

Q1-2020 Behavioral Health Update

Market Update

Consolidation within the Behavioral Health sector continued to see robust activity, led by a slew of new platforms and strategic add-ons in the autism services, addiction treatment and mental health segments. Autism services continues to be the most active subsector within the space, with multiple landmark transactions taking place within the first quarter. The most notable transaction was Blue Sprig Pediatrics' (BSP) recapitalization of Shore Capital-backed Florida Autism Centers in what was the fourth autism deal in the last six months valued over \$100M. Additionally, NexPhase-backed Action Behavior Centers is rumored to be out to market, less than one year after taking on investment, which indicates just how seller-friendly an environment the space has been prior to disruptions associated with COVID-19.

In spite of all of this consolidation, the crippling impact of COVID-19 on businesses has clearly been the most impactful development for the quarter and will seemingly continue to be so for an undetermined amount of time. As social distancing, clinic and school closings, and state-wide shutdowns have led to reduced volume and financial strain on businesses, taking advantage of government stimulus programs, such as the SBA Paycheck Protection Program, as well as telehealth services, will be crucial to navigating the current environment. Select subsectors within behavioral health, such as telepsychiatry and mental health, are expected to see increased demand from the pandemic but, overall, Provident expects M&A activity to be impacted in Q2, with transactions delayed to Q3 and Q4 closings.

Select Transactions

Autism Services				
Month	Acquirer	Target	Locations	State(s)
March	Blue Sprig Pediatrics	Florida Autism Centers	60	FL, GA
January	Acorn Health	Autism University	1	MI
January	General Atlantic	Comprehensive Education Services (ACES)	30	AZ, CA, CO, HI, TX & WA
January	Stepping Stones Group	STAR of CA	9	CA

Mental Health & Addiction Services				
Month	Acquirer	Target	Locations	State(s)
March	Discovery Behavioral Health	Associated Behavioral Healthcare of Seattle & New Hope Ranch	5	WA, TX
March	Veronis Suhler Stevenson (VSS)	Ascent Behavioral Health	2	ID
January	Galen Partners	Evolve Treatment Centers	1	CA
January	Summit Behavioral Healthcare	Peak View Behavioral Health	2	CO
January	Turnbridge	Clearpoint Recovery Center	1	CT

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Upcoming White Paper

Members of the Provident Healthcare Partners behavioral health coverage team will be publishing a white paper on the pandemic's impact on the behavioral health sector and on measures that businesses can take to help navigate these uncertain times.