

Healthcare Services M&A Review: A Quarterly Update



Q2 2023
M&A Update

A Quarterly Update

Q2 2023

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M&A Activity & Investor Appetite Remains Strong in Middle Market

Healthcare services remains one of the top industries for investors and strategic consolidators alike proven by the significant amount of capital invested into the sector. However, the macroeconomic headwinds created primarily by the collapse of SVB, interest rate hikes, and labor market challenges led to a softer quarter for transactions compared to the first three months of the year. Despite these factors, OneOncology's ("OO") recapitalization by TPG Capital and AmerisourceBergen at an aggregate transaction value of \$2.1 billion provides evidence that upper middle market PE groups continue to seek out assets in the healthcare services space. Following a successful hold period since 2018, General Atlantic exits its majority position in OO. The transaction comes right on

the heels of Kohlberg & Company's recapitalization of United Digestive in the previous quarter, indicating that physician services remains a sought after market.

Although transaction volume cooled in the second quarter, capital raised remained healthy and represented the second strongest quarter over the past five quarters. As a result of the continued demand for provider services, a return to a more stable macroeconomic environment, and dry powder, Provident remains optimistic that transaction activity in the healthcare services industry will return to a more normalized level in the latter half of 2023 and into 2024.

Notable Transactions in Q2 2023

Oncology



Has been recapitalized by




Veterinary Services



Has been recapitalized by



Dental



Has been recapitalized by



Home Health & Hospice



Has been acquired by



Select Provident Q2 2023 Transactions



Has been partnered with



to form



James River Cardiology

Provident served as the exclusive sell-side advisor for James River Cardiology ("JRC"), a leading cardiology provider in Central Virginia, in its partnership with RC Capital to form Aligned Cardiovascular Partners ("AlignedCardio"). JRC was formed in 2010 by Dr. Mitesh Amin who has helped grow the Practice to a team of 17 providers, six clinical locations, and one vascular lab. The Provident team assisted JRC in its decision by bringing both strategic consolidators and financial sponsors to the table in order to find the best strategic fit. JRC found a partner that shares a similar thesis in RC Capital, a private equity firm with deep experience leading and supporting growth-oriented provider-based healthcare companies. The acquisition represents the formation of a new private equity-backed platform in a sector that is in the early innings of consolidation.



Has signed an agreement to partner with



Coastal Cancer Center

Provident advised Coastal Cancer Center ("Coastal") in signing a partnership agreement with OneOncology. Coastal Cancer Center, which is led by Dr. Emily Touloukian, maintains six medical oncologists, a hospitalist, and eight advanced practice providers caring for patients at four locations in Myrtle Beach, South Carolina. Coastal offers patients medical oncology and hematology, as well as the convenience of an in-office lab, oral pharmacy, and advanced medical imaging services, including PET/CT. The acquisition marks OneOncology's first transaction in the South Carolina market and a natural extension of its presence in Georgia. Provident was engaged in late 2022 after two groups presented unsolicited LOIs to the Company. Provident helped negotiate OneOncology to its "highest and best" offer and assisted in completing the diligence process.

Recent News Article, Podcast & Awards

[Consolidation Trends within the Home Health, Hospice, & Personal Care Market](#)

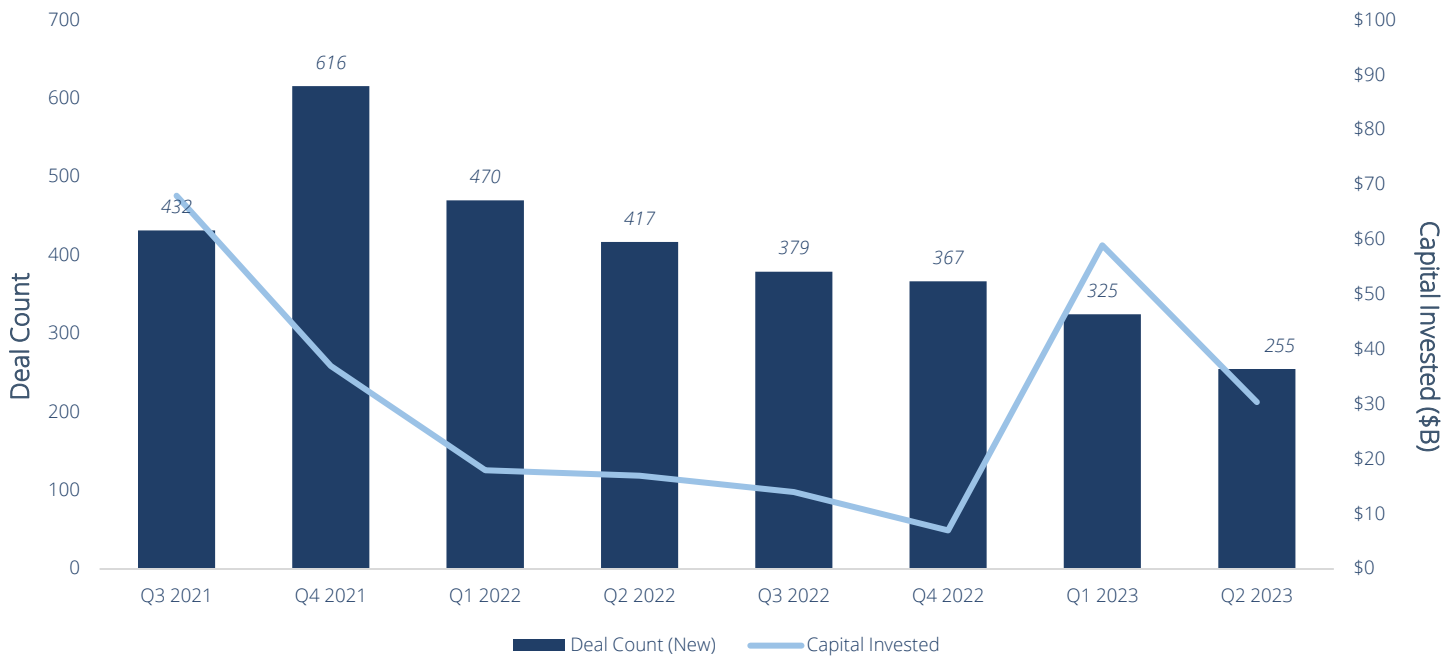
[Guest Spotlight - The Cardiology Boom: Industry Experts Talk Market Trends and Opportunities](#)

[Provident Healthcare Partners Honored with Two Awards at the 5th Annual USA M&A Atlas Awards](#)

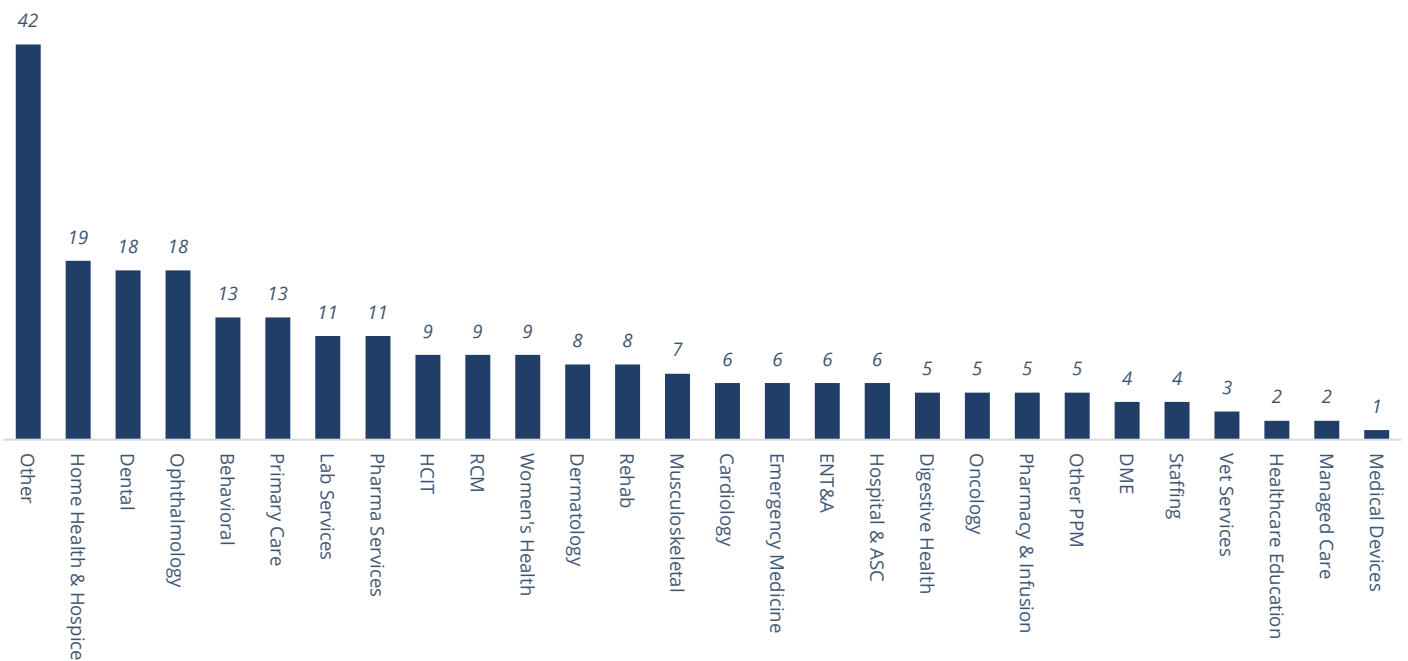
Healthcare M&A Deal Stratification

Healthcare services transaction activity remains below the record high numbers of 2021 and 2022, although investors and strategics continue to value partnerships with healthcare companies due to the sectors' resiliency and overall long-term outlook. There were 263 transactions announced in the second quarter including 132 by strategic / corporate companies and 131 by PE-backed companies and stand-alone private equity firms⁽¹⁾. Funding in the industry recorded another strong quarter, emphasizing investors' healthy disposition to the healthcare services sector which will lead to increased acquisition activity over the next 12 to 36 months.

