

PACS Group
Third Quarter 2025 Earnings Call
November 19, 2025

Presenters

Mark Hancock - Interim CFO

Jason Murray - CEO

Josh Jergensen - President and COO

Q&A Participants

David MacDonald - Truist Securities

Benjamin Rossi - JPMorgan Chase & Co

Benjamin Hendrix - RBC Capital Markets

Operator

Hello, and welcome to PACS Group's Third Quarter 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After today's presentation, there will be an opportunity to ask questions. If you would like to ask a question during that time, simply press star followed by the number one on your telephone keypad. If you would like to withdraw your question, please press star followed by the number two on your telephone keypad.

The speakers on today's call are PACS Group's Chief Executive Officer, Jason Murray, Mark Hancock, Interim Chief Financial Officer, and Josh Jergensen, President and Chief Operating Officer. The call today is being recorded, and a replay of the call will be available on the PACS Group Investor Relations website an hour after the completion of this call. A replay of this webcast will be available for approximately 30 days. Information to access the replay is listed on today's press release, which is available on our website under the Investor Relations section.

Before we begin, I would like to remind everyone that, during today's call, we will be making forward-looking statements regarding future events and financial performance.

I'd now like to turn the conference over to Mark Hancock, Interim Chief Financial Officer. Please go ahead.

Mark Hancock

Thank you, and good afternoon, everyone. Thank you all for joining us for this earnings call. Before we begin our prepared remarks, we would like to remind you this afternoon that PACS Group issued a press release announcing its third quarter 2025 results and other filings. An investor presentation was published and is available on the Investor Relations section of our website at pacs.com.

I'd also like to remind everyone that, during the course of today's conference call, we will discuss certain forward-looking information that is based on our current expectations, assumptions and beliefs about our business. Any forward-looking statements are subject to risks and uncertainties that could cause our actual results to materially differ from those expressed or implied on today's call. You should carefully consider the risk factors that may affect our future results as described in our 2024 Form 10-K and our other SEC filings.

During this call, we will discuss certain non-GAAP financial measures, including adjusted EBITDA and adjusted EBITDAR. These non-GAAP financial measures should be considered as a supplement to and not a substitute for measures prepared in accordance with GAAP. For a reconciliation of non-GAAP financial measures discussed during this call to the most directly comparable GAAP measures, please refer to the earnings release and the appendix included in the investor presentation, which are both published and available on the Investor Relations section of PACS Group's website.

I'll now turn the call over to Jason.

Jason Murray

Thanks, Mark, and thank you all for joining us today. Today, as you might imagine, is an exciting day for all of us at PACS Group. I'd like to extend our collective appreciation for your patience and support. We have worked expeditiously over the past several months and are once again current with all of our reporting obligations. We're ready to move forward with a renewed commitment to our mission of delivering high-quality care to our patients and driving value for our shareholders. Our results, which we will detail shortly, demonstrate that our team rose to the occasion. Together, we've navigated through recent challenges and turned those into momentum and motivation.

With the previously announced restatement now completed and our internal controls strengthened in the process, we're operating today from a position of strength, transparency and discipline. I'd like to thank everyone on the PACS team for their hard work, focus and dedication throughout this period. We feel we have the best team in the business, and I'm excited about the opportunities that are ahead.

In November 2024, the company's independent Audit Committee, supported by external counsel and advisers, began an independent investigation of the allegations made in the short seller report. That work has concluded. The committee's work and its resulting recommendations, which have been or are being implemented, reinforced our commitment to transparency, accountability and strong governance. Now our focus is squarely on the future, executing our strategy, delivering exceptional care and continuing to build trust with our stakeholders. PACS moves forward with confidence, strength and an unwavering commitment to doing things the right way.

In short, today is the start of a new chapter for PACS. As I noted, we remain focused on executing our strategy, and our results demonstrate the strong progress we have made. We delivered a tremendous start to fiscal year 2025 and delivered another quarter of growth and execution in the third quarter. In fact, we delivered record revenue and adjusted EBITDA in the first nine months of 2025. We believe this record performance validates PACS' core strengths, our commitment to clinical and operational excellence, our industry-leading talent and a strategy designed for sustainable growth. I'll touch on all of these themes throughout my remarks, and Mark will also provide more specifics on our financial performance and full year 2025 outlook.

