



For Owners of Home Health and Home Care Agencies,
and Assisted Living Facilities



SELLER'S SECRET SAUCE

BEST PRACTICES FOR SELLING SENIOR CARE OPERATIONS

In this section you will find helpful information on (i) what successful sellers do before they take their operations to market, (ii) how their deals are structured, (iii) what resources they use during the selling process, and (iv) how they manage the transaction after closing. In this segment, we discuss the relationship between *agency earnings* and *valuation*.

FINANCING

SBA GUARANTEES \$5 BILLION IN HEALTHCARE LOANS

For fiscal year ended September 30, 2025 (FY2025), the US Small Business Administration guaranteed \$4.2 billion in 7a and \$945 million in 504 healthcare loans. FY2025 activity was 23% higher and 17% higher than FY2024 for 7a and 504 loan volumes, respectively. SBA authorized lenders to make 7,778 7a loans and 963 504 loans to its healthcare clients in FY2025. SBA healthcare loans accounted for 11% of total loan guarantee volume by the SBA. Nearly three-quarters of the healthcare loan guarantees were approved in SBA's Preferred Lender Program (PLP). Lenders designated PLP status have proven their proficiency in processing SBA-guarantee loans. PLP lenders can

et cetera

- On October 29, the Federal Reserve Bank cut its benchmark lending rate by a quarter-point lowering its interest target range between 3.75% and 4%, the lowest in 3 years.

- On Friday, November 28, the Centers for Medicare & Medicaid Services released a calendar year 2026 home health final rule with an aggregate payment rate cut of 1.3%. This is a substantial win for the industry. The proposed rule in June was to cut the rate

MARKET WATCH

VIRGINIANS GET STICKER SHOCK ON HEALTH INSURANCE PREMIUM RISE

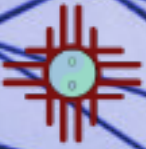
About 400,000 Virginians rely on Affordable Care Act (ACA) marketplace plans, which use federal tax credits to lower monthly costs. The American Rescue Plan Act (later the Inflation Reduction Act) temporarily expanded subsidies for lower income earners. As these federal subsidies expired at the end of 2025 (or temporarily extended), health insurance premiums are set to significantly rise for most people. Older adults, self-employed workers, and families without employer

REGULATORY WATCH

US EDUCATION DEPARTMENT LIMITS LOANS FOR NURSES

Beginning July 1, 2026, the US Department of Education will exclude degrees in nursing, physician assistants, physical therapists, audiologists, and social workers as "professional." Under the new federal loan eligibility rules, individuals pursuing these degrees will be ineligible for higher federal loan limits and some loan forgiveness programs. The Education





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Buyers measure agency earnings by EBITDA (earnings before interest, taxes, depreciation, and amortization) or SDE (Seller's Discretionary Earnings). Most financial or strategic buyers use EBITDA. Solo buyers may use SDE. All buyers view the transaction as purchasing a future income stream from the agency. The more a seller can demonstrate the transferability and stability of the agency's income stream, the more valuable buyers will view the agency.

Earnings and Agency Valuation. Buyers value the future agency income streams by discounting them by a risk factor (i.e., discount rate). The riskier the income streams, the higher the required rate of return. Higher required rates of return yield lower agency valuations. Thus, managing the variability (i.e., risk) in agency income (EBITDA, SDE) drives valuation.

MARKET WATCH

CONT'D

coverages are especially at risk. Keven Patchert, director of the Virginia Health Benefit Exchange, [warns](#) that about 100,000 Virginians could lose coverage simply because they won't be able to afford the premiums. Even if the enhanced subsidies expire, the original ACA premium tax credits will remain in place. Regardless, KFF, an independent non-profit research group, warns that marketplace enrollees will still pay about 114% more in monthly premiums. Another change hitting some consumers is the end of the repayment cap. Since subsidies are based on estimated income for the coming year, anyone who exceeds that estimate must pay back part of the assistance. With caps gone, those paybacks might be significant. Certified health insurance navigators can provide advice on this matter.



REGULATORY WATCH

CONT'D

Department is also eliminating the Grad Plus loan program for "unprofessional" degrees. The American Nurses Association reported that these changes will affect more than 260,000 students currently enrolled in entry-level Bachelor of Science in Nursing programs and around 42,000 enrolled in Associated Degree in Nursing programs. The US Bureau of Labor Statistics recently reported that about 88% of nurses in the US are women.

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by 6.4%.

- Employee satisfaction in healthcare and social sciences slightly improved from October to November following steady month-over-month declines since August, according to ADP's Employment Motivation and Commitment [Index](#).
- DHHS launched the [Caregiver AI Challenge](#), an initiative that awards \$2 million to 10 innovators who develop tools to educate, assist, and reduce administrative strain for family caregivers.

FINANCING

CONT'D

make final credit decisions on their own, which leads to faster loan approvals for borrowers compared to working with non-preferred lenders. SBA guarantee loans can be ideal for small medical practices. In FY2025, 62% of all SBA-guarantee loans were made to business owners that employed five or fewer employees. Another 17% of all borrowers employed between six and ten employees. In FY2025, 24% of the loan proceeds were used for change in ownership transactions. For more information on SBA guarantee loan programs, visit [SBA.gov](#).