Healthcare Services M&A Quarterly Deal Activity (Trailing 24 Months)⁽¹⁾



Healthcare Services Deal Count⁽¹⁾



(1): Based upon Pitchbook Data as of July 21, 2023



Behavioral Health

Autism Services

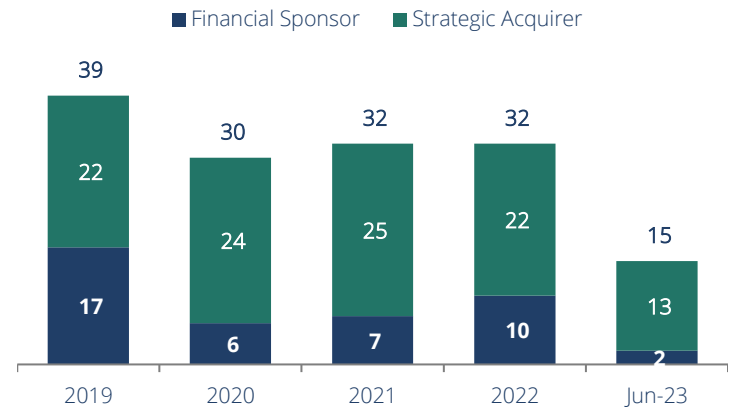
Q2 2023

Market Update

Q2 2023 transaction activity in the autism services space remained active with five total transactions, of which three were financial in nature and two were add-on investments from strategic acquirers. Investors continue to be drawn to the space given its outsized demand for services. Headwinds such as labor and wage pressures are still present, but are being mitigated by strong rate bumps across both commercial and Medicaid funding sources.

Notable acquisitions include the execution of a definitive agreement between the Center for Autism and Related Disorders (“CARD”) and Pantogran, a group led by CARD’s founder / former CEO, Dr. Doreen Granpeesheh. Court documents indicate that Pantogran would acquire CARD for \$25M, five years after Blackstone acquired CARD in a \$600M deal.

Autism Services Annual Transaction Volume



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|-------------------------------|---|---|
| June | DECATHLON CAPITAL PARTNERS | Autism Behavioral Institute | Autism Behavioral Institute, an ABA provider based in North Carolina, received a “significant” revenue-based investment from Decathlon Capital Partners, a Utah-based growth equity firm. |
| June | <i>Dr. Doreen Granpeesheh</i> | CARD CENTER FOR AUTISM & RELATED DISORDERS | Announced: CARD, a nationwide provider of ABA therapy, reached a definitive agreement to be acquired by its founder and former CEO, Dr. Doreen Granpeesheh. |
| June | Kids S.P.O.T. | Giggles Therapy Bringing Laughter to the Hearts of Children Affected by Autism | Kids S.P.O.T., a Florida-based pediatric therapy provider, acquired Giggles Therapy, a Texas-based provider of ABA therapy to children with autism. |
| April | Cortica™ | Springtide Child Development | Cortica, a California-based provider of neurological therapy services, acquired Springtide Child Development, a Connecticut-based provider of behavioral services. |
| April | Cortica™ | melmed center | Cortica, a California-based provider of neurological therapy services, acquired Melmed Center, an Arizona-based provider of behavioral and therapy services to individuals of all ages. |

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Publications & Podcasts

Whitepaper

[An Update on Investment & Consolidation in Autism Services](#)

Podcast

[Autism in the Spotlight: Key differentiators that will set you apart from the competition](#)

Mental Health Services

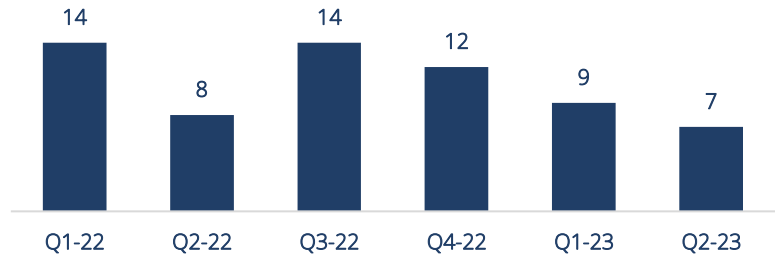
Q2 2023

Market Update

The mental health space continues to be one of the most sought-after subsectors within healthcare services as demand for all levels of care continue to grow. Investor interest has spanned the entire continuum, ranging from acute psychiatry to general outpatient mental health, and everything in between. Given the attractive supply and demand dynamics, macro level tailwinds, and fragmented nature of the space, Provident expects deal activity to remain robust, especially as lending markets improve over the back half of the year.

Deal volume in 2023 has tailed off slightly from record highs in 2022, driven primarily by tighter debt markets and access to capital. Large industry consolidators are prioritizing organic growth initiatives such as de novo clinic builds, service line expansion, and provider recruitment over M&A.

Mental Health Quarterly Transaction Volume



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------|--|
| June | | | Private equity firm Comvest Partners has announced a capital partnership with Your Behavioral Health. |
| June | | | Soaak Technologies has completed the acquisition of RenuYou Clinics, which specializes in personalized neurological therapy. |
| June | | | Stella announced its acquisition of, psychedelic therapy provider, Field Trip's US operations. |
| June | | | Provident Behavioral Health announced its acquisition of Care and Counseling, building density in the St. Louis market. |
| June | | | ARC Health, a Thurston Group company, has acquired Silver Lake Psychology, a mental health provider serving CA, CO, TN, and VA. |
| May | | | ARC Health announced its acquisition of Denver Wellness Associates, a mental healthcare provider located in CO's capital. |
| May | | | The Graham Family Office has partnered with Quince Orchard Psychotherapy, an outpatient behavioral health provider serving the DMV region. |
| April | | | Delic Holdings Corp. announced its signed LOI to acquire Ketamine Wellness Centers. |

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Publications & Events

Whitepaper

[Analyzing Key Developments in the Behavioral Health Space](#)

Conference

PHP will be speaking on the Acute Psych panel at BHB INVEST in Chicago in October

Substance Use Disorder

Q2 2023

Market Update

Dealmaking activity in the Substance Use Disorder (SUD) space improved slightly in Q2 2023 relative to Q1 2023. Deal flow is still down significantly from the elevated 2021 and 2022 periods. Annualized year-to-date transaction volume is down 26% from 2022. Restricted lending markets, inflation, and continued labor shortages are forcing industry consolidators to put M&A on pause and reallocate resources to internal organic growth and de novo initiatives.

Notable Q2 2023 deal-flow included two new platform investments. Banyan Treatment Centers and Your Behavioral Health both received investment from leading private equity firms, establishing the two newest SUD consolidators. These transactions indicate continued investor interest in the SUD space despite sluggish transaction volume in the current market.

Notable Transaction

Comvest Partners, a well-respected healthcare-focused investment firm, announced the acquisition of Your Behavioral Health, an evidence-based behavioral health company focused on psychiatric, mental health, and substance use-disorder services. Comvest's investment will be focused on improving efficiencies at the practice, including the deployment of 'key technologies' to improve care. In addition to technological innovation, Comvest intends to grow the company footprint across the Southwest, build out a telehealth offering, and execute on strategic add-on acquisitions.

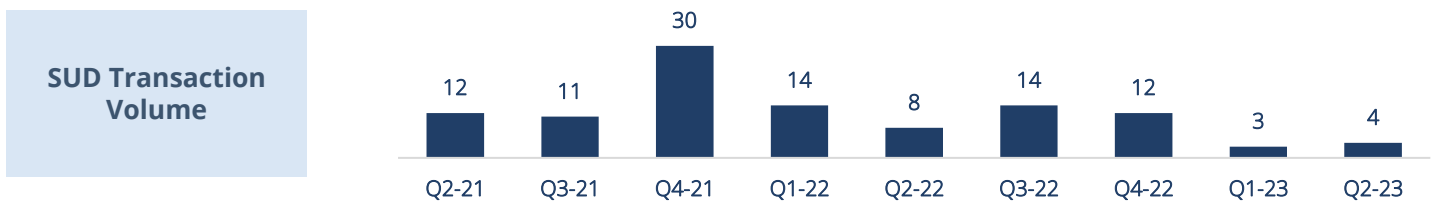
Your Behavioral Health

Has been acquired by

June 2023

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------------------------------|--|
| June | | 3 Legacy Facilities | Private equity-backed Harmony Health Group has acquired three former Delphi Behavioral Health facilities. The newly acquired facilities, located in New Jersey and Massachusetts, were part of Delphi's Serenity at Summit subsidiary. |
| May | | | Leading PE firm, Texas Pacific Group, has made a significant investment into Banyan Treatment Centers, a 20+ location SUD practice with facilities across the Northeast. TPG's investment will be used to expand the company's geographic footprint and build out an eating disorder offering to complement the companies current SUD program. |
| April | | PA MAT Business | Addiction treatment provider Pinnacle Treatment Centers has acquired four outpatient opioid addiction treatment centers from King of Prussia, Pennsylvania-based Recovery Centers of America. RCA is executing on a strategy to divest its stand-alone MAT locations. |



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Publications & Podcasts

Whitepaper

[An Update on Investment and Consolidation in the Addiction Treatment Sector](#)

Upcoming Podcast

Provident Quarterly Behavioral Health Spotlight - Addiction Treatment



Healthcare IT

Trusted Healthcare Advisor

Healthcare IT

Q2 2023

Market Update

Deal flow in Healthcare IT was strong in Q2 2023, continuing a trend from previous quarters. Total transaction value, however, decreased from Q1 2023 given the bolt-on nature of most transactions during this quarter. While interest rates remain high amid an uncertain macroeconomic landscape, Healthcare IT has once again proven to be a resilient sector that still commands strong investor interest.

One prevalent theme from prior quarters continued into the second quarter; the transition to value-based care models across the healthcare industry is still leading companies to invest heavily in bolstering their IT capabilities to remain competitive. Provident expects this theme to continue to bolster M&A activity throughout the remainder of 2023 and into 2024.

HCIT Public Comparable Multiples

| Company | Share Price | Revenue | EBITDA | EV/REV | EV/EBITDA |
|----------------|-------------|----------|----------|--------|-----------|
| evolent HEALTH | \$29.35 | \$1.48B | \$99.6M | 2.73x | 40.55x |
| Teladoc HEALTH | \$24.73 | \$2.47B | \$59.1M | 1.78x | 74.34x |
| veradigm | \$12.96 | \$856.1M | \$294.3M | 1.32x | 3.84x |

As of 07/11/2023

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|-----------------------|-------------------------------|--|
| June | Quest Diagnostics | HAYSTACK ONCOLOGY | Quest Diagnostics, a leading provider of diagnostic information services, acquired Haystack Oncology. |
| June | APIXIO | CLAIMLOGIQ | Apixio and ClaimLogiq merged to create a leading connected care platform. |
| June | HARRIS | Benchmark Systems | Harris, a global vertical market software providers, added to its RCM solutions with its acquisition of Benchmark Solutions. |
| May | dose spot | pVerify | PSG-backed DoseSpot acquired pVerify to expand API-driven capabilities and help improve patient access to healthcare. |
| May | reveleer | MDPORTALS | Reveleer acquired MDPortals to enhance its comprehensive risk adjustment technology with real-time access to clinical data. |
| May | MultiPlan | Benefits Science Technologies | MultiPlan acquired leading healthcare data and analytics firm Benefits Science. |
| May | TTG Imaging Solutions | Digirad | TTG Imaging Solutions acquired Digirad Health from Star Equity Holdings. |
| May | Recursion | Valence | Recursion Pharmaceuticals acquired Valence Discovery to boost AI capabilities. |

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Revenue Cycle Management

Q2 2023

Market Update

The RCM sector continued a steady pace of acquisitions through the second quarter of 2023 as strategic buyers completed a handful of transactions in the space. In addition to strategics, private equity investors have sought out RCM companies with a targeted end-user segment as they look to build upon platform investments established in the previous quarter.