But first, I want to take a step back and talk briefly about PACS' business and our strategy. We're a leading post-acute health care company, primarily focused on delivering high-quality skilled nursing care through a portfolio of locally operated facilities. Our mission is to be the leading provider of post-acute clinical care across the country and elevate care for America's most vulnerable. This has been our mission since I co-founded the company with Mark, starting with two facilities in 2013. Over the last decade, PACS' team has worked to create value, trust and confidence for our patients and residents. We are now at 320 facilities across the country, and we feel like our journey is just starting.

We're very thankful for the more than 47,000 employees across the country who provide care to over 30,000 residents each day. We're inspired and driven by their commitment to quality and excellence, and they are the foundation behind our success.

We believe that healthcare is local, and we recognize that every patient, facility and community is unique. For that reason, PACS operates with a locally led, centrally supported model that empowers local leaders to make day-to-day operational and clinical decisions at the facility level, ensuring that care is responsive, personal and community-driven.

At the same time, we maintain robust regional and central support systems that provide resources, oversight and regulatory expertise, establishing clear guardrails to help our local teams remain compliant with local, state and federal requirements. This coordinated model, local leadership supported by strong centralized systems, enables us to deliver excellent clinical outcomes, operational consistency and the highest standards of integrity across the organization. Our model is centered on what matters most, which is putting patients first, empowering strong bedside leadership and holding ourselves accountable at every level. It's a simple approach, but it's very powerful. It's what makes PACS different, and it's why we're confident in our ability to deliver exceptional value to our patients and the communities we serve.

We're proud of what this team has built, and we're excited to keep raising the bar of what's possible for PACS. We're applying these competitive strengths to a compelling market opportunity. The skilled nursing industry, or SNF, is large and growing, with CMS expecting total industry expenditures to increase to \$337.4 billion by 2032. At the same time, America is experiencing a significant demographic shift with estimates showing that nearly 20% of the U.S. population will be aged 65 or older by 2030. This aging curve, driven by the baby boomer

generation, is expected to meaningfully increase demand for post-acute and long-term care services over the coming decade.

As one of the largest SNF operators in the U.S., we believe that our increasing scale and focus on clinical and operational excellence, coupled with our disciplined and sustainable growth strategy, uniquely positions PACS to capitalize on these demographic trends and drive further growth, both organically and through acquisitions. Taken together, we believe our competitive strengths will continue to drive our growth and success, delivering meaningful value to healthcare stakeholders, employees and shareholders alike.

Now let's turn to an update on some of our recent operational and clinical advances. We continue to prioritize exceptional clinical outcomes across both our mature and newly acquired facilities, and that focus is reflected in our quality ratings. Based on CMS quality measure or QM star ratings, 192 of our facilities, representing 68.6% of our skilled nursing portfolio are rated 4 or 5 stars. This sustained improvement across the organization underscores the strength of our teams and supports the strong financial performance we continue to deliver. To better illustrate our facility's dedication to quality, I'd like to share a quick anecdote that highlights how our teams consistently rise to meet the needs of the communities we serve.

In Q3 of 2023, we acquired a facility in Colorado. At the time of acquisition, the facility was on CMS' special focus facility list and members of the local community openly shared that it had been considered by some to be the worst skilled nursing facility in the state. For many operators, this combination of reputational and clinical challenges would have been reason enough to walk away. But for us, it represented exactly the kind of opportunity where our model can make the deepest impact. More importantly, we believe without hesitation that the residents, families and communities deserve better. After many months of focused efforts and dedicated caregivers and leadership team at this facility, supported closely by the regional PACS team, executed a comprehensive operational and clinical turnaround.

By Q3 of 2024, they had passed their second consecutive health inspection survey, meeting the requirements to graduate from the special focus facility program. As of March of this year, the facility officially came off the special focus facility list, and the team has since achieved a 4-star overall CMS rating, which is a remarkable milestone given where the facility started just a couple of years ago at acquisition.

