

# Q1-2016 Physician Services Update



## Market Update

The first quarter of 2016 contained several landmark transactions and many physician groups seized opportunities to expand into new geographic regions in addition to diversifying service lines through partnerships with larger providers or financial sponsors. An example of this is private equity firm Summit Partners' \$250 million minority investment into DuPage Medical Group, one of the largest multi-specialty providers in the country, which will remain under physician management, but will now have the capital resources to pursue further expansion. Provident expects this trend to continue, and in fact, during our meetings with 75+ private equity firms at this year's JP Morgan Healthcare Conference in January, one of the primary themes was enthusiasm about investing in physician groups within several different sectors. As we look towards the rest of 2016, the emergency medical, radiology, dermatology, surgery center, and multi-specialty sectors will likely continue to consolidate as groups position themselves to succeed in this rapidly changing healthcare environment.

## SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
<b>Dermatology</b>			
January 2016	Dermatology and MedSpa, Inc.	Sona MedSpa	Dermatology and MedSpa, Inc. has completed its first add-on acquisition by acquiring a controlling interest in Sona MedSpa. Recently recapitalized by Pharos Capital, Dermatology and MedSpa, Inc. has significantly expanded company operations by adding 14 new locations in five states. Provident served as exclusive financial advisor during Dermatology and MedSpa, Inc.'s original recapitalization with Pharos Capital.
<b>Emergency Medical Services</b>			
March 2016	Envision Healthcare Holdings	Emergency Physicians Medical Group (EPMG)	Envision Healthcare Holdings has acquired EPMG, an emergency medical group serving 37 healthcare facilities in five states, for \$120 million. With this acquisition, Envision Healthcare Holdings adds close to 1 million patient encounters each year, in emergency departments and urgent care centers, to its portfolio.
January 2016	Welsh, Carson, Anderson & Stowe / US Acute Care Solutions	MEP Health	US Acute Care Solutions has completed the acquisition of MEP Health LLC for \$120 million in a combination of cash and equity. Through this acquisition, US Acute Care Solutions has gained access to nine additional facilities, 500,000 additional patients, and expanded geographically into three new states.
<b>Multi-Specialty</b>			
March 2016	Kaiser Permanente	Group Health Cooperative	Kaiser Permanente, a California-based healthcare giant, has officially completed the acquisition of Group Health Cooperative. This acquisition, which was initially announced in December, provides Kaiser Permanente with 600,000 new patients and 1,000 new physicians in the Northwest. Specific terms of the deal were not disclosed.
January 2016	Summit Partners	DuPage Medical Group	Summit Partners has announced a \$250 million minority investment in DuPage Medical Group, the largest independent, multi-specialty physician group in the Chicago area. DuPage Medical group will remain under physician management and gain accessibility to growth in new regions and clinical lines of service.
<b>Radiology</b>			
January 2016	Rapid Radiology, Inc.	Advanced Medical Imaging & Teleradiology	Rapid Radiology, Inc. has acquired Advanced Medical Imaging & Teleradiology, a provider of teleradiology services. The acquisition allows Rapid Radiology, Inc. to expand the capabilities of their technology and workflow management platform. Specific terms of the deal were not disclosed.
January 2016	Radiology, Inc.	LaPorte Radiology	Two Indiana-based private practice radiology groups, Radiology, Inc. and LaPorte Radiology, have merged and will operate under the name Radiology, Inc. to create the largest private radiology practice in the area. Through this transition, Radiology, Inc. will increase their capabilities to provide a range of sub specialty radiology services throughout 5 counties in northern Indiana and southwestern Michigan. Specific terms of the deal were not disclosed.
<b>Surgery Centers</b>			
March 2016	NueHealth	Blue Chip Partners, Inc.	NueHealth has acquired Blue Chip Partners, Inc., a company that develops, manages, and optimizes ambulatory surgery centers. With the acquisition of Blue Chip, NueHealth will fill a main service niche and raise overall value within its network of healthcare facilities. Specific terms of the deal were not disclosed.