While there were no significant private equity platforms formed in the second quarter of the year, the increase in add-on acquisitions indicates that private equity investors are focused on further developing their pre-existing platforms through vertical integration and diversifying front, mid and back-end RCM services.

Notable Transaction

Billed Right, a revenue cycle management company headquartered in Longwood, Florida, has invested in Custom Billing Service of Ohio (CBS).

For over 20 years, CBS has established itself as a leading player in the RCM space by providing billing services to practices across a variety of specialties, including Behavioral Health, Cardiology and Chiropractic. With a 99% clean claims rate, CBS delivers best-in-class RCM solutions and will increase its geographic reach under the partnership with Billed Right.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------|--|
| June | | | Unislink, a portfolio company of Riverside Partners, has acquired Healthcare Support Technologies, a revenue cycle solutions provider based in Pennsylvania. In addition to strengthening Unislink's revenue cycle solution offerings, this transaction makes possible the expansion of the company's reach into new client specialties, including FQHCs, RHCs and behavioral health clinics. |
| June | | | Med-Metrix, a portfolio company of A&M Partners and provider of technology-enabled RCM solutions, has acquired Tritech Healthcare Management, a provider of complex claims solutions for health systems, hospitals and other healthcare providers. One of the largest complex claims companies in the Northeast, Tritech will continue to serve its more than 40 healthcare provider customers and further bolster Med-Metrix's service offerings. |
| May | | | Aspirion, a technology-enabled healthcare RCM provider backed by Linden Capital Partners and Varsity Healthcare Partners, has acquired FIRM Revenue Cycle Management Services, an RCM company that works with hospital systems to recover denied, unpaid and underpaid medical insurance claims. The realized synergies will strengthen Aspirion's RCM service offerings for existing clients and reinforce its efforts to continue acquiring new clients. |

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Outsourced Services

Durable Medical Equipment (DME)

Q2 2023









Market Update

M&A activity within the DME space in Q2 2023 was marked by a flurry of add-on activity across various product segments. Transaction volume has been led by smaller private-equity backed platforms as the larger strategic acquirers who have been more active historically, such as AdaptHealth, have taken a step back from M&A to focus on internal operational initiatives. One notable exception to this is VieMed, who completed its \$32M acquisition of Home Medical Products in June 2023 and is actively pursuing additional deals.

While new platform creation and M&A activity for larger (\$100M+) transactions was relatively muted in Q2, the DME space has shown positive momentum across several areas that should drive growth across the space and attract investor interest. Notably, Humana's recently announced value-based contracting agreements with AdaptHealth and Rotech demonstrate the increased traction innovative payor arrangements have generated in the space, a trend Provident expects to continue.

Further, similar to the improved Medicare reimbursement and eligibility criteria for continuous glucose monitors in Q1 2023, mobility providers stand to benefit from Medicare's new coverage for seat elevation systems for complex power wheelchairs. This represents a meaningful opportunity to capture incremental revenue across existing power wheelchair patients and should drive growth across this segment, which has continually attracted private equity investor interest.

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|---|---|---|
| May |  |  | Advent Home Medical, a medical and respiratory equipment provider backed by New Harbor Capital, acquired NC-based Med Emporium. The acquisition will bolster Advent's respiratory offering through its complementary focus on non-invasive vents. |
| May |  |  | Norco Medical, an Idaho-based home medical supplier, acquired the DME service line of Samaritan Health Services. The acquisition deepens Norco's presence in Oregon while capitalizing on the economies of scale available by leveraging the platform's infrastructure and operational capabilities across its footprint. |
| May |  |  | VieMed (NAS: VMD), one of the largest DME providers nationwide, completed its \$32M acquisition of TN-based Home Medical Products in a transaction that will expand its respiratory offering in the Southeast. |
| April |  |  | Reliable Medical, a complex rehab technology provider backed by Seven Hills Capital, has acquired Tusk Mobility, an Alabama-based provider of mobility solutions and assistive technology equipment. The acquisition expands Reliable's reach into a new market, enhancing its geographic footprint via M&A. |

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Healthcare Staffing

Q2 2023

Market Update

Healthcare facilities continue to experience labor shortages, yet numerous staffing firms experienced reduced volumes and declining bill rates in Q2. With declining bill rates, nurse pay continues to fall. Technology continues to benefit firms from a recruitment, credentialing, and placement perspective. According to SIA, approximately 72% of revenue is generated firms using technology-enabled solutions.

While there continues to be a nurse shortage because of retirements, or nurses leaving the profession earlier due to the pandemic, demand for therapists, clinical social workers, speech pathologists, and psychiatrists remains high. Many staffing firms have expressed interest in school-based settings because of stable rates, longer contract terms, and government investment.

Notable Transaction

LRS Healthcare, headquartered in Omaha, Nebraska, partnered with Jackson Healthcare in June.

One of the largest US healthcare staffing firms, Jackson, headquartered in Atlanta, has been acquisitive in the past, having acquired Avant Healthcare, Tyler & Company, and Kirby Bates Associates, among others. The group has sixteen businesses and delivers medical staffing, search, and technology capabilities to health systems, hospitals, and other medical facilities throughout the US.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------|---|
| June | | | In early July of 2023, Aya Healthcare, a healthcare talent software and staffing company, acquired Flexwise Health. Flexwise will be added to Aya's software solution options to optimize capacity and cost savings for healthcare organizations through predictive analytics. |
| May | | | NewSpring Capital, a PA based private equity firm, announced they have made a strategic investment in Healthworks, a provider of specialty nursing and technical personnel to healthcare providers. The investment is set to allow Healthworks to expand outside of its current core PA market. |
| May | | | Nurses 24/7, a provider of nurse staffing services for healthcare professionals in acute care facilities, announced it has received a growth investment from Sier Capital Partners. |
| April | | | Following an April acquisition from Boca Raton based strategic Health Advocates Network, Horizons Healthcare Agency ("Horizons") has become an operating division of HAN. A provider of nationwide healthcare staffing services, Horizons will bolster HAN's operations with the addition of a Midwest regional office. |

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Laboratory & Diagnostic Services

Q2 2023

Market Update

Lab & diagnostic services experienced a rebound in transaction volume in Q2 relative to the depressed volume seen in Q1. Despite constricted lending markets, valuation multiples have remained elevated for premium assets. Large players such as Quest Diagnostics and Labcorp continue to expand their national presence and diagnostic service offerings through add-on acquisitions. Over the past four quarters, deal flow from strategic buyers in the lab & diagnostic services sector has substantially outpaced that of financial sponsors. Synergies such as test menu expansion, payor pressure to lower costs, and customer acquisition are driving increased competition for add-ons. Innovation continues to be the main catalyst for premium valuations from strategic acquirers as consolidators look to establish a differentiated diagnostic solution.

Lab and Dx Public Comparable Multiples

| Company | Ticker | EV | Revenue | EBITDA | EV/REV | EV/EBITDA |
|-------------------|--------|-------|---------|---------|--------|-----------|
| LabCorp | LH | \$25B | \$14.8B | \$2.6B | 1.7x | 9.4x |
| Quest Diagnostics | DGX | \$20B | \$9.6B | \$1.8B | 2.1x | 11.0x |
| Eurofins | ERFSF | \$15B | \$7.1B | \$1.6B | 2.1x | 9.5x |
| Hologic | HOLX | \$20B | \$4.1B | \$1.4B | 4.8x | 14.5x |
| Exact Sciences | EXAS | \$19B | \$2.2B | -\$258M | 8.6x | n/a |

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|-------------------------|--|
| May | | | Charlotte-based lab services company Lighthouse Lab Services has announced its acquisition of Pathology Lab Solutions, a company that assists with the process of designing, setting up, and maintaining compliance for anatomic pathology-focused labs. |
| May | | Outreach Lab Assets | Secaucus-based medical testing company Quest Diagnostics has completed its previously announced acquisition of the lab services assets from New York-Presbyterian as part of a new strategic agreement. |
| April | | | Flagship Facility Services has completed its acquisition of Biotechnical Services, Inc. (BTS), a San Diego based laboratory services company specialized in lab equipment support. The addition of BTS augments Flagship's lab services footprint to a national level. |
| April | | | Quest Diagnostics has announced its agreement to acquire Haystack Oncology, a cancer diagnostics company specialized in Minimal Residual Disease (MRD) testing, which aims to detect residual or recurring cancer. |
| April | | | Innovative Lab Services, an Ohio based laboratory service company specialized in the installation, maintenance, and compliance processes for lab equipment, has received strategic growth financing from financial services company, Caliber Companies. |

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Publications

Whitepaper

[Investment & Consolidation in the Clinical Diagnostics Industry](#)

Payor Services

Q2 2023

Market Update

The second quarter of 2023 produced a slower rate of transactions compared to the strong start to the year. Payor services companies acquired this quarter primarily serve employer plans and workers compensation plans with solutions such as medical bill review services.

Despite the comparatively slower quarter, Provident anticipates strategic acquisitions of payor services companies to continue at a similar pace as 2022 in the remaining months. The sector remains attractive as approximately 70% of working adults are covered by employer sponsored health plans according to the Employee Benefit Research Institute. Given the prevalence and expense of self-funded plans, payor services companies that demonstrate a tangible return on investment for employers will continue to draw interest from strategic partners and financial sponsors.

Notable Transaction

MultiPlan Corporation (NYSE: MPLN), a provider of technology and data-enabled cost containment, payment and revenue integrity solutions, acquired Benefits Science.