This example is just one that reflects a broader pattern across our portfolio. These types of clinical success stories are becoming increasingly common, underscoring the strength of our clinically driven operating model and the dedication of our caregivers in every market.

In fact, through the first nine months of 2025 alone, five additional facilities that were acquired while on the special focus facility candidate list have successfully graduated from the list. Each has its own unique story, its different challenges, different starting points, different community needs, but all share a common thread, the ability of our teams to restore stability, rebuild trust

and deliver meaningful improvements in patient care. These results reinforce what we believe at PACS. When supported with the right structure, leadership and resources, even the most challenged facilities can achieve dramatic sustained improvement. And most importantly, our patients and communities are better served because of it.

These clinical achievements reflect the same operational discipline and team excellence that continue to drive momentum across our broader portfolio, momentum that has been especially evident over the last 15 months as we've expanded our footprint, strengthened operations and integrated a significant number of newly acquired facilities.

Our third quarter performance reflects both sustained operational strength and the growth of the business through the meaningful expansion of our portfolio over the last 15 months. In that time, we've executed a series of strategic acquisitions, strengthened our presence in key markets and continued delivering high occupancy in our mature facilities.

In the second half of 2024 alone, we acquired 94 facilities as part of 106 total acquisitions for the full year. The largest of these was the acquisition of the Prestige portfolio, which added 53 facilities across eight states, five of which were new markets for us, significantly expanding our geographic footprint. In total, the acquisitions completed during the back half of 2024 added 7,424 skilled nursing beds and 1,334 assisted living units, more than 8,700 beds overall. This expansion meaningfully increased our scale and broadened the reach of our operating model.

In 2025, we've continued to deploy capital to fuel growth, rooted in a disciplined approach focused on driving returns from our investments. Year-to-date, we've acquired the operations of seven additional facilities. Today, our portfolio includes 35,202 total operating beds, 32,677 skilled nursing beds and 2,525 assisted living beds across 17 states, reflecting a significantly expanded geographic footprint.

Portfolio performance remains strong. Total occupancy stands at 89% with our mature facilities delivering exceptional 95% occupancy, up from 94% last year. Occupancy in our new facilities, those acquired within the last 18 months, including the large 2024 acquisitions, is 81% compared with 83% in the prior year. This reflects the intentional onboarding period as newly acquired facilities begin adopting PACS operating systems and clinical processes. As these facilities progress through stabilization and ultimately move into ramping status, we expect to see continued improvement in both occupancy and skilled mix over time.

Our locally led centrally supported model is foundational to driving increased occupancy, which prioritizes matching patient acuity with the right clinical capabilities at each facility. As hospitals continue to discharge higher acuity patients in the skilled nursing settings, our team remains well positioned to meet that need, which supports both patient outcomes and continued occupancy strength. That means we also continue to invest in leadership development through our administrator and training or AIT program, better equipping local leaders to deliver responsive, personal and community-driven care, which ultimately drives higher occupancy.

Since our founding, we have hired 261 AITs with 203 currently employed in licensed administrator or other leadership roles, reflecting an approximate 78% retention rate. We now have 36 AITs in the program, providing a strong pipeline of leaders to support both existing operations and future growth.

We enter the fourth quarter of 2025 with confidence and momentum, but most importantly, the depth and quality of our people gives us a competitive advantage that can't be replicated. Our teams are motivated, they're focused, and they're ready to prove once again that PACS doesn't just adapt to challenges, we turn them into fuel. We're building on strength, executing with urgency and driving toward being the best in our sector.

I'll now turn the time back over to Mark to cover our financial highlights for the quarter.

Mark Hancock

Thank you, Jason. And I'd like to echo your sentiments in that, when we first started PACS, we did it with the intention of building a legacy sustainable company in the post-acute healthcare sector. This is our life's work. And so I want to express my gratitude to our Audit Committee and advisers for their work and recommendations that have helped accelerate our maturation as a public company. We remain confident that our locally led centrally supported model, coupled with enhanced compliance and controls, will increase our ability to deliver high-touch, high-quality care to our patients and strengthen our communities. With our exceptionally talented team, we are focused on continuing to execute our strategy to drive value for shareholders and the rest of the healthcare ecosystem.

