

Q2-2015 Anesthesia Services Update



M&A Overview

In the second quarter, anesthesia M&A activity encompassed a wide variety of structures and practice settings, as buyers sought unique angles to enter or expand their holdings within the sector. Strategic acquirers led consolidation by making bolt-on acquisitions to expand relationships with existing hospital systems, or to enter into new geographies and markets. As hospitals experience continued reimbursement pressures and data reporting requirements, many have been eager to partner with larger outsourced providers that can offer programs with multiple service lines and robust data & analytics reporting for ACO and other risk-sharing models. While the clinical anesthesia setting been actively consolidated, anesthesia practice management providers also remained an area of acquisition interest – as independent practices continue to face changing back office rules and regulations, it is clear that outsourced management providers will see a high level of interest and activity moving forward. Given the array of transaction structures and settings this past quarter, it is likely that we will see buyers continue to seek unique entry points into the anesthesia services sector, which stands to benefit from the aging population, increase in surgical procedures & complexity, and growth of outpatient surgery. From Provident's viewpoint, the expanding pool of interested buyers will offer greater flexibility and opportunities for sellers that are interested in approaching the marketplace.

SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
June 2015	MiraMed	Plexus Management Group	MiraMed, the parent company of Anesthesia Business Consultants, has acquired Plexus Management Group and Plexus Information Systems. Plexus Management Group, the MSO affiliate of Anesthesia Associates of Massachusetts, provides outsourced practice management services and Plexus Information Systems is a comprehensive information management system used by hospitals, providers, and surgery centers. The newly combined entities will provide full service business process outsourcing from first point of care to claim adjudication. The financial terms of the transaction were not disclosed.
June 2015	U.S. Anesthesia Partners	Medical Anesthesia & Pain Management Consultants	U.S. Anesthesia Partners, a portfolio company of Welsh, Carson, Anderson & Stowe, has acquired Medical Anesthesia and Pain Management Consultants, a Florida-based group consisting of 75 providers at 5 facilities. The transaction will expand U.S. Anesthesia Partners' presence in Florida, following up on its recent acquisition of Orlando-based JLR Medical Group. The financial terms of the deal were not made public.
May 2015	Quantum International	DA Management	Quantum International has acquired DA Management Corporation, a NY/NJ based anesthesia provider with contracts at NYC Surgical Associates' and Centers for Special Surgery's facilities, of which Quantum is an investor. The transaction will create additional income streams for Quantum's portfolio company, CSS, as the group seeks to expand its ancillary services. The financial terms of the transaction were not disclosed.
April 2015	TeamHealth	Professional Anesthesia Services	TeamHealth has acquired Professional Anesthesia Services, a group of anesthesia clinicians providing 50,000 annual anesthesia cases to two hospitals and one ASC in the Summa Health System in Akron, OH for an undisclosed sum. The transaction will expand the array of services TeamHealth provides to the system currently and augment its footprint in the Midwest.
April 2015	Sheridan Healthcare (AmSurg)	Halifax Anesthesia Associates	Sheridan Healthcare, a subsidiary of AmSurg, has acquired Halifax Anesthesiology Associates, a group of 8 physicians and 23 CRNAs for an undisclosed sum. The group services facilities within the Halifax Hospital Medical Center system in Daytona Beach, FL. The transaction will expand Sheridan's scope within the Florida marketplace.