Benefits Science is a data and advanced analytics company that couples modern data science with healthcare expertise to deliver solutions to customers. As a well-established leader in the space, this acquisition allows MultiPlan to further expand and differentiate the solutions it offers to customers across a spectrum of healthcare channels.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|---|---|---|
| May |  |  | Arthur J. Gallagher & Co. (NYSE: AJG), a global insurance brokerage, risk management and consulting service firm, acquired Bernard Benefits, a health and employee benefits brokerage firm with a focus on small group businesses in Tennessee, Indiana and Texas. The combined forces allow Arthur J. Gallagher & Co. to expand its service offerings and geographic reach into the Midwestern and Southern markets. |
| May |  |  | Accūro Solutions, a company that manages medical bill review and payment processes for payers in the property and casualty industry, acquired Splashlight Solutions, a national workers' compensation bill review service provider. This transaction allows Accūro Solutions to expand their services and further grow their strong market share in the medical bill review industry. |

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Pharmacy

Trusted Healthcare Advisor

Pharma Services

Q2 2023

Market Update

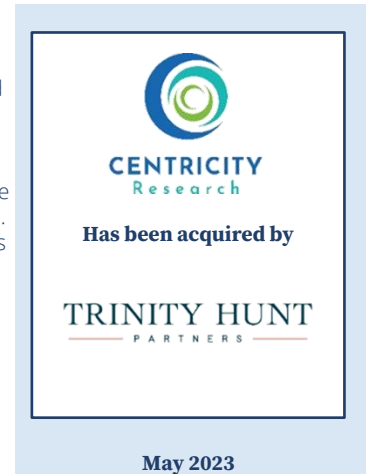
Despite an uncertain macroeconomic environment, recessionary fears, and the impact of tightening credit markets, M&A activity in pharma services displayed strong resiliency in Q2-23, fueled by platform investments and dozens of add-on acquisitions. Investors remain attracted to the long-term tailwinds driving growth across outsourced pharma services including R&D funding, reducing costs, technological advancements, and access to value-added specialty services. Certain therapeutic areas, oncology and CNS diseases for example, will likely remain popular due to a robust pipeline of R&D activity.

Provident expects M&A activity to rebound in the second half of 2023 as companies look to fill the potential growth gap from the \$100B in patents set to expire by 2030.

Notable Transaction

Centricity Research is a fully centralized Integrated Research Organization (IRO) specializing in conducting Phase I-IV clinical trials across more than 40 therapeutic areas. The company was formed in 2021 through the integration of multiple clinical research businesses across North America. It has completed more than 2,500 studies and has over 100 FDA and Health Canada Drug Approvals.

In partnership with Centricity's seasoned management team, Trinity Hunt plans to expand the company's capabilities and therapeutic coverage areas by investing in organic growth initiatives and acquiring complementary clinical research site businesses.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------|--|
| April | | | RCR is a multi-therapeutic clinical research "super site" operating out of a state-of-the-art 25,000 square foot facility in Rochester, NY. The Company has ten investigators, nearly 80 total employees and has completed more than 1,000 clinical studies since inception. |
| April | | | Pyramid Laboratories is a California-based CDMO focused on formulation development, analytical and stability testing, and aseptic fill-finish manufacturing focused on large molecule therapeutics. |
| May | | | Founded in 2014 and headquartered in Dallas, Texas, Alliance Clinical Network (ACN) is a comprehensive clinical site platform serving patients, pharmaceutical sponsors and CROs. |
| June | | | CCT Research is a rapidly growing, U.S.-based site network that embeds clinical research studies in the convenience of healthcare provider's practices. |

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Pharmacy & Infusion Services

Q2 2023

Market Update

In Q2 2023, healthcare providers continued expanding upon their home infusion service lines as site-of-care strategies grow in importance. The COVID-19 pandemic increased demand for home-based care, boosting growth in the home infusion therapy sector. Home infusion therapy offers various benefits including convenience, cost-effectiveness, better outcomes, and higher safety standards. Provident anticipates that deal flow will remain high as healthcare systems continue to invest in home infusion service lines.

Sellers seeking M&A opportunities to either exit their ownership positions or find a strategic partner to drive growth are positioned to benefit from this continued investor interest and a growing community of well-financed, growth-oriented buyers.

Notable Transaction

AleraCare is a leading provider of infusion treatments and pharmacy services for high-need and medically complex populations. The Company's core lines of business include AleraCare advanced home infusion, AleraCare advanced specialty pharmacy, and AleraCare advanced compounding pharmacy. AleraCare provides care to patients in over 35 locations across eight states throughout the United States, including Arizona, California, Colorado, Idaho, New Mexico, Oregon, Utah and Washington.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------|---|
| May | | | UpHealth, a global digital health company delivering technology platforms, infrastructure, and services to modernize care delivery and health management, announced it has completed the divestiture of Innovations Group, including its compounding pharmacy subsidiary, MedQuest Pharmacy, completing the asset sale to Belmar Pharma Solutions for \$56.0 million in gross proceeds. |
| June | | | Specialty Infusion is a leading provider of ambulatory infusion and specialty pharmacy services designed for safe, convenient, and affordable care for infusion patients in New York, Massachusetts, and New Jersey. |

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Publications & Podcasts

Whitepaper

[What's Happening in the Pharmacy Space? Key thoughts from 2 Provident Healthcare Leaders](#)

Podcast

[Trends in Specialty Pharmacy](#)



Physician Practice Management

Trusted Healthcare Advisor

Cardiology

Q2 2023

Market Update

The cardiology specialty has quickly become one of the most active and sought after areas within physician practice management. Although a new market for private equity, the second quarter saw over eight notable transactions close in the sector with both new platform investments and sizeable strategic add-on deals. Significant competition in the specialty from new and established groups is driving elevated multiples for 10+ provider groups.

Provident expects this trend to continue in the coming quarters, with both established platforms and financial sponsors competing for premium assets which are a scarcity in the sector. Additionally, we expect to see more hospital-based groups and employed physicians join PE-backed platforms as the opportunity to return to outpatient practice appeals to physicians across the country.

Notable Transaction

James River Cardiology ("JRC") has completed a recapitalization with RC Capital, a healthcare focused private equity firm, to form Aligned Cardiovascular Partners ("Aligned Cardio"). JRC's eight doctors and 17 total providers operate across six clinics and an office-based lab in the greater Richmond, Virginia market.

The recapitalization brings together RC Capital and the fastest growing cardiology practice in the greater Richmond market. With Aligned Cardio, RC Capital will look to replicate its successes scaling other healthcare services organizations.

Select Transactions

| Month | Acquirer | Target | Physicians | Locations | States |
|-------|--------------------------------------|---------------------------------------|------------|-----------|--------|
| June | CARDIOVASCULAR ASSOCIATES OF AMERICA | Hay Area Cardiology & Vascular Assoc. | 15 | 4 | FL |
| June | CARDIOVASCULAR ASSOCIATES OF AMERICA | SHORE HEART GROUP | 23 | 7 | NJ |
| June | HEART & VASCULAR PARTNERS | Colorado Springs CARDIOLOGY | 24 | 6 | CO |
| June | RCCAPITAL | Aligned Cardio ¹ | 8 | 6 | VA |
| April | CARDIOVASCULAR ASSOCIATES OF AMERICA | The Cardiac & Vascular Institute | 20 | 3 | FL |
| April | USHV US HEART & VASCULAR | Heartland CARDIOLOGY | 15 | 4 | KS |
| April | cardiovascular LOGISTICS | FIRST COAST CARDIOVASCULAR INSTITUTE | 11 | 18 | FL, GA |
| April | USHV US HEART & VASCULAR | HeartPlace | 54 | 30 | TX |

1) Provident served as exclusive financial advisor

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Publications & Podcasts

Press Release

[Provident Advises James River Cardiology in its partnership with RC Capital to form Aligned Cardiovascular Partners](#)

Podcast

Provident joined [The Banker's Corner](#), hosted by McGuireWoods, to discuss cardiology consolidation activity

Dental Services

Q2 2023

Market Update

Q2 2023 has been an active quarter in the dental services sector, with the later months highlighting a surge in middle market DSO transaction volume. The uncertainty of credit markets and economic conditions in recent quarters resulted in fewer dental opportunities in market, but in June-2023, four notable dental transactions were closed. Additionally, Provident's DSO industry team expects many additional mid-sized DSOs to approach the market and close transactions in the following 3-6 months. Q2 market activity also reinforced investor excitement across various strategies and verticals, including acquisitions of investor-owned DSOs, private equity recapitalizations of founder-owned DSOs, majority and minority investments into specialty dental, partnerships with branded consumer clinics, and clinic carveouts between DSOs. Investors have pointed to stability in the credit market and dental's recession resiliency as key drivers of the broad interest across the sector.

Notable Transaction

In Q2 2023 Lindsay Goldberg acquired Lightwave Dental, a dentist-oriented DSO with 85+ clinics throughout the Southeast and Mid-Atlantic. Lindsay Goldberg is a large private equity investor with 5+ multisite healthcare platforms in sectors including mental health, physical therapy, women's health, and veterinary health care services.

This transaction highlights the continued interest in DSOs, at premium valuations from high-quality investors.



Select Transactions

| Month | Acquirer | Target | Locations | States |
|-------|----------------------------|------------------------------------|-----------|--------------------------|
| April | Smile Doctors | grinz orthodontics | 6 | AZ, NC |
| April | FREEDOM DENTAL PARTNERS | dntl bar | 5 | NY |
| June | NORWEST | HF HighFive Healthcare | 30+ | Southeast |
| June | sonrava. HEALTH | PURE DENTAL BRANDS | 24 | AZ, FL, PA |
| June | H. I. G. CAPITAL | ADVANCED Dental Brands | 35+ | Northeast |
| June | LINDSAY GOLDBERG | Lightwave Launch. Lead. Legacy. | 85+ | Mid-Atlantic / Southeast |

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Publications

Article

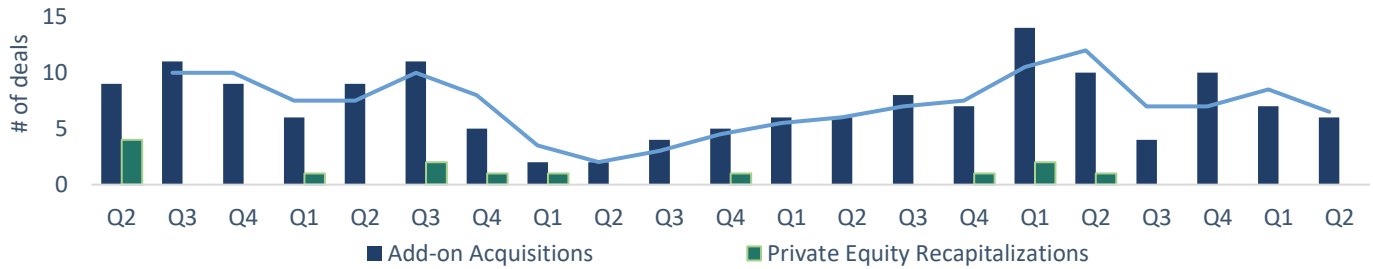
Ajeya Shekar was recently quoted in an article from [DealFlow](#), examining the drivers of PE investment in dental services

Dermatology

Q2 2023

Market Update

The dermatology space continued to see sustained deal flow in the second quarter, even in the face of slowing M&A activity within the broader private markets. Transaction activity has been particularly concentrated in highly fragmented markets, such as California, as strategic acquirors continue to execute on their respective growth playbooks. Provident expects the lending environment to improve towards the latter half of the year, which will eventually translate to more deal activity and more seller friendly deal terms.