Our third quarter and year-to-date 2025 results reflect the operational and clinical excellence across our portfolio that continues to drive demand for our services. I will now highlight a few key financial metrics for the three months ended September 30, 2025. In the third quarter, we realized \$1.3 billion of revenue, a 31% increase over the same period of the prior year. Adjusted EBITDAR for the third quarter was \$226.6 million while adjusted EBITDA was \$131.5 million. Net income for the same period was \$52.3 million. And lastly, our diluted earnings per share for the quarter was \$0.32.

In addition to our third quarter performance, I'd like to take a moment to highlight our year-to-date 2025 results. These further demonstrate the consistency of our growth and operating strength throughout the year.

So for the first nine months ended September 30, 2025, we realized \$3.9 billion of total revenue. This represents a 36% increase over the same period in 2024. Year-to-date 2025 adjusted EBITDAR was \$646.2 million, while adjusted EBITDA was \$363.0 million. Net income for the same period was \$131.7 million. And lastly, our diluted earnings per share through the first three quarters of 2025 was \$0.80.

As Jason noted, total facility occupancy across our portfolio was 89% for the first three quarters of 2025, well above the industry average of 79%. A meaningful number of facilities advanced into our mature category this year, and it's encouraging to see occupancy and skilled mix remain strong through that transition. Mature facilities continue to perform exceptionally well, achieving 95% occupancy, up from 94% occupancy last year, while skilled mix increased from 32% to 34% in 2025. Ramping facilities reported 86% occupancy and 23% skilled mix, reflecting the impact of several newer markets, such as Colorado, that continue to strengthen as operational initiatives take hold.

New facilities ended the third quarter at 81% occupancy versus 83% in 2024, while skilled mix improved to 25% from 22% last year. The slight dip in occupancy reflects the expected transition following the large portfolio integrations completed in late 2024.

As Jason mentioned, 2024 was an extraordinary year of growth for us. We completed 106 facility acquisitions, which is more than 4 times our historical annual average, including 94 in the second half of 2024 alone. In comparison, during the first three quarters of 2025, we completed seven acquisitions, all of which were strategic add-ons within the existing footprint of the states we operate in. This lower level of activity in 2025 has provided time to assimilate the significant volume of transactions completed in 2024 and demonstrates our intentional focus on integrating that large cohort. In 2025, our cost of services increased by 32% year-over-year as we continue to invest in staffing and quality initiatives. This increase aligns with our growth and reflects our ongoing efforts to make operational and clinical improvements across our portfolio, including in our newly acquired facilities.

In addition to growing our operations in 2025, we purchased the underlying real estate of five facilities, further strengthening our balance sheet and our ownership position within our portfolio. As of the end of the third quarter, we now wholly own or partially own through joint ventures the real estate interest in 100 of the facilities that we operate. In total, we currently own, have purchase options or have future rights to almost half of the properties that we operate. This continued expansion of real estate ownership achieved while maintaining consistent lease structures and financial terms underscores our disciplined approach to capital allocation and long-term value creation. Of the facilities that we lease, the average remaining tenor of our operating leases and our finance leases is 13 years and 19 years, respectively.

Now turning to guidance, as we look forward to a great fourth quarter and finishing out the year, based on our recent results and current expectations, we are providing guidance for the full year 2025 as follows. We expect annual revenue to be between \$5.25 billion and \$5.35 billion in 2025. The midpoint of this range would be a 30% increase over 2024 revenue. For the full year 2025, we expect adjusted EBITDA to be between \$480 million and \$490 million. In summary, we expect these to be record results for the company.

I'll now turn the call back over to Jason.

Jason Murray

Thanks, Mark. And as Mark mentioned, we expect the full year to deliver record revenue and adjusted EBITDA, and our performance year-to-date has already reached record levels for the company. This continued momentum highlights the strength of our model and our teams throughout the country. We intend to continue proving that strength quarter after quarter, and we're energized and moving forward with discipline and focus and look forward to demonstrating our ability to execute and deliver results for our patients and shareholders.

So with that, operator, I believe we're ready for questions.

Operator

Thank you. Our first question comes from David MacDonald with Truist. You may proceed with your question.

