

Q3-2016 Emergency Medical Services Update



Market Update

The emergency medical services sector experienced a very active third quarter, with both private equity groups and strategic consolidators completing significant acquisitions in the market. Emergency department management and urgent care providers experienced the most investment interest. Within emergency department staffing, TeamHealth was the most active consolidator with two acquisitions; the Company itself has been rumored of undergoing a deal to take the organization private or to be outright acquired by a competitor. In the urgent care industry, private equity firms and strategic groups continued to show strong interest in the space, which is indicative of the broader market characteristics. The healthcare industry as a whole is interested in this model as a way to divert unnecessary use of emergency rooms and as a solution for the impending shortages in the primary care industry. In reference to ambulance services, the industry remains fragmented with few strong strategic consolidators in both air and ground services. Although a small number of strategic consolidators exist, there is strong potential for an increase in a private equity activity, which will look to invest within platform opportunities that can take advantage of the fragmentation. Provident expects an increase in mergers and acquisitions among all emergency medical services sectors in the fourth quarter of the year, given the persistence of the aforementioned market characteristics.

Select Transactions

Month	Acquirer	Target Company	Details
Ambulance Services			
July 2016	Allegiance Mobile Health	Gemini Ambulance Service	Allegiance Mobile Health (Allegiance), the largest private provider of emergency medical services in Texas, has acquired Gemini Ambulance Service, a ground ambulance services company in San Antonio. This marks Allegiance's fourth acquisition in nine months and will assist Allegiance's expansion to the San Antonio market. Allegiance offers services through more than 300 vehicles in over 30 communities.
Emergency Department Management			
September 2016	New Mountain Capital	Island Medical Management	New Mountain Capital, a middle market private equity firm, has announced the recapitalization of Island Medical Management, a leading provider of outsourced healthcare practice management services to emergency departments, hospitalist programs, and hospital-based urgent care centers. Headquartered in Hauppauge, NY, Island Medical provides services to more than 75 hospital programs across the United States. The Company will utilize the capital injection to continue investing within growth initiatives in an effort to expand further in the Northeast.
September 2016	TeamHealth Holdings (NYSE: TMH)	EmMed	TeamHealth Holdings, a publicly traded physician services organization, has acquired EmMed. Based in Michigan, EmMed provides staffing and management services to the McLaren Bay Regional Hospital's emergency department. EmMed cares for more than 44,000 patients annually. The acquisition supports TeamHealth's geographic expansion initiatives in the Midwest.
August 2016	TeamHealth Holdings (NYSE: TMH)	Grossmont Emergency Medical Group	TeamHealth Holdings has acquired Grossmont Emergency Medical Group, a provider of staffing and management services to the emergency department at Sharp Grossmont Hospital in San Diego, managing over 100,000 patients annually. Through this acquisition, TeamHealth significantly increases its presence in the Southern California market.
Urgent Care			
September 2016	Multicare Health System	Immediate Clinic Seattle / Ensign Group	Multicare Health System, a not-for-profit healthcare system in Washington state, announced its acquisition of Immediate Clinic Seattle, a subsidiary of the Ensign Group. Immediate Clinic Seattle operates 14 urgent care facilities in the greater Seattle market. The acquisition compliments Multicare's existing healthcare network within the Puget Sound region and will assist in reducing inappropriately utilized emergency rooms.
August 2016	Revelstoke Capital Partners	Fast Pace Urgent Care / Shore Capital Partners	Revelstoke Capital Partners, a private equity firm based in Denver, completed its investment in Fast Pace Urgent Care, an operator of 42 urgent care clinics throughout rural Tennessee and Kentucky. The Company received an investment from Shore Capital Partners in 2012. The recent investment from Revelstoke will assist Fast Pace's expansion into new rural communities and improve its ability to acquire smaller urgent care providers.

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Urgent Care (continued)			
August 2016	Banner Health	Urgent Care Extra	Banner Health, a Phoenix-based comprehensive healthcare system inclusive of 7 hospitals, has acquired 32 urgent care centers in Arizona from Urgent Care Extra. The acquisition is one of the largest in the industry and increases Banner's outpatient service coverage in the Arizona market. The Company expects to operate 50 urgent-care centers in Arizona by the end of 2017.
August 2016	CRH Healthcare	Patient First	CRH Healthcare, an operator of urgent care centers in the Southeast, announced they have acquired the assets of Patients First's seven centers. The transaction was completed on July 1 st , but announced in August. Patients First has built a reputation as the leading provider of urgent care, primary care, and occupational health to patients in the Tallahassee area, with over 100,000 patient visits per year. The acquisition fits well in CRH Healthcare's strategy to become the largest operator in the Southeast. The company operates 26 centers across Alabama, Florida, and Georgia.
August 2016	Sverica Capital	RMS Healthcare Management	Sverica Capital Management, a healthcare-focused private equity firm, completed the majority recapitalization of RMS Healthcare Management, which provides management services to Med First Immediate Care and Family Practice (Med First). Med First, a primary care and urgent care operator in rural markets throughout North Carolina and South Carolina, manages 13 total clinics. The current executive team at Med First will stay in place to control day to day operations, and will work with Sverica to expand services in underserved regions.
August 2016	U.S. HealthWorks / Dignity Health	Lakeside Occupational Medical Centers	Lakeside Occupational Medical Centers, an operator of 14 occupational health and urgent care centers in Florida, has been acquired by U.S. HealthWorks, one of the largest operators of occupational health and urgent care centers in the United States. This is the largest acquisition completed by U.S. HealthWorks and more than doubles its number of centers within Florida. U.S. HealthWorks is now the largest operator of occupational health centers in the state, with a total of 27 centers and with the acquisition, they now control 244 medical and onsite clinics in 21 states.