Select Transactions

| Month | Acquirer | Target | Locations | States | Providers |
|-------|--------------------------|---|-----------|--------|-----------|
| June | PhyNet DERMATOLOGY | facile | 2 | 1 | CA |
| May | PhyNet DERMATOLOGY | PEACHTREE DERMATOLOGY MEDICAL · SURGICAL · COSMETIC | 1 | 6 | GA |
| May | GOLDEN STATE DERMATOLOGY | CALKIN & BOUDREAU DERMATOLOGY ASSOCIATES | 1 | 2 | CA |
| April | GOLDEN STATE DERMATOLOGY | MOY FINCHER CHIPPS FACIAL PLASTICS & DERMATOLOGY A GOLDEN STATE DERMATOLOGY AFFILIATE | 3 | 5 | CA |
| April | SCHWEIGER DERMATOLOGY | WINDSOR DERMATOLOGY CENTER OF EXCELLENCE | 1 | 5 | NJ |
| April | GOLDEN STATE DERMATOLOGY | Christopher M. Barnard, MD Practice | 1 | 1 | CA |

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Emergency Medicine Services

Q2 2023

Market Update

The Emergency Medicine Services (“EMS”) sector experienced a material uptick in transaction activity in Q2 as compared to the previous quarter as labor markets began to stabilize to more normalized levels. The activity within the ambulance services sub-sector in Q2 presented a trend in the industry of bootstrapped regional companies seeking out other local competitors in order to expand patient capture and optimize back-office cost synergies. Additionally, the urgent care sector witnessed both private equity-backed and hospital-backed consolidation, signaling a diverse set of potential partners with a continued investment thesis in the EMS sub-sectors. Consolidation activity in the EMS sub-sectors remain strong and Provident expects this to continue as recession reservations decrease.

Notable Transaction

ZT Corporate, a private equity firm that specializes in healthcare and automotive investments, has announced that its portfolio company, Altus Community Healthcare, has acquired Exceptional Emergency Center. The acquisition helps Altus expand its clinic count to 30 locations to become the largest operator of freestanding emergency centers in Texas. This represents Altus’s second acquisition since receiving an investment from ZT Corporate. In 2018, ZT Corporate also acquired six Neighbors Emergency Centers in the greater Houston area.



Select Transactions

| Month | Sub-Sector | Acquirer | Target | Deal Description |
|-------|--------------------|---|------------------------------------|---|
| June | Ambulance Services | PRIORITY AMBULANCE® | LAKE VALLEY EMS | Priority Ambulance has acquired the assets of Greater Amsterdam Volunteer Corps, including the agency's critical Certificate of Need. |
| May | Urgent Care | HCA Healthcare | FASTMED URGENT CARE | HCA has signed an agreement to purchase 41 urgent care centers in TX from FastMed, significantly expanding HCA's urgent care operations to 68 clinics. |
| May | Ambulance Services | Empress | Mobile Life Support Services, Inc. | Empress EMS has acquired Mobile Life Support Services, bringing together two of the largest EMS ambulance service providers in New York state. |
| April | Urgent Care | INTUITIVE HEALTH RIGHT CARE. RIGHT PRICE. RIGHT NOW. | PREMIER | Intuitive Health has acquired Premier ER & Urgent Care, a Texas-based hybrid emergency room and urgent care clinic, expanding Intuitive's footprint to 23 hybrid emergency and urgent care locations. |

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Gastroenterology

Q2 2023

Market Update

The GI sector continues to be an active M&A sector within physician services. Q2 2023 was characterized by continued add-on acquisitions from existing private equity-backed platforms as well as several transactions or partnerships involving digital health and technology-based optimization within GI. Both GI Alliance and One GI announced add-on acquisition this quarter with each respective transaction being in a core market that GIA or One GI was already operating in. GI has also seen a wave of innovation relating to digital health. Oshi Health successfully raised \$30M to continue its mission to revolutionize patient care for chronic GI disease using technology. Iterative Health has formed strategic partnerships with both Gastro Health and Allied Digestive in order to implement its AI based software that optimizes endoscopic images. The adoption of new technology in the GI sector will lead to more varied transactions and M&A going forward.

Notable Transaction

In April 2023 Oshi Health announced it had secured \$30M in Series B funding. The funding round was led by Koch Disruptive Technologies. Other participants included Flare Capital Partners, Bessemer Venture Partners, CVS Health Ventures, Frist Cressey Ventures, and Takeda Digital Ventures. Oshi is a virtual care provider that exclusively provides care to patients with chronic GI diseases such as Crohn’s, IBS, and Ulcerative Colitis. Oshi’s unique care model which allows physicians to diagnose, prescribe, and treat patients remotely is particularly attractive in a value-based care environment. Oshi recently entered a VBC partnership with Aetna to offer patients in-network care in across six states.

Select Transactions

| Month | Acquirer | Target | Physicians | States | Locations |
|-------|----------|--|--|--------|-------------|
| June | | | 6 | 1 | Connecticut |
| May | | | 6 | 1 | Missouri |
| April | | | 2 | 1 | Tennessee |
| April | | <p><i>Has formed a strategic partnership with:</i></p> | <p>Rationale:</p> <p>Iterative Health is optimizing clinical trials within GI using AI-based technology to enhance physicians' abilities to identify IBD in patient screening. This partnership will allow AD physicians access to this technology, enhancing patient care and strengthening AD's ability to diagnose and enroll patients in IBD trials.</p> | | |

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Oncology Services

Q2 2023

Market Update

Six transactions closed in the second quarter of 2023, representing an increase from the prior quarter, and bringing the year-to-date total to ten; on track to exceed the transaction activity of years past. Notable transactions include AmerisourceBergen’s \$2.1 billion acquisition of OneOncology, and the US Oncology Network’s (USON) acquisition of Regional Cancer Care Associates (RCCA). RCCA operates 20+ locations across the northeast and has over 150 clinical providers. The acquisition expands USON’s presence in the northeast and provides RCCA with access to additional resources and expertise across clinical, business, and technology support services. Newly recapitalized OneOncology acquired two independent practices, one of which was represented by Provident. Post-transaction, OneOncology announced it would be acquired by AmerisourceBergen (AB) and TPG Capital, allowing AB to further deepen its relationship with community oncologists.

Notable Transaction

The acquisition expands OneOncology’s market position in the south and positions Coastal Cancer Center to continue providing cutting-edge cancer care and clinical trials to its patients in South Carolina. The transaction represents OneOncology’s first acquisition following its recapitalization with TPG Capital and AmerisourceBergen. In addition to expanding its patient reach into four South Carolina clinics, Coastal Cancer Center provides an additional six medical oncologists, a hospitalist, and eight advanced practice providers to OneOncology’s growing oncology platform.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|---|---|--|
| June | Vandalia Health | Carl Larson Cancer Center | Vandalia Health, a healthcare system in West Virginia, acquired Carl Larson Cancer Center, a West Virginia-based cancer center operator. |
| June | TPG AmerisourceBergen | OneOncology™ | OneOncology, a national platform of independent oncology practices, was acquired by TPG Capital, a global asset management firm, and AmerisourceBergen, a leading pharmaceutical wholesaler. |
| June | The Oncology Institute of Hope & Innovation | SRON SOUTHLAND RADIATION ONCOLOGY NETWORK | The Oncology Institute, a value-based care focused cancer services provider, acquired Southland Radiation Oncology Network, a Los Angeles-based radiation oncology provider. |
| May | OneOncology™ | COASTAL CANCER CENTER | OneOncology, a national platform of independent oncology practices, acquired Coastal Cancer Center, a six medical oncologist practice in the Myrtle Beach area. |
| May | OneOncology™ | Pacific Cancer Care Advanced Treatment. Personalized Care. | OneOncology also acquired Pacific Cancer Care, a five medical oncologist practice in California. |
| April | The US Oncology Network | RCCA REGIONAL CANCER CARE ASSOCIATES | The US Oncology Network, a provider of community-based oncology services, acquired Regional Cancer Care Associates, a 20-location oncology practice in the northeast. |

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Publications

Whitepaper

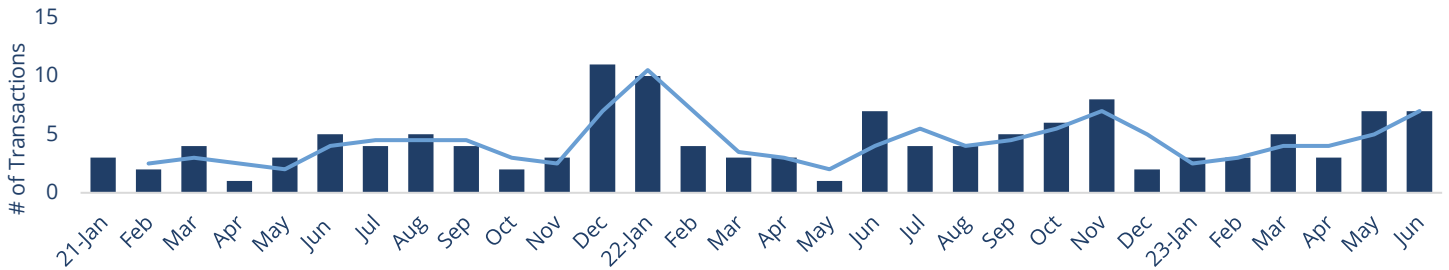
[Investment & Consolidation in the Oncology Practice Management Sector](#)

Ophthalmology

Q2 2023

Market Update

The ophthalmology sector continues to show resilience in the face of macroeconomic conditions that have slowed M&A activity across other industries and sectors. While PE-backed platforms have pulled back M&A efforts, others continue to be acquisitive, especially for practices in attractive markets where there may be significant synergy potential and value creation opportunities. Provident expects deal flow to remain strong moving into the back half of the year as debt markets start to settle and the lending environment softens.