David MacDonald

Thank you. Good afternoon, guys. I got a handful of questions. First, guys, can you just talk a little bit about -- you mentioned the momentum in the business a couple of times. If we look at the occupancy and skill mix opportunity in the new and ramping, can you just spend a minute on that? And then kind of as we head towards 2026, is there any areas that you would call out in terms of areas of disproportionate investment?

Josh Jergensen

Yeah, this is Josh. I'll take the first part of that question. As we look at occupancy, I think we refer often to our mature facilities. And as you know, those are facilities that we've had for over 37 months. And as reported, that occupancy has remained incredibly strong, and so has the skill mix. What we've learned over the process of our acquisitions is that it takes time to implement and deploy our policies, procedures, our model of increasing the clinical capabilities of our facilities and the team's confidence in their ability to provide care to high acuity patients at a level where we can continue to operate and ensure that the patients and their family members are getting exceptional care outcomes.

And so as we look at our ramping and new facilities, we still feel that there's a lot of opportunity for us to strengthen those teams, to deploy the appropriate systems that we need. You heard, obviously, the number -- the sheer number of facilities that we took on creates challenges for us to ensure that those teams are supported in a way that allow them to have the confidence to increase both skill mix and occupancy. So I still -- and we still feel very confident that, as you look at those cohorts of new and ramping, that our expectation would be and the history of our company would show that those continue to increase and move towards where our mature facilities are performing, and we would expect that to be the case.

David MacDonald

Sure.

Mark Hancock

And David, I would just -- this is Mark here. I'd just layer in that, to your question about kind of any disproportionate relationships there, just emphasizing what Josh said about the fact that we grew at over 106 facilities last year, which basically a third of our portfolio represents that new bucket. And so there's a lot of embedded potential for organic growth there.

David MacDonald

Okay. And then, guys, just I guess, second question, when you think about some of the changes the company has made relative to controls, what would you call out as the one or two changes that you view as most impactful?

Jason Murray

Yeah, that's a good question, David. And I would maybe point to one thing that stands out as I think through that that, number one, there's been a lot of lessons that we've learned through this process. But I would say the one that stands out to me is our ability to continue to develop and strengthen our compliance within the organization. And that's an area that we feel passionate about, and I think it aligns with our mission as an organization, as well. And it's something that we, over the last year, have worked tirelessly to improve.

And I think why that's notable is because it allows additional support for our locally led and centrally supported model, where we have administrators making decisions at the local level to support their patients and their staff. Having those additional support mechanisms in place to make sure that they're making good decisions, that's incredibly important to us. And so I'm very proud of the progress that we've made and the advancements that we've made in that area over the last year, and I would say that's probably the most notable in my opinion.

David MacDonald

Okay. And then, guys, just last one for me, I guess, a two-part question. One, if I look at year-to-date cash flow generation, it looked very strong. Anything that you would flag or call out there that's driving that? And then secondly, if you could just touch quickly on M&A. If you look at the number of facilities that you guys have integrated and you look at the activity year-to-date in '25, just an update on kind of the pipeline, how that's looking and how you guys are thinking about M&A on a go-forward basis?

Mark Hancock

Yeah, David, so I'll take the first part and maybe let Josh take the part about M&A. But on the question about cash, so, yeah, I mean, cash provided by operations for the first nine months was \$407 million. And we ended the quarter at September 30 with over \$350 million of cash and cash equivalents versus \$157 million at the end of 2024. And that included, by the way, paydown of our line of credit throughout this year.

Josh Jergensen

And, yeah, David, as far as M&A goes, I think Jason said it well as he was talking a little bit about the heavy amount of acquisition that we did at the end of 2024. And if you look historically at our organization, we kind of averaged out and talk about acquisitions around the 20 a year. Those have been somewhat cyclical as we've, in some years, grown a little bit more than that. And certainly, 2024, the second half of it would be one of those years. It's important for us as we grow that those facilities feel supported, that they feel that they are appropriately integrated into what makes our company special, that they get full access to our systems, to policies and procedures and understand how we go about providing training and education to ensure these facilities have the capabilities in order to be strong centers of excellence in the communities that they serve.

