

U S PHYSICAL THERAPY INC /NV
Form 10-K
March 18, 2019
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
OR**

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ___ TO ___**

COMMISSION FILE NUMBER 1-11151

**U.S. PHYSICAL THERAPY, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)**

**NEVADA
(STATE OR OTHER JURISDICTION OF
INCORPORATION
OR ORGANIZATION)**

**76-0364866
(I.R.S. EMPLOYER IDENTIFICATION NO.)**

**1300 WEST SAM HOUSTON PARKWAY SOUTH,
SUITE 300,
HOUSTON, TEXAS**

77042

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

**REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (713) 297-7000
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE EXCHANGE ACT:**

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, \$.01 par value

New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE EXCHANGE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the shares of the registrant's common stock held by non-affiliates of the registrant at June 30, 2018 was \$761.9 million based on the closing sale price reported on the NYSE for the registrant's common stock on June 30, 2018, the last business day of the registrant's most recently completed second fiscal quarter. For purposes of this computation, all executive officers, directors and 5% or greater beneficial owners of the registrant were deemed to be affiliates. Such determination should not be deemed an admission that such executive officers, directors and beneficial owners are, in fact, affiliates of the registrant.

As of March 15, 2019, the number of shares outstanding of the registrant's common stock, par value \$.01 per share, was: 12,761,092.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT

PART OF FORM 10-K

Portions of Definitive Proxy Statement for the 2018 Annual Meeting of Shareholders

Part III

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FORWARD-LOOKING STATEMENTS

We make statements in this report that are considered to be forward-looking statements within the meaning given such term under Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements contain forward-looking information relating to the financial condition, results of operations, plans, objectives, future performance and business of our Company. These statements (often using words such as believes , expects , intends , plans , appear , should and similar words) involve risks and uncertainties that could cause actual results to differ materially from those we project. Included among such statements are those relating to opening clinics, availability of personnel and the reimbursement environment. The forward-looking statements are based on our current views and assumptions and actual results could differ materially from those anticipated in such forward-looking statements as a result of certain risks, uncertainties, and factors, which include, but are not limited to:

- changes as the result of government enacted national healthcare reform
- changes in Medicare rules and guidelines and reimbursement or failure of our clinics to maintain their Medicare certification status
- revenue we receive from Medicare and Medicaid being subject to potential retroactive reduction
- business and regulatory conditions including federal and state regulations
- governmental and other third party payor inspections, reviews, investigations and audits
- compliance with federal and state laws and regulations relating to the privacy of individually identifiable patient information, and associated fines and penalties for failure to comply
- changes in reimbursement rates or payment methods from third party payors including government agencies and deductibles and co-pays owed by patients
- revenue and earnings expectations
- legal actions, which could subject us to increased operating costs and uninsured liabilities
- general economic conditions
- availability and cost of qualified physical therapists
- personnel productivity and retaining key personnel
- competitive, economic or reimbursement conditions in our markets which may require us to reorganize or close certain clinics and thereby incur losses and/or closure costs including the possible write-down or write-off of goodwill and other intangible assets
- acquisitions, purchase of non-controlling interests (minority interests) and the successful integration of the operations of the acquired businesses
- maintaining our information technology systems with adequate safeguards to protect against cyber attacks
- maintaining adequate internal controls
- maintaining necessary insurance coverage
- availability, terms, and use of capital and
- weather and other seasonal factors.

Many factors are beyond our control. Given these uncertainties, you should not place undue reliance on our forward-looking statements. Please see the other sections of this report and our other periodic reports filed with the Securities and Exchange Commission (the SEC) for more information on these factors. Our forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as required by law, we are under no obligation to update any forward-looking statement, regardless of the reason the statement may no longer be accurate.

TABLE OF CONTENTS**PART I****ITEM 1. BUSINESS.****GENERAL**

Our company, U.S. Physical Therapy, Inc. (we , us , our or the Company), through its subsidiaries, operates outpatient physical therapy clinics that provide pre-and post-operative care and treatment for orthopedic-related disorders, sports-related injuries, preventative care, rehabilitation of injured workers and neurological-related injuries. We primarily operate through subsidiary clinic partnerships in which we generally own a 1% general partnership interest and a 49% to 99% limited partnership interest and the managing therapist(s) of the clinics owns the remaining limited partnership interest in the majority of the clinics (hereinafter referred to as Clinic Partnerships). To a lesser extent, we operate some clinics through wholly-owned subsidiaries under profit sharing arrangements with therapists (hereinafter referred to as Wholly-Owned Facilities). Also, we have a majority interest in a company, which is a leading provider of industrial injury prevention. Services provided include onsite injury prevention and rehabilitation, performance optimization and ergonomic assessments. The majority of these services are contracted with and paid for directly by employers including a number of Fortune 500 companies.

Unless the context otherwise requires, references in this Annual Report on Form 10-K to we , our or us includes the Company and all of its subsidiaries.

Our strategy is to develop outpatient physical therapy clinics and to acquire single and multi-clinic outpatient physical therapy practices on a national basis. At December 31, 2018, we operated 591 clinics in 42 states. The average age of the 591 clinics in operation at December 31, 2018 was 10.0 years. Our highest concentration of clinics are in the following states: Texas, Tennessee, Michigan, Virginia, Washington, Oregon, Florida, Maryland, Georgia, Pennsylvania and Arizona. In addition to our 591 clinics, at December 31, 2018, we also managed 28 physical therapy practices for unrelated physician groups and hospitals and operated the industrial injury prevention business, as described above.

During the last three years, we completed the following multi-clinic acquisitions:

| Acquisition | Date | % Interest Acquired | Number of Clinics |
|--------------------------|-------------|--------------------------------|------------------------------|
| August 2018 Acquisition | August 31 | 70 % | 4 |
| | 2017 | | |
| January 2017 Acquisition | January 1 | 70 % | 17 |
| May 2017 Acquisition | May 31 | | |