

DENVER BUSINESS JOURNAL

HEALTH CARE

Denver health care company acquires personal care business for \$340M



Daniel Greenleaf is CEO of ModivCare.

BY JENSEN WERLEY
Reporter, Denver Business Journal

ModivCare Inc. (Nasdaq: MODV), a Denver-based health care services company, announced on July 26 its acquisition of CareFinders Total Care for \$340 million.

New Jersey-based CareFinders is a personal care provider with a presence in New Jersey, Pennsylvania and Connecticut. It serves more than 7,500 patients through more than 6,200 caregivers. The company's annual revenue is about \$200 million, generated primarily from Medicaid and Managed Care Organization payers.

The company anticipates a net purchase price of \$306 million after net present value tax attributes are generated by the transaction.

ModivCare is a public company that specializes in health care solutions like transportation, at-home care, food delivery and other methods of addressing social determinants of health. The company recently relocated its headquarters to Denver.

CEO Dan Greenleaf told Denver Business Journal that the company is constantly in the process of looking to acquire companies, with about 20 potential targets in the company's pipeline at any given time.

There were a few factors that set CareFinders apart, Greenleaf said. Many home health care companies are very small,

but this one is already a business of scale. It has a reputation for high-quality service and management. And its geographic footprint overlaps with ModivCare's, which will make talent recruitment easier.

"Our payers are telling us they want to work with one or two companies," Greenleaf said. "Ultimately, we're a staffing business. The more concentration we have in these states, the better it is for us to recruit. We're becoming, in many respects, the company of choice."

This isn't the first time the two companies have worked together. During the pandemic, ModivCare provided more than 85,000 rides to CareFinders caregivers.

In bringing the two companies together, Greenleaf said the plan is to keep the CareFinders caregivers on board. There's a high demand for service, he said. The management will be a combination of leaders from CareFinders and from another recent acquisition in the space, Simplura.

In total, ModivCare has about 16,000 caregivers working with 18,000 patients annually. About 200 employees are based in the company's Denver headquarters. Greenleaf said he plans to grow that figure to about 300.

As the company grows, Greenleaf said a major differentiator for ModivCare will be the way caregivers are empowered to do their work.

"We'll ultimately be the air traffic controller for food, transportation, remote monitoring," Greenleaf said. "Part of this is finding how to better mobilize aides so they're in power. They are an undervalued part of the health care ecosystem. As we build out our social determinants platform, they play a central role. We not only want to let them know how valuable we see them, but we also want to unlock that value."