And so that was a big part, along with what we've been going through in the investigation and prioritizing that and the recommendations that came from it that led to acquisitions being very strategic with the seven that we acquired. As we move forward and feel that we are in the strongest position as an organization that we've ever been in -- and we have a deep bench, as Jason mentioned, 36 AITs. We are incredibly excited because we're passionate and feel that the work that we do truly makes a difference.

And so as we've continued to evaluate deals during this period and been very selective, I would imagine that we would continue to increase the amount of deals that we're looking at, again, assuring that we stay disciplined in our approach, but also resilient in the efforts that we're making to ensure that the communities and people who are underserved right now can have the advantage of having PACS come in and deploy resources that help improve these facilities. And so as we look to what we've done historically, I think that you can look towards those historical numbers and use those as reference what we plan on doing as we move forward.

David MacDonald

Okay, thanks very much.

Jason Murray

Thanks, David.

Operator

Our next question comes from Benjamin Rossi with JPMorgan. You may proceed with your question.

Benjamin Rossi

Hey, great. Thanks for the question here. So just thinking about long-term growth, with the changes to your baseline revenue and earnings structure and your 2025 outlook now implying that 30% top line growth and EBITDA growing further underneath that, what is the right way to think about your long-term growth algorithm? Is the previous framing of maybe low double digits across revenue and EBITDA still kind of roughly applicable?

And then I think you kind of confirmed it here, but regarding your M&A with the seven facilities year-to-date, I think you mentioned 20 facilities per year going forward is still the right way to think about inorganic?

Mark Hancock

Yeah. So, yeah, thanks, Ben. So the growth -- I think that the models that you have are in line with our current performance, meaning take out the restatement for 2024, and I think we're tracking according to what you've been analyzing before. So -- but to your question -- to your point about we've given guidance of 20 facility acquisitions per year, we have far exceeded that in 2024. And over the years, historically, we've had years of kind of larger chunkier growth followed by years of kind of a simulation.

So that historical average gets smoothed out a little bit, but we have probably outpaced that 20 facility guidance. We're not, at this point, prepared to change that guidance as far as the number of facility counts go. We kind of look to continue to be opportunistic in that. So we never set like goals on that. But as far as the top line guidance of 30%, I think that will be consistent with what previous models have suggested.

Benjamin Rossi

Got it. Okay. And then across M&A, I appreciate your comments about activity progressing nicely over the past year. I guess just when thinking about your cohorts, what is the current embedded EBITDA opportunity across your new and ramping cohorts? And then when thinking about the 100-plus facilities you've added since last year, can you give any color on the embedded EBITDA opportunity across those newly acquired facilities?

Josh Jergensen

Yeah, we've shared that -- generally, each acquisition is a little bit different depending on the state, depending on kind of how reimbursement works on the Medicaid side for each of those states. And so sometimes, that's difficult to identify exactly, Ben, as we talk about that. One of the things that we have pointed to is kind of a margin number that each of these cohorts generally find themselves historically living in. And we've shared that the new facilities usually find themselves around 2% to 3%. And then as they kind of graduate into the mature, we see them somewhere in between 6% and 8% margin. And then as they move towards maturity, they usually are in the low double digits and sometimes get as high as the low teens. And what I can share with you is that the historical averages continue to be consistent with what we're seeing as those facilities kind of graduate through those cohorts.

Benjamin Rossi

Great. And then if I could just sneak in one last one here, just on the Medicaid rate development, just thinking about rate development going into next year, how are you modeling growth relative to your historical trend at maybe 2% year-over-year? And what are any of your maybe embedded assumptions for the Medicaid supplemental program? And then for maybe some of the larger states like California, South Carolina or Washington, are you hearing any updates from your state

counterparts on how they're factoring some of the related policy changes from the OBBBA as part of their budgeting?

Josh Jergensen

Yeah, Medicaid is something that we keep a very close eye on. And Ben, obviously, you do, as well, as you're knowledgeable in asking the right questions. One of the things that we do in the acquisition process is we ensure that we're evaluating the states from a number of different perspectives. And one of those is identifying reimbursement associated with the state Medicaid programs and targeting opportunities where we feel like the reimbursement is modeled in a way where our model of taking a higher acuity patient is actually rewarded and appropriately reimbursed.

