STRATUM HEALTH ADVISORS

CASE STUDY N° 2 · DECISION ANALYSIS

The Premium and the Price

When a home health leader took the higher cash offer over a strategic merger — and paid two years and a record divestiture to close it. A home-based care decision analysis.

The Fork

In mid-2023, Amedisys — one of the nation's largest home health and hospice providers — had already agreed to merge with Option Care Health in an all-stock deal. Then UnitedHealth's Optum arrived with an unsolicited all-cash bid of $101 per share, roughly $3.3 billion. Amedisys's board faced a clean fork: honor the strategic, stock-based merger of equals with Option Care, or take the higher, all-cash offer from a vertically integrated payer giant and accept whatever regulatory risk came with it. The board chose the cash. This is an analysis of that choice and what it teaches a seller weighing a strategic combination against a premium exit.

The Landscape Before the Decision

- **Demand certainty —** The demographics under home care are bedrock: 17.5% of Americans are 65+, heading toward ~22% by 2034, and roughly nine in ten seniors prefer to age in place (Source: Census Bureau; industry surveys). Every strategic acquirer wanted home-based capacity.
- **A determined buyer —** Optum had already acquired Amedisys competitor LHC Group in 2023, signaling that the largest payer in the country viewed home health as core infrastructure for value-based care — and was willing to pay for it.
- **Operating headwinds —** Home health faced Medicare rate pressure and a severe labor constraint (caregiver turnover near 79%), making organic growth hard and raising the appeal of a clean, high-price exit (Source: BLS data via industry reporting).

The Decision Logic — Steelmanned

A board's duty runs to delivering value to its shareholders, and a certain, all-cash premium is a concrete, immediate, quantifiable value that a stock-for-stock merger of equals cannot match. The Option Care deal offered strategic upside but exposed Amedisys holders to the combined entity's execution and market risk; Optum's cash removed that risk entirely at a higher headline number. In a sector facing rate pressure and labor scarcity, converting the franchise to cash at the top of a strategic buyer's enthusiasm is a rational, defensible act of timing. The board took the bird in the hand — and the hand belonged to the most motivated buyer in the market.

The Landscape After

- **The antitrust wall —** The decision triggered a two-year regulatory battle. The DOJ sued to block the deal in November 2024, arguing it would gut competition for home health and hospice services in hundreds of markets (Source: Healthcare Dive, Aug 2025).
- **The price of closing —** The deal finally closed in August 2025 only after the largest divestiture of outpatient healthcare services ever required to resolve a merger challenge: 164 home health and hospice locations across 19 states, roughly $528 million in annual revenue, sold to Pennant Group and BrightSpring, plus a $1.1 million civil penalty (Source: DOJ; Hospice News, Aug 2025).
- **The outcome —** Amedisys shareholders ultimately received the cash — the core bet paid at the headline level — but only after two years of uncertainty, a nearly failed earlier divestiture attempt, and a materially reshaped combined entity.

The Strategic Read — For Anyone Facing This Fork

The choice between a strategic combination and a premium cash exit is not decided by the headline number alone. It is decided by the probability-weighted, time-adjusted value of each path — and the deal-certainty dimension is where sellers most often underweight the risk.

DIMENSION	STRATEGIC MERGER (Option Care)	PREMIUM CASH EXIT (Optum)
Headline value	Lower, stock-based	Higher, all-cash
Value certainty	Exposed to combined-entity performance	Fixed at close — but close was not guaranteed
Regulatory risk	Modest (horizontal, less concentrated)	Severe (vertical integration by dominant payer)
Time to value	Faster, cleaner path	Two years, contingent on divestitures
The underweighted factor	Upside optionality forgone	Antitrust risk on a payer-giant acquirer

The instructive point: when the acquirer is a dominant, vertically integrated player, the premium partly compensates for regulatory risk the seller may not fully price. Amedisys's holders were made whole, but a board that had modeled the two-year delay, the record divestiture, and the real chance of collapse might have weighed the certain-but-lower strategic deal differently. The number that matters is never the offer price; it is the offer price times the probability of actually closing, discounted for time.