

# Q2-2015 Physician Services Update



## Market Overview

Consolidation activity continued at a heightened pace across several specialties within the physician services industry. With widespread risk-sharing and value-based payment models looming in the near future, practices have continued to find comfort in partnering with larger entities that can provide back-office support and scale that can be leveraged in negotiations with payors, while also ensuring a voice within newly formed ACOs. Private equity-backed providers, publicly traded entities, and large health systems will remain the driving force behind the inevitable consolidation of the fragmented physician services market. Given deals like National Surgical Healthcare's acquisition of Optim Healthcare, Provident expects that organizations will continue to seek acquisitions to complement core business lines with related services that will allow for more efficient and coordinated care.

## SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
<b>Dental Practice Management</b>			
April 2015	American Securities	Aspen Dental	Private equity firm American Securities closed its recapitalization of Aspen Dental. American Securities will look to grow Aspen's 481 locations across 29 states over the next 3-7 years. No financial terms were disclosed.
<b>Dermatology</b>			
June 2015	New MainStream Capital	AAD Dermatology Management	New MainStream Capital announced it will acquire AAD Dermatology Management, the largest Dermatology provider in Maryland with 16 locations and more than 30 providers. No financial terms were disclosed.
<b>Radiology</b>			
May 2015	MEDNAX	Virtual Radiological Corporation	National medical group MEDNAX announced its acquisition of outsourced radiology and telemedicine services group, Virtual Radiologic Corporation. The \$500 million cash deal allows MEDNAX to add a third specialty to its existing platform of pediatric and anesthesiology services.
April 2015	Aris Radiology	Optimal Radiology	Ohio-based Aris Radiology has acquired Optimal Radiology in Tennessee. The acquisition will give Aris a national presence with 160 radiologists servicing more than 130 healthcare organizations. No financial terms were disclosed.
April 2015	RadNet	New York Radiology Partners	RadNet, a national leader in diagnostic imaging services, announced it has acquired New York Radiology Partners (NYRP). The \$34 million acquisition allows RadNet to expand its services offered to health plans, referring physicians, large employers, and medical groups.
<b>Eye Care Services</b>			
July 2015	Clarkson Eyecare	Eyecare Associates & Pinnacle Optical	FFL Partners-backed Clarkson Eye acquired the 19-office, Alabama-based EyeCare Associates as well as Alabama-based Pinnacle Optical. No financial terms were disclosed.
April 2015	FFL Partners	Clarkson Eyecare	FFL Partners announced it made a growth investment in Clarkson Eyecare. Clarkson Eyecare is one of the largest optometry groups in the Midwest with 82 locations across Missouri, Illinois, Ohio, and Kentucky. No financial terms were disclosed.
<b>Orthopedics</b>			
April 2015	National Surgical Healthcare	Optim Healthcare	National Surgical Healthcare announced its plans to acquire Georgia-based Optim Healthcare. The acquisition will fold Optim's 47 providers and 21 locations into National Surgical Healthcare's existing network of surgical hospitals and surgery centers. No financial terms were disclosed.
April 2015	Coordinated Health	Orthopedics Associates of Greater Lehigh Valley	Coordinated Health, a leading acute-care hospital network, announced its acquisition of Orthopedics Associates of Greater Lehigh Valley (OAGLV). Coordinated Health will add OAGLV's group of 25 orthopedic surgeons and 85 physical therapists into its established regional healthcare network. No financial terms were disclosed.
<b>Women's Health</b>			
June 2015	MTS Health Investors	Ovagen Fertility	New York-based private equity firm MTS Health Investors announced it will acquire Ovagen Fertility. Ovagen is a platform of assistive reproductive technology laboratories in four states. No financial terms were disclosed.
May 2015	Boston Children's Hospital	Children's and Women's Physicians of Westchester	Boston Children's Hospital announced its plan to acquire Children's and Women's Physicians of Westchester, a 276 physician medical group in New York. No financial terms were disclosed.