And so you see from some of the growth in states like Oregon and Washington, California that have quality incentive programs, Texas that has that -- there's a number of states that we look at where we're identifying that program, how it's reimbursed. And one of the things that we've identified, as well, is a case mix component to the Medicaid program, where essentially you're capturing patient acuity levels. So in a state like Kentucky and Ohio where we've recently done some acquisitions in Ohio, the case mix allows a provider to be rewarded for taking a more clinically acute and complex patient.

And most -- many providers shy away from going into states like that because their model isn't based on educating, training, building confidence in the clinical staff to take on those patients. And so each of the states that we've entered into in this last year, we actually feel incredibly good about the Medicaid basis and programs and our ability to have an impact on those and ensure that not only our skilled patients and revenue flowing to the bottom line, but also on the Medicaid front being rewarded for the patients that we're taking. And so you'll see that in the growth that we had in 2024 that we particularly identified states that we felt strong about their Medicaid programs.

Benjamin Rossi

Great. Appreciate all the additional color here. Thanks.

Jason Murray

Yep, you got it. Thanks.

Operator

Our next question comes from Ben Hendrix with RBC Capital Markets. You may proceed with your question.

Benjamin Hendrix

Great. Thanks, guys, and great to have you back. Just a quick question about your local market strategy - you guys have talked extensively about the local market model, the ability to form really strong referral relationships in those models and how that helps with your payer

relationships, too. Just wanted to talk a little bit about how those relationships in the various markets kind of fared across the audit process and if there were any changes that you had to make with regard to some key referral sources or key payers in your various markets and how those relationships held up through this process?

Jason Murray

Yeah, hey, Ben, good to talk with you. So Jason here. So I think that's one of the beauties of the model that we have where it's locally led, centrally supported, that model where administrators -- and we try to keep healthcare local administrators making decisions locally to support their patients and their staff, as well. And I think what that means is they also have the ability to adapt to the local needs of that particular market. I think over this last year, we've seen our model shine amidst very challenging times to operate. What I would point to is our census numbers. You look across our portfolio, we have very strong census numbers, and I think that's a key indication that we are the provider of choice in the markets where we operate.

So as we evaluated that very closely and kept track of those KPIs very closely over this last year, it was evident that our model works and that our people are special, and they have the ability to execute even in the challenging times that we were working through; it was inspiring to see, frankly. And so I would say that those relationships continue to be strong in the markets where we operate, and that's something we're very proud of.

Benjamin Hendrix

Great, thanks. And in light of some of the operational changes you put into place as a result of the audit, are there any change in thinking about the types of M&A targets you're looking at, specifically how you're thinking about balancing deep turnaround opportunities like what you discussed in Colorado in your prepared remarks versus like another Signature, for example, which may be already performing well. Any thoughts on how you're balancing those opportunities?

Jason Murray

So I think the short answer is no. As far as we evaluate deals, we continue to use the same discipline that we've used historically, which is we have a group of team members that consist of our investment committee. And that group meets regularly, and we talk through and evaluate deals. And as we work together as a committee, as we underwrite those opportunities, we ultimately settle on a decision there.

And that structure has been a part of our company for a while now. And I think what that does is it provides the appropriate levels of control to make sure that we're doing good deals and staying disciplined with that. And so as we continue to use that same structure to vet deals, we anticipate that we'll continue to take deep turnarounds. Like I shared in the anecdote in my narrative, we feel very good about who we are as a company. And we like to think that we are very good at what we do. And I think that is an indication in the examples that we provided to take facilities that are struggling clinically and ultimately financially, as well, and to deploy our model into those and to breathe new life into those facilities and to see them transform and to see the quality

metrics improve, that's incredibly rewarding for us. And so we will continue to do that moving forward in a very disciplined manner like we have historically.

Benjamin Hendrix

Great. Thanks, guys.

Operator

That concludes today's question-and-answer session. I'd like to turn the call back to Jason Murray for closing remarks.

Jason Murray

Yeah, thank you, operator, and thank you all again for joining us. Have a nice rest of your day.

Operator

This concludes today's conference. Thank you for participating. You may now disconnect.