

Q1-2015 Physician Services Update



Market Overview

Private equity and strategic acquirers catalyzed the M&A activity within the physician services industry during the first quarter. Using American Securities' recapitalization of Aspen Dental Management as an example, private equity firms sought to take advantage of a shortage of providers amidst a growing demand for services by providing significant capital resources to platform organizations poised for rapid future growth. Strategic transactions, such as Select Medical in its acquisition of Concentra, illustrated the eagerness of large organizations in expanding their continuum of care in anticipation of ACOs and similar risk-sharing models. Looking forward, we expect that the physician services space will continue to be a nexus for dealflow within the healthcare industry, especially given the largely unconsolidated nature of the sector and the central role it plays in the delivery of healthcare services today.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
Anesthesia Services			
March 2015	U.S. Anesthesia Partners	Excel Anesthesia	U.S. Anesthesia Partners, the nation's largest anesthesia-focused, single-specialty physician services organization, announced its partnership with Excel Anesthesia. The partnership will allow Excel to leverage the business acumen, administrative services, and capital resources of USAP in order to continue expanding its practice.
February 2015	U.S. Anesthesia Partners	Greater Colorado Anesthesia	U.S. Anesthesia Partners, announced its acquisition of Greater Colorado Anesthesia. USAP continues its strategy of partnering with preeminent anesthesia groups in attractive markets across the country. USAP's acquisition of Greater Colorado Anesthesia will serve as USAP's platform into the largely unconsolidated Colorado market.
Dental Practice Management			
March 2015	American Securities Capital Partners	Aspen Dental Management	Leonard Green & Partners has sold Aspen Dental Management to American Securities for an undisclosed sum. Aspen Dental provides support services to dentists through assistance with non-clinical business tasks. In addition to providing capital, American Securities will lend its expertise to Aspen Dental as it continues its growth strategy.
Emergency Department Management			
February 2015	Envision Healthcare Corporation	Emergency Medical Associates And Scottsdale Emergency Associates of Arizona	EmCare Inc. a division of Envision Healthcare Holdings, acquired two emergency physician groups; New Jersey-based Emergency Medical Associates (EMA) and Scottsdale Emergency Associates (SEA) of Arizona. The deal closed for a combined \$380 million in transaction value. Envision will significantly enhance its emergency department operations.
Dermatology			
March 2015	Advanced Dermatology & Cosmetic Surgery	Denver Dermatology Consultants	Advanced Dermatology & Cosmetic Surgery acquired Denver Dermatology Consultants. The transaction follows ADCS's strategy for national expansion through acquisition.
Radiology			
March 2015	Sheridan Healthcare, Inc.	Radiology Associates of South Florida, PA	Sheridan Healthcare, Inc. which provides healthcare services will acquire Radiology Associates of South Florida, PA which provides radiological services to patients in hospitals and outpatient centers in Miami and South Florida. This transaction will allow Sheridan to expand its radiology business in Florida market.
January 2015	Sheridan Healthcare, Inc.	Radisphere National Radiology Group, Inc.	Sheridan Healthcare, Inc. acquired Radisphere National Radiology Group, Inc. from Oak Investment Partners, Maverick Capital, Ltd. and other investors. The deal adds Radisphere's more than 100 radiologists to Sheridan's network, thereby enhancing Sheridan's suite of radiology services.
Eye Care Services			
February 2015	Vision Acquisition, LLC (Includes former executives from LCA-Vision)	LCA-Vision	PhotoMedex, Inc. (NasdaqGS and TASE: PHMD) announced the sale of its LCA-Vision subsidiary to Vision Acquisition, LLC for \$40 million in cash. The deal allows Vision Acquisition to expand its business to the 59 LasikPlus centers LCA-Vision operates.
Urgent Care			
March 2015	Select Medical Corporation	Concentra	Select Medical Corporation (NYSE: SEM) and Welsh, Carson & Stowe have acquired Concentra from Humana. Concentra will add occupational medicine, urgent care, and primary care services to Select's growing network of hospitals, rehab clinics, and assisted living centers.
Pain Management			
March 2015	Pain Doctor	Spine and Pain Center of San Antonio	Spine & Pain Center of San Antonio has been acquired by Pain Doctor, a portfolio company of Catterton Partners. SPCSA provides interventional pain management services, bracing solutions, and pharmacy services at office locations throughout San Antonio. SPCSA will serve as the Texas platform for Pain Doctor and will use Pain Doctor's resources to expand rapidly throughout the state. Provident Healthcare Partners was SPCSA's exclusive financial advisor through the transaction.
February 2015	Alliance Healthcare Services	The Pain Center of Arizona	California-based Alliance Healthcare Services has partnered with The Pain Center of Arizona by acquiring a 59% ownership stake in the company for \$27 million in cash and \$2.9 million in assumed debt. The acquisition will allow Alliance enter pain management space, which it plans to cross-sell with its other physician services.

Source: SEC Filings, Company Press Releases, and Reports (IBISWorld, Capital IQ, PIP Estimates and Research). This document has been compiled with publicly available information. Provident Healthcare Partners, LLC makes no guarantee of its accuracy or completeness. No data or statement should be construed to be a recommendation for the purchase, sale, or retention of any security.