Select Transactions

| Month | Acquirer | Target | Locations | States | Providers |
|-------|-----------------------------------|---|-----------|--------|-----------|
| June | EYESOUTH PARTNERS | CAROLINA CATARACT & LASER CENTER | 3 | 7 | SC |
| June | EYESOUTH PARTNERS | EYECARE PHYSICIANS & SURGEONS | 3 | 2 | SC |
| June | MOA MEDICAL OPERATIONS AMERICA | Personal Eyes | 1 | 1 | PA |
| June | ASCEND VISION PARTNERS | ADVANCED EYECARE ASSOCIATES | 8 | 6 | FL |
| June | UNIFEYE VISION PARTNERS | SOUTHWEST EYE CARE | 1 | 11 | MN |
| June | UNIFEYE VISION PARTNERS | EYE CONSULTANTS of North Dakota | 6 | 6 | MN, ND |
| June | UNIFEYE VISION PARTNERS | SIERRA EYE GROUP | 1 | 4 | CA |
| May | OCLI VISION | CROSSROADS | 1 | 2 | PA |
| May | OCLI VISION | Eidich-Nagels British Association Retina | 6 | 12 | NY |
| May | Sight360 Complete Vision Care | The Eye Center | 1 | 1 | FL |
| May | NVISION EYE CENTERS | eyeplastx An NVISION Eye Center | 12 | 4 | TX |
| May | NVISION EYE CENTERS | The Eye Institute | 1 | 2 | TX |
| April | ASCEND VISION PARTNERS | ELGUJ Eye Care Advanced Eye Care | 2 | 3 | FL |
| April | vsp ventures | Bellaire Family Eye Care | 5 | 16 | CA |

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Primary Care

Q2 2023

Market Update

Investment opportunities in primary care continued to be attractive in the investor community in Q2 2023 with a focus on value-based care. Investors recognize the value of improved healthcare, across both adult and pediatric populations, that VBC brings, and the spending associated, more than 1.6 trillion dollars between Medicare and Medicaid.

Provident expects consolidation activity to continue since primary care physicians are the largest subsector within PPM. Investors will continue to evaluate opportunities directly with providers, VBC enablers and the technological services market. The Centers for Medicare & Medicaid Services (CMS) goal of having all Medicare beneficiaries and majority of Medicaid beneficiaries in an accountability for quality cost of care by 2023 is why the investor community will remain bullish on the space.

As consolidation continues, we have seen fewer risk taking primary care assets for the aggregators. This is not surprising considering the primary care market is 71% fee-for-service. This has led consolidators to explore independent FFS practices with the goal of layering on risk over time. Independent practices also have been transitioning to the shared savings model and then potentially a shared risk model by working with the primary care enablers. In a recent podcast, Provident sat down with Jonah Broulette at Milliman to discuss this evolving primary care landscape in the transition to risk and the value of a covered life.

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|--|---|---|
| June | Palm MEDICAL CENTERS | TEXAS FAMILY MEDICINE FORT WORTH PRIMARY CARE | Palm Medical Centers, a FL-based primary care expanded its care model into Texas acquiring two Fort Worth practices, Texas Family Medicine and Fort Worth Primary Care. |
| April | KAISER PERMANENTE | Geisinger Health Plan | Kaiser Permanent launched Risant Health with the acquisition of Geisinger Health. Risant will grow by acquiring nonprofit community-based health systems. |
| April | MS PB MEDICAL SPECIALISTS OF THE PALM BEACHES, INC. | Palm Beach Digestive Associates, LLC Gastroenterology | Palm Beach Digestive Associates was acquired by Medical Specialists of the Palm Beach, backed by Ascend Capital Partners. PBDA will be the Gastrointestinal Division of MSPB. |
| April | Vytalize | IPA NY Independent Practice Association of New York, Inc. | Vytalize Health, backed by Enhanced Healthcare Partners, acquired Independent Physician Association of New York ("IPA NY") to accelerate Vytalize's expansion into Medicare Advantage, commercial and Medicaid. |

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Podcasts

Podcast

[Craig Sager and Dustin Thompson spoke with Jonah Broulette at Milliman](#)

Veterinarian Services

Q2 2023

Market Update

Despite tightened lending markets, the veterinary space continues to demonstrate strong consolidation activity entering Q3 2023. Outside of the recent platform transaction involving Pieper Veterinary and Chicago Pacific Founders, Q2 M&A activity was highlighted by the acquisitions of single-site care centers. Smaller provider groups nationwide were the primary add-on targets of PE-backed consolidators, notably Veterinary Practice Partners and AmeriVet Veterinary Partners.

Looking ahead to the back-half of 2023, Provident anticipates an increase in transaction activity. The continued need for PE-backed platforms to expand provider headcount via acquisition, coupled with an expected easing of the lending environment, should create a more robust consolidation environment.

Notable Transaction

In April 2023, Chicago Pacific Founders announced its acquisition of Pieper Veterinary. The CT- based group consists of 60+ vets & six locations. Pieper offers general, specialty, and emergency care services across its footprint.

The acquisition provides Pieper with access to capital to fuel its expansion across the Northeast by completing add-on acquisitions, adding new providers, and expanding its clinic count. Pieper will focus on acquiring east coast practices with a similar service offering including general veterinary, emergency & urgent, and specialty care.

Has been acquired by

April 2023

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------------|----------|-------------|--|
| June | | | AEA-backed AmeriVet, one of the ten largest vet platforms, announced its acquisition of Lifetime Animal Center. This marks AmeriVet's geographic expansion into Missouri, paving the way for continued consolidation in the Midwest. |
| May | | Undisclosed | TeleVet, a provider of telemedicine services for vets, completed its \$33.5M Series B fundraise, its third round capital raise, bringing TeleVet's post-money valuation to \$131M. |
| April / May | | | Caring Hands & Toro Park Animal Hospital represent 2 of 5 add-on investments for Veterinary Practice Partners in Q2 following its recent investment from Ares Capital in Q1 to help finance further add-ons. |
| April | | IPO | Inspire Veterinary Partners, a VA-based vet platform, announced it will undergo an IPO, targeting a \$4M-\$6M raise, marking an alternate approach to the typical PE playbook utilized by prior vet platforms. |

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Wellness & Aesthetic Medicine

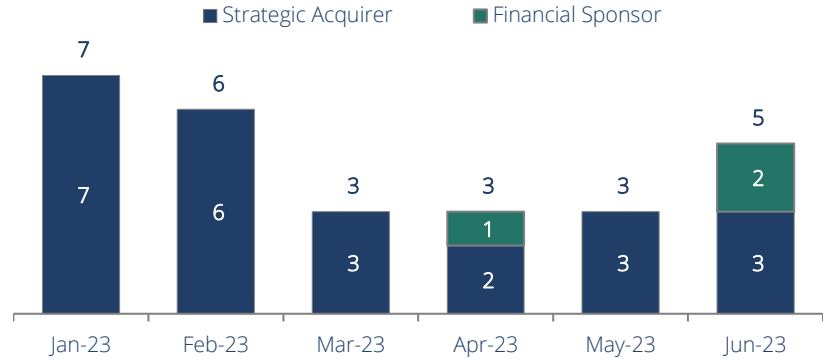
Q2 2023

Market Update

Transaction activity within the aesthetic medicine market continues to climb as investors and newly formed strategic acquirors continue to deploy investment dollars in the space. The highly fragmented market is ripe for consolidation sparking interest amongst investors and driving overall deal volume. Over the last 12-18 months, the sector has been one of the most sought-after investment areas within healthcare services due to it's growing consumer demand and favorable payment model, valuations are being pushed to historically high levels.

Given the outsized demand, attractive unit economics, and scalability of the operating model, Provident expects that investor appetite will continue to grow over the coming year.

Transaction Activity



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|-----------------------------------|---------------------------|--|
| June | Princeton Medspa Partners | GENESIS MIDSPA | Princeton Medspa Partners has announced its acquisition of Colorado Springs-based aesthetic medical practice, Genesis Medspa. Genesis Medspa is Princeton's 5th acquired physician-owned medical spa. |
| June | LEVINE LEICHTMAN CAPITAL PARTNERS | SEV | Levine Leichtman Capital Partners, a Los Angeles-based private equity firm, announced that it has partnered with SEV, a market-leading manager and operator of med spas that provide laser hair removal, injectables, body contouring, and other medical aesthetic services. |
| June | VSS | Olympus Cosmetic Group | VSS Capital Partners announced a growth capital investment in Olympus Cosmetic Group, a newly formed platform providing surgical and non-surgical cosmetic procedures and dermatological treatments. |
| May | AMP | THE AGELESS CENTER | Advanced Medaesthetic Partners has announced its growth investment in Atlanta-based medical spa, The Ageless Center. Capital from the strategic investment will be used to add service offerings and augment facilities. |
| May | Princeton Medspa Partners | Kovak Cosmetic Center | Princeton Medspa Partners acquired Kovak Cosmetic Center, a Chicago suburbs-based medical spa, owned by aesthetic medicine thought leader Dr. Kovak who will be spearheading PMP's new Medical Advisory Board. |
| May | AMP | Glo | Advanced Medaesthetic Partners has announced its strategic investment in Glo medspa. The partnership will foster patient-base expansion. |
| April | TG THURSTON GROUP | alpha AESTHETICS PARTNERS | The Thurston Group, a private equity group focused on healthcare services, has partnered with Esthetic Center, a premier MedSpa in Sacramento, to form Alpha Aesthetics Partners. |

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Other Physician Services

Q2 2023

Market Update

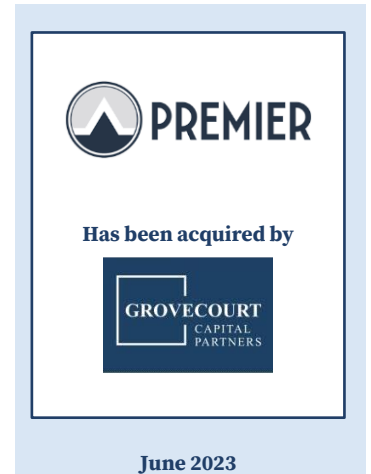
Physician services remained one of the more active sectors in healthcare services in the second quarter of 2023. The majority of completed transactions in Q2 have been by strategic acquirers looking to further expand their geographic footprint and diversify their service offerings.

With the ongoing consolidation trend, Provident expects add-on activity to remain active while platform transaction activity will be subdued over the next few quarters. We anticipate a rebound in platform-level transaction activity as markets continue to normalize and PE firms look to deploy existing capital.

Notable Transaction

Grovecourt Capital Partners, a leading private equity firm, has announced the acquisition of Premier Radiology Services, which provides teleradiology services across 48 states on the US.

