

Q3-2018 Anesthesia Services Update



Market Update

Consolidation within the anesthesia services sector remained heightened in the third quarter of 2018, as large national players continued to expand through acquisition, targeting opportunities to that increase geographic density and create leverage with payors. The third quarter began with Surgery Partners acquisition of Pain Management Associates. CRH Medical Corporation also made two key acquisitions; Washington-based Lake Washington Anesthesia Associates, and Ohio-based Lake Erie Sedation Associates. Envision Healthcare completed their first acquisition since announcing their private equity partnership with Kohlberg Kravis & Roberts (KKR) through their partnership with Nashville Anesthesia Associates. Phymed Healthcare Group announced its third acquisition in Pennsylvania through its partnership with AAA Anesthesia Associates. With activity in the third quarter remaining heightened, Provident expects to see steady continued market activity within the anesthesia services sector throughout the remainder of 2018 as national platforms continue to deploy capital to grow via acquisition.

Notable Market Trends



Pain Management Associates (PMA), one of Southern California's leading providers of interventional pain management services announced its partnership with Surgery Partners. With the resources and backing of Surgery Partners, PMA will be able to leverage the capital and resources of Surgery Partners' national platform with

over 180 locations and 5,000 physicians. This transaction will allow Pain Management Associates to further expand its market share in Southern California while continuing to focus on clinical outcomes and superior results. Provident Healthcare Partners advised Pain Management Associates through its partnership with Surgery Partners.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	States
September 2018	CRH Medical Corporation	Lake Erie Sedation Associates	2	N/A	1
September 2018	Envision Healthcare Corporation	Nashville Anesthesia Services	3	N/A	1
September 2018	PhyMed Healthcare Group	AAA Anesthesia Associates	N/A	43	1
July 2018	CRH Medical Corporation	Lake Washington Anesthesia	5	5	1
July 2018	Surgery Partners	Pain Management Associates	5	5	1

Provident Industry Coverage Team

Ajeya Shekar
Vice President
ashekar@providenthp.com
(617) 226-4251

Abe M'Bodj
Analyst
ambodj@providenthp.com
(310) 359-6630

Kyle Daly
Analyst
kdaly@providenthp.com
(617) 226-4299