a Louisiana limited liability company
HOME HOSPITALISTS OF AMERICA, LLC, a Delaware limited liability company
HORIZONS HOSPICE CARE, L.L.C., an Alabama limited liability company
HOUSECALL, L.L.C., a Tennessee limited liability company
HOUSECALL HOME HEALTH, L.L.C., a Tennessee limited liability company
HOUSECALL MEDICAL RESOURCES, L.L.C., a Delaware limited liability company
HOUSECALL MEDICAL SERVICES, L.L.C., a Tennessee limited liability company
HOUSECALL SUPPORTIVE SERVICES, L.L.C.., a Florida limited liability company
INFINITY HOME CARE, L.L.C., a Florida limited liability company
INFINITY HOME CARE OF BROWARD, LLC, a Florida limited liability company
INFINITY HOME CARE OF LAKELAND, LLC, a Florida limited liability company
INFINITY HOME CARE OF OCALA, LLC, a Florida limited liability company
INFINITY HOME CARE OF PINELLAS, LLC, a Florida limited liability company
INFINITY HOME CARE OF PORT CHARLOTTE, LLC, a Florida limited liability company
INFINITY HOME CARE OF JACKSONVILLE, LLC, a Florida limited liability company
INFINITY HOMECARE OF DISTRICT 9, LLC, a Florida limited liability company
MC VENTURES, LLC, a Mississippi limited liability company
M.M. ACCUMED VENTURES, L.L.C., a Texas limited liability company
NINE PALMS 1, L.L.C., a Virginia limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES INTERNATIONAL, LLC, a Delaware limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES OF BROWARD, LLC, a Delaware limited liability company

TENDER LOVING CARE HEALTH CARE SERVICES OF ERIE NIAGARA, LLC, a New York limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES OF GEORGIA, LLC, a Delaware limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES OF NASSAU SUFFOLK, LLC, a New York limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES OF NEW ENGLAND, LLC, a Delaware limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES OF WEST VIRGINIA, LLC, a Delaware limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES SOUTHEAST, LLC, a Delaware limited liability company
TENDER LOVING CARE HEALTH CARE SERVICES WESTERN, LLC, a Delaware limited liability company
TLC HOLDINGS I, L.L.C., a Delaware limited liability company
TLC HEALTH CARE SERVICES, L.L.C., a Delaware limited liability company
TUCSON HOME HEALTH, LLC, a Delaware limited liability company

LIMITED PARTNERSHIPS/LIMITED LIABILITY PARTNERSHIPS

NINE PALMS 2, LLP, a Mississippi limited liability partnership

JOINT VENTURES

AMEDISYS HOME HEALTH, A LAWRENCE MEDICAL CENTER PARTNER, L.L.C, a Delaware limited liability company **(66.67% ownership)**
AMEDISYS PRIVATE DUTY, LLC, a Delaware limited liability company **(50% ownership)**
AMEDISYS VALLEY TEXAS, L.L.C., a Delaware limited liability company **(70% ownership)**
GEORGETOWN HOSPITAL HOME HEALTH, LLC, a Delaware limited liability company **(70% ownership)**
MARIETTA HOME HEALTH AND HOSPICE, L.L.C., an Ohio limited liability company **(50% ownership)**
MORGANTOWN HOSPICE, LLC, a Delaware limited liability company **(80% ownership)**
PORTNEUF HOME HEALTH CARE, LLC, a Delaware limited liability company **(50% ownership)**
TRI-CITIES HOME HEALTH, LLC, a Delaware limited liability company **(50% ownership)**
WENTWORTH HOME CARE AND HOSPICE, LLC, a New Hampshire limited liability company **(50% ownership)**
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Section 5: EX-23.1 (EX-23.1)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Amedisys, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-138255 and 333-145582) on Form S-3 and (Nos. 333-60525, 333-51704, 333-53786, 333-143967, 333-152359, 333-182347 and 333-205267) on Form S-8 of Amedisys, Inc. and subsidiaries of our reports dated March 9, 2016, with respect to the consolidated balance sheets of Amedisys, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 Annual Report on Form 10-K of Amedisys, Inc. and subsidiaries.

/s/ KPMG LLP

Baton Rouge, Louisiana
March 9, 2016
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Section 6: EX-31.1 (EX-31.1)

Exhibit 31.1

CERTIFICATION

I, Paul B. Kusserow, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015, of Amedisys, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2016

/S/ Paul B. Kusserow

Paul B. Kusserow
President and Chief Executive Officer
(Principal Executive Officer)

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Section 7: EX-31.2 (EX-31.2)

Exhibit 31.2

CERTIFICATION

I, Ronald A. LaBorde, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015, of Amedisys, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2016

/S/ Ronald A. LaBorde

Ronald A. LaBorde
Vice Chairman and Chief Financial Officer
(Principal Financial Officer)

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Section 8: EX-32.1 (EX-32.1)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Amedisys, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015 (the "Report"), I, Paul B. Kusserow, President and Chief Executive Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 9, 2016

/S/ Paul B. Kusserow

Paul B. Kusserow
President and Chief Executive Officer
(Principal Executive Officer)

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Section 9: EX-32.2 (EX-32.2)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Amedisys, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015 (the "Report"), I, Ronald A. LaBorde, Vice Chairman and Chief Financial Officer of the Company, hereby certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 9, 2016

/S/ Ronald A. LaBorde

Ronald A. LaBorde

Vice Chairman and Chief Financial Officer
(Principal Financial Officer)
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