

Q2-2016 Physician Services Update



Market Update

The second quarter of 2016 was headlined by the announced merger of Envision Healthcare and AMSURG. Through this transaction and the 2014 acquisition of Sheridan Healthcare, AMSURG has transformed from an ambulatory surgery center management company into a diversified physician services and ambulatory care provider with specialties including anesthesia, emergency medicine, hospitalist, pediatric, and radiology. The merger represents the shifting focus in healthcare to providers offering a full spectrum of care to their patient population, and Envision is poised to be a leader in the future of healthcare delivery. Complementary transactions such as this are expected to continue going forward.

Among single-specialty providers, private equity recapitalizations showed no signs of slowing down. Most notably, Audax Group and Candescant Partners exited their respective dermatology investments to two larger private equity firms that will focus on the next phase of growth with their new partners. Meanwhile, Audax is looking to replicate its success with Advanced Dermatology through its recent investment in Gastro Health.

Month	Acquirer	Target Company	Details
Dermatology			
May 2016	ABRY Partners	Oliver Street Dermatology Holdings (d.b.a Dermatology Associates)	ABRY Partners has announced that it will recapitalize Dermatology Associates, a group of 60 physicians in 45 locations in Texas, Kansas City, & Missouri. The transaction will serve as an exit opportunity for Candescant Partners, which initially invested into Dermatology Associates in 2012.
May 2016	Harvest Partners	Advanced Dermatology & Cosmetic Surgery	Harvest Partners, a private equity firm, has acquired Advanced Dermatology and Cosmetic Surgery from Audax Group. Advanced Dermatology has over 150 clinics under management across the U.S., and seeks to accelerate its acquisitive growth strategy with Harvest's support and funding capabilities.
Emergency Medicine			
April 2016	Schumacher Clinical Partners (TSX: OCX)	ECI Healthcare Partners	Schumacher Clinical Partners, a provider of emergency medicine care and subsidiary of publicly traded private equity firm Onex, announced their intent to merge with ECI Healthcare Partners, a provider of emergency department care. The acquisition will result in one of the largest health service networks in the U.S., providing care for over 8 million patients a year.
Gastroenterology			
April 2016	Audax Group	Gastro Health	Audax Group recapitalized Gastro Health, a gastroenterology physician practice management company with 21 centers across South Florida. Through the partnership, Gastro Health will look to leverage the resources of Audax to expand throughout Florida and the Southeastern U.S.
Multi-Specialty			
June 2016	Envision Healthcare (NYSE:EVHC)	AMSURG (NASDAQ:AMSG)	Envision Healthcare and AMSURG announced they have signed a definitive agreement to merge in an all-stock transaction valuing the combined organization at \$15 billion. The complementary organizations will provide a broad spectrum of outsourced physician, surgical, and ambulatory care across the U.S.
April 2016	DaVita HealthCare Partners (NYSE: DVA)	Mountain View Medical Group	DaVita HealthCare Partners announced the acquisition of Mountain View Medical Group, a Colorado-based practice providing care to over 80,000 patients with 50 physicians in 14 medical offices. Services include family and internal medicine, neurology, OB-GYN, pediatrics, and podiatry. The transaction is expected to close in July 2016.
Primary Care			
May 2016	Webster Capital	Healthcare Associates of Texas	Healthcare Associates of Texas (HCAT), a Texas-based physician practice management company that provides services to primary care affiliate, Healthcare Associates of Irving (HCIT), has completed a majority recapitalization with private equity firm, Webster Capital. Webster plans to utilize capital to increase ancillary service offerings and expand HCAT's geographic reach throughout the Dallas region.
Radiology			
April 2016	Radiology Partners	Lake Pointe Radiology Associates	Radiology Partners (RadPartners), the largest physician-led network of hospital-based radiologists in the U.S., has expanded its presence in Texas through the acquisition of Rowlett-based Lake Pointe Radiology Associates (LPRA). LPRA provides professional radiology services to Lake Pointe Medical Center and outpatient centers in the greater Dallas area. Financial terms of the transaction were not disclosed.