Premier leverages its vast network of approximately 100 radiologists to interpret ~2 million medical images per year. Grovecourt plans to support organic growth initiative as well as strategic M&A.



Select Transactions

| Month | Sub-Sector | Acquirer | Target | Physicians | Locations | States |
|-------|--------------------------|-----------------------------|---|------------|-----------|--------|
| June | Radiology | CAPITOL IMAGING SERVICES | HOUSTON PREMIER RADIOLOGY | 3 | 1 | TX |
| June | Radiology | CAPITOL IMAGING SERVICES | ALLIANCE MRI | N/A | 11 | TX |
| June | Radiology | GROVECOURT CAPITAL PARTNERS | PREMIER | 100 | N/A | 48 |
| May | Ear, Nose & Throat (ENT) | Elevate ENT PARTNERS | LENT'S Louisiana Ear, Nose & Throat & Sinus | 14 | 7 | LA |
| May | Orthopedics | OSM | TOC Experts in Orthopedic Care | 100 | 9 | FL |

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Publications

Article

Provident was quoted in a [Levin Associates](#) article from a recent panel at the American Health Law Association Conference

Other Physician Services *Continued*

Q2 2023

| Month | Sub-Sector | Acquirer | Target | Physicians | Locations | States |
|-------|--------------------------|---|--|------------|-----------|--------|
| May | Orthopedics | Cayuga MEDICAL ASSOCIATES <small>In Partnership with Cayuga Medical Center</small> | DRYDEN Family Medicine | 3 | 1 | NY |
| May | Urology | SOLARISHEALTH A NEW DAY IN HEALTHCARE | Spokane UROLOGY | 10 | 1 | WA |
| May | Ear, Nose & Throat (ENT) | PARALLEL ENT & Allergy | EIT EAR INSTITUTE OF TEXAS | 8 | 1 | TX |
| May | Ear, Nose & Throat (ENT) | PARALLEL ENT & Allergy | HIT HEARING INSTITUTE OF TEXAS | 4 | 1 | TX |
| April | Orthopedics | Virtua Health | RECONSTRUCTIVE ORTHOPEDICS <small>FOCUSED ON YOU</small> | 33 | 8 | NJ |
| April | Anesthesia | National Partners in Healthcare | MEDSTREAM Anesthesia Solutions | 700 | 61 | 12 |
| April | Ear, Nose & Throat (ENT) | ENT & ALLERGY OF DELAWARE | Wilmington Otolaryngology | 2 | 1 | DE |
| April | Ear, Nose & Throat (ENT) | Elevate ENT PARTNERS | ENT SPECIALISTS <small>Otolaryngology Consultants, PA</small> | 6 | 2 | FL |

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Post-Acute Care

Home Health & Hospice

Q2 2023

Market Update

Home health and hospice continue to play a pivotal role in payors' value-based care strategies. Building on the successful completion of UHC's acquisition of LHC Group earlier this year, the company has now set its sights on acquiring Amedisys in a landmark deal. This pending transaction follows the previously disclosed merger between Option Care Health and Amedisys. Following this announcement, a lead investor in Enhabit Inc. expressed interest to explore strategic alternatives, including exploring a sale. On the regulatory side, CMS continues to exert downward pressure on reimbursement. This June, CMS unveiled its FY 2024 proposed payment rule that includes a 2.2% decrease in aggregate home health payments. The proposed rule has garnered significant backlash from the market, including a federal lawsuit by The National Association for Home Care and Hospice.

Home Health & Hospice Comparable Multiples

| Company | Share Price | Revenue | EBITDA | EV/Rev | EV/EBITDA |
|----------------|-------------|---------|--------|--------|-----------|
| Addus HomeCare | \$87.05 | \$976 | \$105 | 1.59x | 14.74x |
| Amedisys Inc. | \$91.28 | \$2,230 | \$301 | 1.55x | 11.51x |
| Pennant Group | \$11.42 | \$486 | \$34 | 1.37x | 19.56x |
| Enhabit Inc. | \$11.96 | \$1,060 | \$11 | 1.15x | 115.76x |

Share price as of 6/30/2023 *Revenue / EBITDA in millions*

Select Transactions

| Month | Acquirer | Target | Locations | States | Deal Description |
|-------|----------|--------|-----------|--------|---|
| June | | | 538 | 37 | UnitedHealth Group agreed to acquire Amedisys for \$101 per share, which values the company at roughly \$3.3 billion. The transaction is subject to shareholder and regulatory approval and is likely to face antitrust scrutiny. |
| June | | | 3 | ID | The Pennant Group acquired Bluebird Home Health, Bluebird Hospice, and Bluebird Home Care, expanding its presence in the Idaho market. |
| May | | | 4 | PA | HouseWorks, backed by InTandem Capital Partners, announced its acquisition of Care and Help Home Care, a leading home care provider serving the greater Philadelphia, Allentown, Harrisburg, and Pittsburgh area. |
| April | | | 3 | DE | LHC acquired Delaware-based Summit Home Care. This is the Company's first transaction since being acquired by UnitedHealth. |

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Rehabilitation

Q2 2023

Market Update

The rehabilitation market's second quarter of 2023 was comprised primarily of strategic bolt-on acquisitions. While the majority of the deal flow still revolves around traditional outpatient physical therapy, there has been a notable uptick in deal activity involving organizations focused on Medicare Part B patients, specifically catering to seniors receiving care at home or in skilled nursing facilities. FOX Rehabilitation, backed by Blue Wolf Capital Partners, stands as the leading player in this space, but Provident is witnessing growing investor interest due to favorable industry tailwinds and the potential for value-based care applications. Notably, last year, InHome Therapy secured \$22 million in funding through its series A round, highlighting the increasing interest and investment in this sector.

USPH vs. Other Healthcare Facility Operators

| Company | EBITDA | EV/Rev | EV/ EBITDA |
|-----------------------|----------|--------|------------|
| U.S. Physical Therapy | \$116 | 3.79x | 25.28x |
| Acadia Healthcare | \$602 | 3.24x | 14.53x |
| Encompass Health | \$974 | 2.15x | 10.53x |
| HCA | \$12,300 | 2.05x | 10.13x |

As of 6/30/2023 (\$ in millions)

Select Transactions

| Month | Acquirer | Target | Locations | States | Deal Description |
|-------|----------|---------------|-----------|---------------|---|
| June | | Not Disclosed | 4 | Not disclosed | USPH acquired a four-clinic physical therapy practice. The purchase price for the 75% equity interest was approximately \$3.1 million. The practice generates \$2.6 million in annual revenue and has approximately 27,000 patient visits per year. |
| June | | | N/A | MS | FOX Rehabilitation acquired Performance Rehab, one of Mississippi's leading providers of physical and occupational therapy within senior living communities. |
| May | | | 1 | VA | Ivy Rehab, a national leader in outpatient rehabilitative therapy and pediatric services, expanded its presence in the VA market through the acquisition of Louisa Physical Therapy. |
| April | | | 3 | PA | Access Physical Therapy & Wellness announced its new partnership with Cardin & Miller PT to form Access PT PA that will serve the central PA market. |

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Professional Services

Trusted Healthcare Advisor

Healthcare Education

Q2 2023

Market Update

Q2 2023 had consistent transaction activity from previous quarters again driven by strategic diversification. Stemming from strong tailwinds in demand for innovative and technologically-advanced education services, investors are drawn to the renewed healthcare sector through a variety of subverticals such as professional development, educational institutions, and continuing education. The acquisitions of ACLS Medical Training by 360training and Salus University's by Drexel University portrays strong appetite for continued expansion into healthcare by diversified education consolidators. Due to accelerating growth vectors and its broad addressable markets, Provident anticipates increased deal activity in the healthcare education sector throughout 2023. Transactions are expected to reflect a variety of healthcare specialties, service offerings, business models, and buyer profiles.

Notable Transaction

Two online training providers, ACLS Medical Training and Safety Provisions (Hard Hat Training), were acquired by the comprehensive training platform 360training in May 2023. The new partnerships enhances 360training's mission to create safer workplaces by providing users access to life support training via ACLS Medical Training and OSHA compliance materials via Safety Provisions. 360training has been acquisitive in recent years, completing six add-on transactions since 2021. ACLS Medical Training and Safety Provisions represents the first two add-on investments since Vestar Capital provided additional growth capital to the Company in July 2022.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|----------|--------|---|
| April | | | NeoLight, a medical device company focused on newborn care, has announced its agreement to acquire key assets from interVIEW Medical Systems collectively known as the ROP Certification Program. The program offers premier education for retinopathy-of-prematurity (ROP) risk management. The Certification Program is Neolight's second acquisition and is highly synergistic with its current service offerings. |
| June | | | Bastyr University and National University of Natural Medicine (NUNM) announced plans of a merger set to finalize in 2024. The merged universities will together provide over 30 natural health and science degree programs to 1,000 students across campuses in California, Oregon, and Washington. |
| June | | | Two Philadelphia educational institutions, Drexel University and Salus University, announced a merger set to combine strengths in the health sciences and clinical practice departments. Salus currently offers several graduate degree programs in optometry, rehabilitation, audiology, and health sciences. The merger will provide 1,100 students and three clinical facilities to Drexel's footprint. |

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Podcasts

Podcast

[Transformative Landscape within Healthcare Education](#)



Private Equity

Healthcare Services Private Equity

Q2 2023

Market Update

Healthcare private equity activity continued to display resiliency in the second quarter of 2023, but investor sentiment was mixed as the quarter saw the aftermath of the first bank failures in years. The fall of several banks shook global markets with their rapid deterioration, which many VC and PE investors rely on for key sources of financing. Transaction volume and capital invested in Q2 2023 had been declining before the banks' collapse, as investors evaluate the new reality of rising rates and broader macroeconomic headwinds. However, private equity firms still hold an abundant amount of capital, but the velocity in which funds are deploying capital has certainly slowed. Provident anticipates PE groups will remain bullish on bolt-ons for existing portfolio companies with existing financing relationships and expect fewer new platforms created this year due to the financing environment. Despite lower volume, high quality healthcare assets in the middle market remain highly sought after from investors.

PE exits have also continued to decline off 2021 highs and even 2022, owing part to a rewarding and eager IPO market and competition from SPACs. Rather than exit platforms in the first half of 2023, PE firms and their portfolio companies are primarily gearing up for 2024 and 2025 exits and Provident anticipates secondary exits to spike. Platforms that are focusing on both clinical and operational excellence will be rewarded in the future as the appetite for strong healthcare services businesses remains elevated and the supply and demand imbalance for quality assets becomes greater.

