



Innovive Health secures capital to support growth strategy

“These terms are incredible,” thought Anthony Loumidis, the CFO of Innovive Health, when he first received KeyBank’s term sheet proposal. Loumidis was in the market to secure financing to restructure the company’s debt and shore up its balance sheet. During the search, he spoke with a half dozen potential lending sources, but KeyBank’s offer was unmatched. “It wasn’t a difficult decision.”

Loumidis joined Innovive Health, a Massachusetts-based full-service in-home care provider in 2017, with the goal of readying the company to expand its service areas. One of the largest providers of skilled nursing in the state, Innovive Health focuses on serving patients with complex behavioral health challenges and multiple medical comorbidities that need daily attention. Serving this vulnerable patient demographic, Innovive completes more than 1.1 million patient care visits annually, a feat most large hospitals can’t claim.

Innovive Health’s patients are considered “high utilizers” – although they comprise approximately 5% of the population, they account for more than 50% of all costs across the healthcare continuum. Home healthcare organizations such as Innovive add value by providing equitable and critically needed care to this patient population in the lowest cost care environment – the home. From insulin injections and wound care to therapeutic supervision and assistance with social and behavioral issues, home-based care agencies such as Innovive deliver positive outcomes for vulnerable patients who were already living with mental health issues and limited support systems.

In the summer of 2021, Innovive carried two adjustable-rate notes on its balance sheet, and it had a line of credit that needed to be replaced. The company was also preparing for other organizational investments and a capital restructuring. As Loumidis puts it, his goal was to “simplify the company’s financial capital structure, refinance the company and make it healthier.” He was looking to forge a relationship with a bank that would accommodate this complex transaction and support the company through its next phase of growth.

Inside the deal

Innovive needed to secure a multimillion dollar funding package to achieve its financial restructuring goals and drive its growth strategy. Loumidis spent more than a year professionally shopping for the right bank. “I talked to banks for 12 to 18 months, so I knew what I wanted. I was an informed party,” he says. Foremost on his wish list, he wanted to swap the adjustable rate note with a five-year term loan at a favorable fixed rate.

In February 2021, Loumidis met Jacob Ullucci, SVP of commercial healthcare banking at KeyBank. By April, Ullucci sent over his offer: a 2.15% fixed-rate five-year loan to accommodate the refinancing and equity buyout along with a credit facility. No other bank had a comparable offer. “I had the experience of working with six or seven banks, and nothing else came across the table that truly impressed me or that could fully meet our organizational needs,” says Loumidis.

