HOSPICE M&A · 2026 EDITION

The Hospice Owner's Pre-Sale Readiness Checklist

A 27-point diligence-readiness checklist used by Vallexa Advisors to prepare hospice agencies for a confidential, premium-multiple sale in the post-crackdown 2026 market.

447	$600M+	5x–10x
Hospices suspended April 2026	Medicare billing under review	EBITDA multiple range for clean operators

Why this checklist exists

In April 2026, federal regulators suspended Medicare payments to **447 hospices and 23 home health organizations** over more than **$600 million** in alleged fraudulent billing. Buyers responded exactly the way they have in every prior fraud cycle: they got slower, more selective, and more willing to pay a premium for documentably clean operators.

If your hospice has clean Medicare cap history, length-of-stay within MedPAC norms, no SFP placement, and solid HOPE submissions, this is the best seller's market for clean hospice in five years. This checklist is what we walk every Vallexa client through in the first 30 days after they engage us.

SECTION 1 OF 5

Financial & Quality-of-Earnings Readiness

Buyers run a Quality of Earnings (QofE) within the first 60 days of LOI. Multiples are made or lost here.

Statements & Books

- **3 years of GAAP-quality financial statements** available (income statement, balance sheet, cash flow), reviewed or audited if possible.
- **Trailing twelve months (TTM) P&L** reconciles to your G/L and to your Medicare cost reports.
- **Normalized EBITDA worksheet** with documented add-backs (owner compensation, one-time legal, M&A advisory, non-recurring marketing, personal expenses).
- **Working capital schedule** showing 24+ months of A/R, A/P, accrued payroll, and PTO liabilities.
- **CapEx history** separated from operating expenses for the past 3 years.

Revenue Quality

- Payer-mix breakdown: **Medicare, Medicaid, Managed Medicaid, MA, private** with monthly trend.
- **Census & ADC report** by month, by site, by level of care (Routine, GIP, Continuous, Respite).
- **Length-of-stay distribution** with comparison to MedPAC and CMS national norms.
- **Recertification rate** and live-discharge rate trended monthly.
- **Medicare cap exposure analysis** for the last 3 cap years, with any cap liability or refund detail.

SECTION 2 OF 5

Regulatory & Compliance Readiness

Post-April-2026, every serious buyer demands a pre-LOI compliance attestation. Get ahead of it.

Licensure & Status

- **Active CMS Certification (CCN)**, current 855A on file, and confirmation you are NOT on the Special Focus Program (SFP) list.
- **State licensure** in good standing with no open corrective action plans.
- **Survey history**: last 3 surveys with all deficiencies and Plans of Correction (PoCs), including final close-out letters.
- **Accreditation** (CHAP, ACHC, or Joint Commission) — current certificate and last survey report.

Audit & Investigation Posture

- **UPIC, ZPIC, RAC, or MAC reviews** — current status and outcomes for the past 3 years.
- **Self-disclosed overpayments** or refund history documented.
- **Compliance program**: written Code of Conduct, hotline, exclusions screening (OIG/SAM monthly), annual training records.
- **HOPE Tool implementation** — submission accuracy report and any rejected submissions tracked and resolved.
- **HQRP performance** data with comparison to STAR ratings and national benchmarks.

SECTION 3 OF 5

Operational & Clinical Readiness

Buyers underwrite continuity. Show them an operation that runs without you.

Clinical Operations

- **Medical Director agreement**(s) — arms-length, Stark/Anti-Kickback compliant, with documented fair-market-value support.
- **IDG meeting minutes** sample and care plan template review.
- **Eligibility documentation** protocol — terminal prognosis support for last 50 admissions reviewable.
- **GIP utilization rationale** documented for the last 12 months.
- **Live discharge protocols** documented and consistently followed.

Workforce & Referrals

- **Staffing roster** with FTE counts, tenure, comp, credentials by role.
- **Key-person dependence map** — who, what they do, succession plan.
- **Top 20 referral sources** with concentration percentage (no single source >15-20% is ideal).
- **Marketing/community-liaison org chart** and territory map.
- **Non-compete and confidentiality agreements** on file for clinical and admin leadership.

SECTION 4 OF 5

Legal & Structural Readiness

These items determine whether your CHOW closes in 90 days or 9 months.

Corporate

- **Cap table** current, with all stock, options, and any phantom equity disclosed.
- **Corporate minute book** up to date through the most recent action.
- **Operating/shareholder agreement** with right-of-first-refusal and consent provisions reviewed.
- **Material contracts** indexed: leases, vendor agreements, EMR, billing service, payer contracts, BAA.
- **Litigation history** — open and closed, last 5 years.

Real Estate & IP

- **Lease estoppels** for every leased location with assignability terms identified.
- **Trademark, domain, and brand assets** registered to a single ownership entity.
- **Cybersecurity & HIPAA** documentation: risk assessment, incident log, training records.

SECTION 5 OF 5

Seller Positioning & Process Readiness

What separates a 5x deal from a 7x deal is rarely the agency. It is almost always the process.

Strategic Narrative

- **Growth story** drafted: census trajectory, recent wins, expansion thesis.
- **Market story** drafted: catchment area demographics, competitor map, referral fundamentals.
- **Post-close transition plan**: are you staying 0, 6, 12, or 24 months? What does "help" look like?

Process & Confidentiality

- **Engagement with a healthcare-only M&A advisor** who will run a confidential auction (not a single-buyer reveal).
- **Clean data room** assembled before buyer outreach begins.
- **Communication plan** for staff, referral sources, and family — including the "what if I get asked" script.
- **Net-proceeds model** built with your CPA: estimated taxes, escrow holdback, working-capital peg, advisor fee, transaction expenses.

Next Step: A Confidential Hospice Valuation

Vallexa Advisors will run a complimentary, fully confidential hospice valuation built on the same model we use to price live transactions. There is no cost, no obligation, and no upfront fee — Vallexa is paid 100% on success.

Schedule your free hospice valuation
vallexaadvisors.com/contact-us · (586) 623-5616 · jason@vallexa.com

About Vallexa Advisors. Vallexa is a healthcare-only M&A advisory firm specializing in hospice, home health, home care, and behavioral health transactions. We run confidential sale processes with a vetted national buyer network of PE-backed platforms, regional consolidators, hospital systems, and strategic acquirers. Fees are 100% success-based.

Disclaimer. This checklist is provided for informational purposes only and does not constitute legal, tax, accounting, or investment advice. Every transaction is unique. Engage qualified counsel and a CPA before making material decisions.