

# Q1-2018 Physician Services Update



## Market Update

The first quarter of 2018 brought record transaction activity to the healthcare industry with over \$156 billion worth of transactions closed year to date. Strategic acquirers, including physician practice management consolidators, payors, and health systems continue to compete with private equity firms that are increasingly paying market clearing multiples in order to lead the bidding on attractive investment opportunities.

Private equity firms continue to seek platform caliber physician service organizations to partner with to provide capital and expertise to build out facilities, new service lines, and make add-on acquisitions that enable practices to expedite growth throughout a region.

Gastroenterology, Orthopedics, and Women's Health have been highly discussed areas over the last 12 months and Provident expects these sectors to become some of the most active areas of consolidation throughout the remainder of 2018.

## Notable Market Trends



Humana (NYSE: HUM), one of the largest health insurance companies, has rebranded its physician's services division in Texas and south Florida as Conviva. The decision to develop a physician services platform signals Humana's aspiration to increase acquisitions of provider organizations.

Provident Healthcare Partners expects that this decision and increased desire from other large insurers and hospital systems to continue to drive mergers and acquisition activity in the physician services sector, evident by Centene's acquisition of Community Medical Group and United Health Group's Optum-subsiary's multiple practice acquisitions over the last 24 months.

Gastroenterology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
January	CMH Regional Health System	Southwest Ohio Gastroenterology	2	1	OH
January	Texas Digestive Consultants	Greater Houston Gastroenterology	15	18	TX
January	Evangelical Community Hospital	Central Penn Gastroenterology Associates	2	1	PA
Multispecialty and Primary Care					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
February	Centene (NYSE: CNC)	Community Medical Group	N/A	15	FL
Women's Health					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March	Advantia Health	Two Leading OB/GYN Practices	11	6	VA
Radiology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
January	Radiology Partners	Renaissance Imaging Medical Associates	99	N/A	CA
March	Radiology Partners	Access Radiology	40	N/A	LA