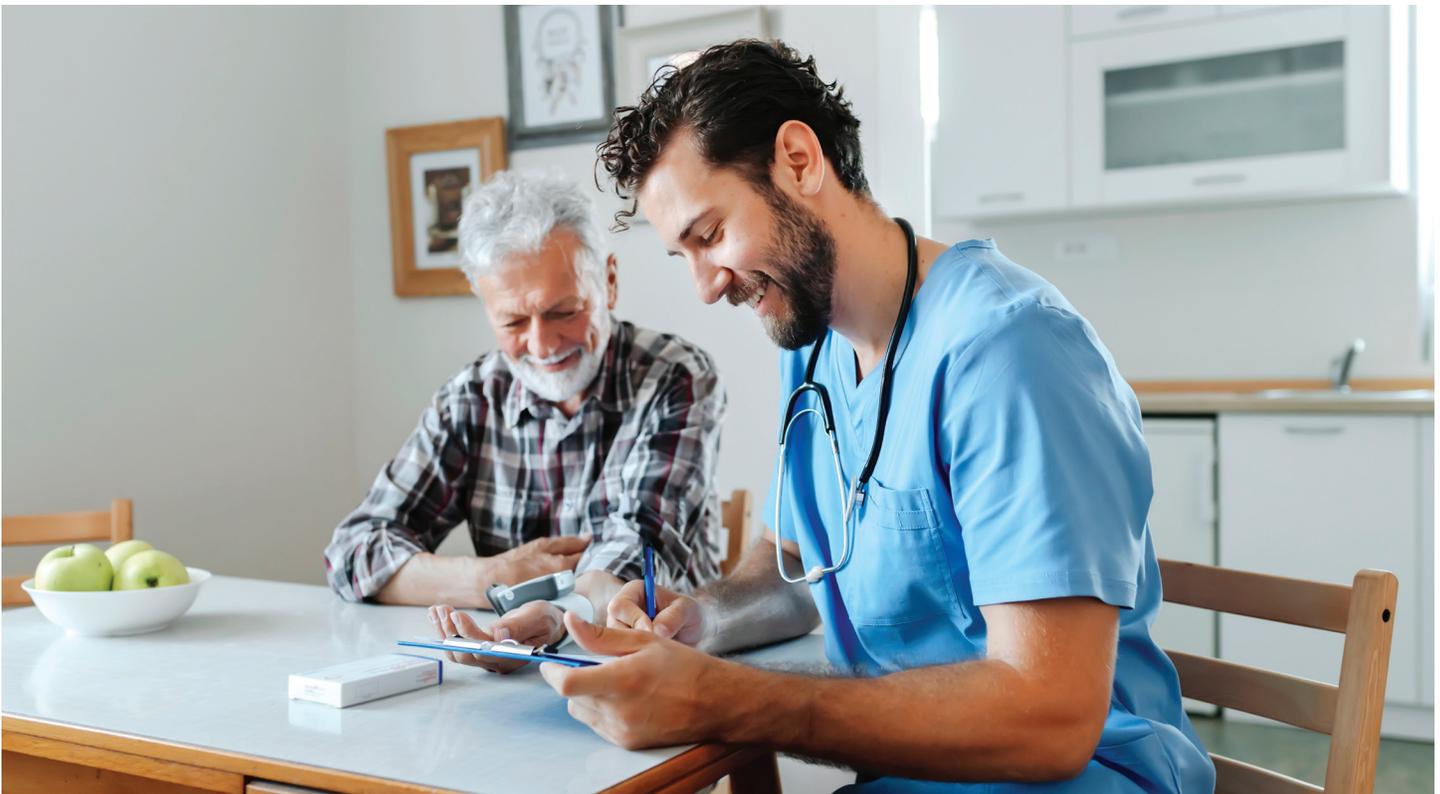
Although securing a competitive rate was crucial for Innovive to reduce its borrowing costs and enhance cash flow, KeyBank also provided the most attractive borrowing terms, which proved the bank could be a long-term relationship for Innovive. “You have to develop a relationship and build trust between both parties, and eventually, you have to get a term sheet across the table that makes sense to you,” explains Loumidis. “There was no question KeyBank was the right choice for us.”

Beating the clock

Loumidis’ official search began in late 2020, giving the company enough time to find the right bank and lock in a deal. When Key’s Ullucci first sent over his proposal in April 2021, Loumidis still wasn’t ready to commit. Then, early inklings of inflation began to surface. “In the summer of 2021, it became clear to us, as managers of the company, that inflation was around the corner and the Federal Reserve would increase interest rates to manage the money supply.”

It was impressive foresight. This year, the Federal Reserve has increased interest rates six times, with four staggering back-to-back 75 basis point increases in June, July, September, and November, bringing the prime rate to 7%. With two floating-rate notes, Innovive was acutely exposed to the Fed’s action on inflation. “If interest rates went up, that would create an unfavorable event for us,” says Loumidis. “We as a company had to act.” With rising inflationary pressure, KeyBank’s competitive 2.15% rate became essential to Innovive’s long-term business objectives. “It was very important for us to lock in that rate.”

To add pressure to the timetable, Loumidis also needed the deal to close before year-end to produce a clean audit report. KeyBank was able to accommodate the condensed timeline for Innovive and close the deal by the end of 2021.



More to come

For Loumidis, KeyBank's execution on this deal cemented their relationship—and the company has a rosy future. Proceeds from this deal will help to drive Innovive's expansion plans in 2023, and it will give the company opportunities to secure additional leverage as needed. "I know that KeyBank has the financial wherewithal to support us if we need extra capital," he says.

At present, Innovive is pursuing opportunities that will allow the company to expand into new geographic markets. "There are a lot of states that have patients that fit our profile

but don't have a mechanism to treat them. There are very few companies in the country that provide the services that we do," says Loumidis.

As he works with the company's leadership team to identify growth opportunities, Loumidis sees Key as a strategic team member. "KeyBank is going to be sitting at the table with me, going over the financials of the company that we are going to be acquiring and getting comfortable with the risk," he says. "That says a lot about how KeyBank supports growing healthcare companies like ours."

Let's start the conversation

To learn more, visit key.com/healthcarebanking or contact:

Jacob Ullucci

Senior Relationship Manager, Healthcare
Key Corporate and Commercial Bank

617-710-6761

jacob_ullucci@keybank.com

Agapito "Aga" Morgan

Commercial Healthcare Leader
Key Corporate and Commercial Bank

203-854-3407

agapito_e_morgan@keybank.com



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