Epic Quality, Epic Service... Epic Care
Epic Health Services Highlights

► Leading national provider of pediatric home health and therapy services to medically frail and chronically ill children
  • Epic is the largest provider of pediatric private duty nursing and therapy in Texas
  • #2 pediatric home care provider nationally

► Pediatrics is an attractive segment of home health care
  • Large and growing market
  • Less susceptible to rate cuts → margins are stable
  • Fragmented — lacks scale, professionalization → less competitive
  • Similar characteristics in Epic’s adult niches

► Experienced management team with demonstrated ability to execute multi-faceted growth plan
  • Grew EBITDA from $6.5M in 2010 to ~$37M RR end of 2013
  • Organic Compound Annual Growth Rate of 45%+ for 3 years
  • Successfully acquired and integrated 10 agencies in multiple states

► Strong, replicable operating model — scalable
  • Key is Balance → Clinical excellence + high growth culture

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**Epic’s Goals**

1. Be the #1 pediatric home health provider nationally
2. Be a leader in pediatric behavioral health
3. Grow EBITDA in 5 years from $37M+ to ~$90M

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Epic: Leading Provider of Home Health Services

**Type of Care**
- **Pediatric PDN**
  - 72% of Revenue
  - 1,800 Clients
- **Pediatric Therapy**
  - 17% of Revenue
  - 4,000 Clients
- **Adult/Geriatric**
  - 8% of Revenue
  - 900 Clients
- **Behavioral Health**
  - 2% of Revenue
  - 700 Clients

**Typical Conditions**
- **Pediatric Therapy**
  - Administer Medication
  - Physical Therapy
  - Cerebral Palsy
  - Spina Bifida
- **Adult/Geriatric**
  - Provide Enteral Nutrition
  - Occupational Therapy
  - Feeding/Swallowing Disorders
  - Bone/Joint Disorders
- **Behavioral Health**
  - Monitor and Maintain Ventilators
  - Speech Therapy
  - Eye-Hand Coordination Impairment
  - Toileting
  - Transportation
  - Developmental Disabilities
  - Schizophrenia

**States Served**
- **Pediatric PDN**
  - Delaware
  - Massachusetts
  - Texas
- **Pediatric Therapy**
  - Massachusetts
  - Texas
- **Adult/Geriatric**
  - Delaware
  - Massachusetts
- **Behavioral Health**
  - New Jersey

Note: 1% of revenue considered “other”
Epic was founded in Texas in 2001 and provides a comprehensive line of in-home pediatric services in the state. In the last three years, Epic has developed a significant presence in the Northeast through both organic growth and acquisitions.

Locations:
- Headquarters
- PDN
- PDN & Home Therapy in Texas
- Therapy Clinics in Texas
- Adult/Geriatric
- Behavioral Health

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Pediatric Home Health is Growing at More than 2X the Rate of Adult Home Health

Pediatric Home Health Is an Extremely Valuable Market

- Overall spending for U.S. pediatric home health services grew from $3.2B in 2006 to approximately $6.9B in 2014E, representing a CAGR of 10%, which is more than double the overall U.S. home health market.

- Pediatric clients have multiple disorders and tend to require a higher acuity of care due to their age and the severity of their medical conditions.

- Clients have a relatively long length of treatment ~2.5 years for PDN, ~6 months for therapy.

Compelling Value Proposition

Pediatric Home Health’s Relative Value to Traditional Care…

…Supported By Strong Preferences and Advancements in Technology

- Family preference for home treatment over institutional care
- Eliminates stress and anxiety of separating a sick child from family
- Provides family with in-home support
- Home care minimizes cross infection and eliminates privacy and safety concerns
- Advancements in medical technology has narrowed the gap between inpatient and home care

Source: Kuster & Merkle 2004 Care giving Stress, Immune Function and Health: Implications for Research with Parents of Medically Fragile Children; Maxwell 1994 Users’ Views on Hospital and Home care for Acute Illness in Childhood
Pediatric home care enjoys stable reimbursement

- Low costs relative to facility based care
- Unique requirements of chronically ill children
- Recognized benefits of the service
- Broad public support for children’s healthcare programs
- Children are a politically and socially protected class
Business Strategy

Consistent and personalized care 24 hours a day, seven days a week

Highly trained, experienced staff

► Disciplined recruiting model — strive to be employer of choice
► Specialized training is a key differentiating factor — recognized and highly regarded
► Robust QAPI and Compliance programs

Sales staff focus on building and expanding relationships with physicians, case managers, and hospital staff

Targeted, systemized sales effort to access to and build relationships with attractive referrers

► Identifies all potential referrers, qualify, work accordingly
► Regularly participates in local support groups, which provides an opportunity for additional client referrals

“Whatever it takes” attitude toward client service

► Client Service Coordinators (CSCs) are available 24/7 for families and Epic field staff
► Helps to reduce stress under which clients and families typically function
  
  Strive for consistent staffing for each client

► An assigned CSC coordinates all needs a family may have regarding services

“Epic Quality, Epic Service… Epic Care”
Extraordinary Service

Epic Quality, Epic Service...Epic Care
Extraordinary Service

Epic Quality, Epic Service... Epic Care
Highly Skilled Employees

Employee Breakdown (as of 12/31/13)

<table>
<thead>
<tr>
<th>Employee Type</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Branch Offices</td>
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<tr>
<td>OTs</td>
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</tbody>
</table>

Summary of Employees

► Epic employs over 4,800 FTEs, the majority of whom are pediatric home health nurses

► In addition to its highly skilled RNs and LVNs/LPNs, the Company employs CHHAs, PTs, OTs, SLPs, case managers, and rehabilitation professionals

► Because of the specialized nature of pediatric care, many nurses have experience working in either a neonatal intensive care unit (“NICU”) or pediatric intensive care unit (“PICU”)
Strong and Consistent Organic and Acquisition Growth

Revenue Bridge
($M)

CAGR 62%

51% Organic

47% Organic

43% Organic

27% Organic

Epic Quality, Epic Service...Epic Care
Behavioral Health Services

**Adult Behavioral Home Health**
- Mental Health Parity and Addiction Act of 2008, the Affordable Care Act, Newtown make for more coverage of mental health services
- Total expenditures on mental health treatment in the U.S. — $135B of which $2.2B is home care
  - 1 in 17 adults lives with a serious mental health illness (schizophrenia, serious depression, bipolar)
  - Cost per day: Home based MH nursing ~ $100  County jail ~ $150  In-patient facility ~ $2,200

**Autism**
- Growing number of states are mandating insurance coverage for autism spectrum disorder (ASD) Total expenditures for children with autism — $35B
  - 1 in 68 children in the US (1 in 45 in NJ) is somewhere on the autism spectrum — increased 600% since 1980
  - Primary service modality — Applied Behavioral Analysis followed by treatment provided primarily in the home
- Treatment needs fit well with Epic’s operational and clinical capabilities
  - Launched first Epic autism programs in NJ and TX in January 2014
  - Experienced program developer/manager on board
- Epic is in the market for behavioral health acquisitions
  - Ideally geographies complementary to current operations
  - Home care oriented
In Lauren’s Words…

“Epic Health Services sets the standard for homecare nursing. I've had nursing in my home for 26 years. During that time, I have had the challenge of working with at least 6 agencies. I can say with certainty, however, that Epic is superior to them all.”