

Q3-2018 Physician Services Update



Market Update

During the third quarter of 2018, significant investment and consolidation activity continued across the physician services segment. Several specialties such as gastroenterology, radiology, and women's health, which have recently seen increased private equity-led market activity, continued to see additional expansion by private equity-backed organizations. Gastro Health entered into a new market within Central Florida through the acquisition of Central Florida Gastroenterology, Radiology Partners expanded its geographic presence in Texas through its partnership with West Houston Radiology, and Unified Physician Management acquired Lifeline Medical Associates. New private equity platforms were formed within Orthopedics and Urology through Atlantic Street Capital's investment in OrthoBethesda and JW Childs Associates' recapitalization of New Jersey Urology. New Jersey Urology is the second private equity platform investment within the Urology specialty, and OrthoBethesda is the third within the Orthopedic space. The first private equity transactions in Urology and Orthopedics were completed in 2016 and 2017, respectively. With private equity interest continuing to accelerate across physician services, the industry is expected to benefit from increased competition during merger & acquisition processes, continuing to drive strong valuations.

Select Transactions:

Notable Provident Transaction



OrthoBethesda, a leading provider of comprehensive musculoskeletal care, announced its partnership with Atlantic Street Capital. OrthoBethesda has 11 fellowship trained surgeons and operates four Centers of Excellence in the greater Washington D.C. region: Washington Join Institute, Washington Shoulder Institute, Washington Spine and Scoliosis Institute, and OrthoTraumaBethesda.

This transaction represents the third platform investment into the Orthopedic specialty, the first investment having been Southeastern Spine Institute in 2017 (Provident also advised Southeastern Spine Institute through its private equity transaction). Leveraging the resources of Atlantic Street, OrthoBethesda intends to rapidly expand as a first mover throughout the highly fragmented Mid-Atlantic orthopedic services market. Provident Healthcare Partners served as exclusive financial advisor to OrthoBethesda during its process to find a financial partner to help the organization execute on its vision and growth objectives.

Gastroenterology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
August	Gastro Health	Central Florida Gastroenterology	8	8	FL
Orthopedics					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
September	Atlantic Street Capital	OrthoBethesda	13	1	MD
Radiology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
September	ProScan	Mayfield Brain & Spine Imaging Clinic *	23	1	OH
July	Radiology Partners	West Houston Radiology	50	17	TX
Urology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
September	JW Childs Associates	New Jersey Urology	85	42	NJ
Women's Health					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
August	Unified Physician Management	Lifeline Medical Associates	109	92	NJ

* ProScan acquired the imaging clinic of Mayfield Brain & Spine. Mayfield Brain & Spine will continue to operate its clinical office in Crestview Hills, Kentucky.