Comparing various segments of the economy, investors continue to gain comfort in knowing that healthcare services is perceived as acyclical, as payors and the nondiscretionary behavior of healthcare insulate PPMs and other providers from radical changes in consumer spending.

Select Transactions

| Month | Acquirer | Target | Deal Description |
|-------|---------------------------------------|---|--|
| April | Webster Equity Partners | NOVOCARDIA A DIVISION OF CVAUSA | Novocardia is now the value-based care arm of CVAUSA through a merger. Founded by cardiologists, Novocardia is dedicated to developing, testing, and scaling clinical and contract models that improve the quality, cost, and experience of care for patients and physicians. |
| April | Audax Group | PYRAMID Laboratories, Inc. | Pyramid Laboratories is a California-based CDMO focused on formulation development, analytical and stability testing, and aseptic fill-finish manufacturing focused on large molecule therapeutics. |
| May | TRINITY HUNT PARTNERS | CENTRICITY Research | Centricity Research is a fully centralized Integrated Research Organization (IRO) specializing in conducting Phase I-IV clinical trials across more than 40 therapeutic areas. The company was formed in 2021 through the integration of multiple clinical research businesses across North America. It has completed more than 2,500 studies and has over 100 FDA and Health Canada Drug Approvals. |
| June | VSS | Olympus Cosmetic Group | Olympus is a provider of cosmetic surgery and cosmetic dermatology procedures. Olympus is led by Dr. Erik Nuveen, Dr. Alberico Sessa and Dr. James Koehler with an initial footprint which includes Florida, Oklahoma, and Alabama. |

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Publications & Podcasts

Press Release

[Provident Advises James River Cardiology in its partnership with RC Capital to form Aligned Cardiovascular Partners](#)

Podcast

[Guest Spotlight – Private Equity Healthcare Deal Structures](#)

Healthcare Services Private Equity

Q2 2023

Healthcare Private Equity Snapshot

Transactions
110

Healthcare transaction volume slightly declined from the prior quarter, from 185 in Q1 2023 to 110 in Q2 2023. Valuations are starting to plateau and decline across several services verticals, and overall M&A activity continues to slow down. However, private equity is attracted to healthcare services given the perceived acyclical nature of the business models.

PE Exits
13

Despite the slump in exit activity over the last several quarters, there were still several notable PE exits that occurred in Q2 2023. Notably, Morgan Stanley Capital Partners exited Ovation Fertility and sold the asset to U.S. Fertility via its financial sponsor, Amulet Capital, in May-23. Together, U.S. Fertility & Ovation provide care through 90+ locations and 28 laboratories.

Investors
157

The diverse investor and acquirer base highlights how sectors across the healthcare services spectrum remain active and ripe for consolidation. Record levels of capital were raised in 2021, and investors are mandated to deploy that capital, regardless of the macroeconomic conditions and credit markets.

Capital Invested
\$2.9B+

Total capital invested and deal volume in Q2 2023 faced challenges but displayed resiliency regardless of headwinds in the broader economy. Overall deal volume and capital invested slumped from previous quarters, with many more investors focusing on add-on acquisitions versus platform creation, which typically requires establishing a credit facility that has proven more challenging in today's macro environment.

Largest Deal
\$2.1B

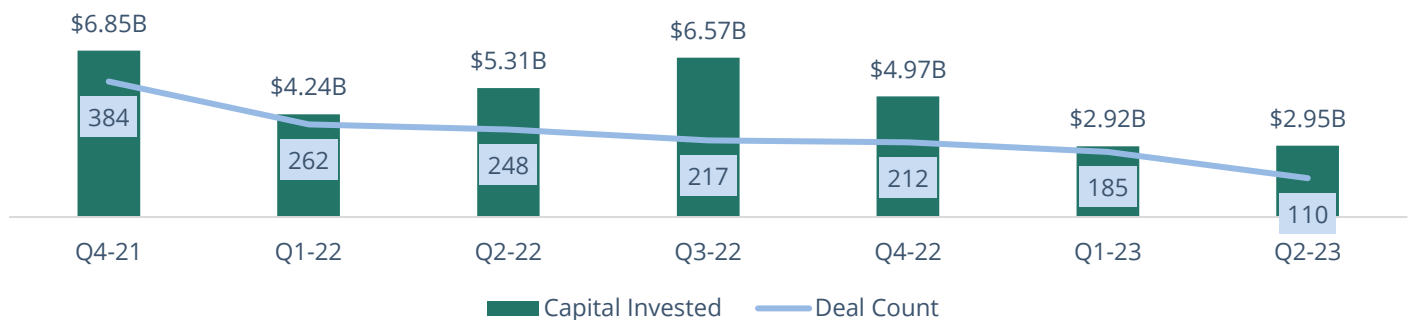
OneOncology, the Nashville-based network of independent community oncology practices covering 900 providers, completed a transaction led by TPG and AmerisourceBergen. The transaction puts the value of OneOncology at \$2.1B.



Top Investors by Deal Count



Private Equity Investment & Deal Count



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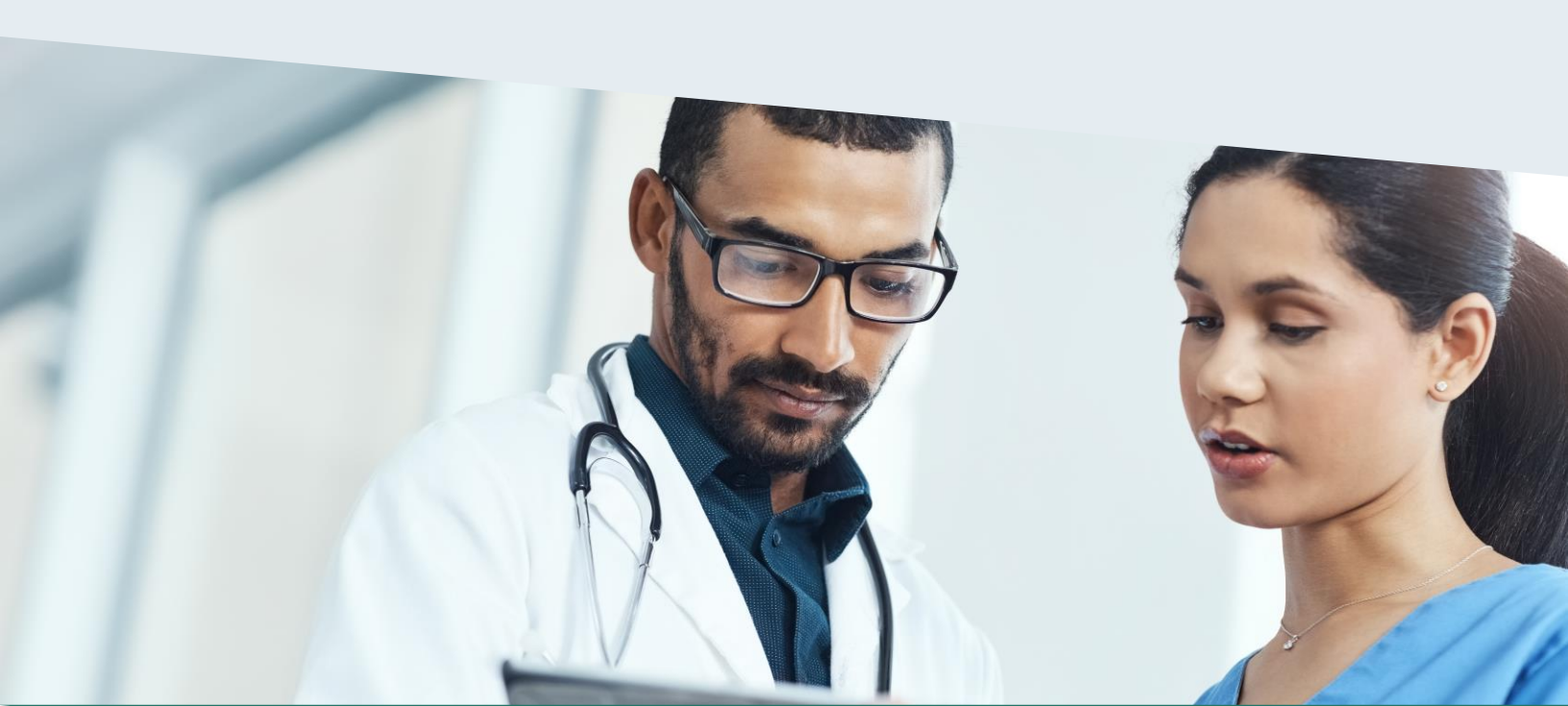
Publications & Podcasts

Press Release

[Provident Advises James River Cardiology in its partnership with RC Capital to form Aligned Cardiovascular Partners](#)

Podcast

[Guest Spotlight – Private Equity Healthcare Deal Structures](#)



Concluding Thoughts

The second quarter of 2023 presented a moderate market in terms of transaction volume compared to the recent quarters. However, capital raised did remain elevated, recording the second strongest quarter over the previous five, signaling a continued interest and appetite for investments in the healthcare services sector. In the past, significant healthcare capital funding has led to a robust transaction activity, and Provident anticipates this trend to continue moving forward.

The recapitalization of OneOncology by TPG Capital and AmerisourceBergen represented the largest transaction according to deal value but also a significant exit in the physician practice management (“PPM”) space. As a result of the overwhelming success of the buy-and-build model, traditional upper middle market investors have increasingly partnered with large PPM consolidators. TPG follows in the footsteps of Kohlberg & Company, Olympus Partners, and Apollo Global who all have participated in a recapitalization event within PPM over the previous twelve months. The OneOncology transaction also emphasizes growing interest from private equity in areas with value-based care angles across healthcare, a theme that has led to increased deal activity from investors across primary care and emerging sectors such as cardiology. Outside of PPM, the veterinarian services, behavioral health, and pharmaceutical services sub-sectors shined bright in Q2 with the

establishment of multiple platform investments and robust add-on activity.

Provident sees signs that transaction activity will continue to bounce back in the back half of 2023 and into 2024. First, investors maintain significant dry powder that they will look to deploy for platform and add-on activity. Additionally, the healthcare services industry continues to serve as a resilient sector despite the difficult macroeconomic environment over the past six to nine months. Sub-sectors that have been able to withstand wage pressures, have strong volume tailwinds from the aging population, and have minimal exposure to elective cash-pay services will remain the focus for investors.





Provident is the leading investment banking firm offering mergers and acquisition advisory services for high growth, middle market companies in the healthcare industry.

The firm has a vast network of senior industry relationships, a thorough knowledge of market sectors and specialties, and unsurpassed experience and insight into the investment banking process.

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