

# Q1-2020 Durable Medical Equipment (DME) Update

## Market Update

The first quarter of 2020 marked a continuation of the strong consolidation activity in the DME sector in 2018 and 2019. With the impending re-introduction of competitive bidding for Medicare reimbursement of DME products in 2021, businesses are actively positioning themselves to manage tightening profit margins by increasing horizontal scale, diversifying revenue streams, and streamlining back-office functions.

Provident expects the DME sector to be resilient against the negative market effects from the COVID-19 pandemic. While M&A activity in the sector may experience a short-term slowdown, the general upward trend is expected to continue, driven by strong volume demands and the recent entrance of new private equity buyers into the space.

## Select Transactions:

Month	Acquirer	Target	Deal Description
March	Silver Oak Services Partners	DASCO Home Medical Equipment	Silver Oak Services Partners, a middle-market private equity firm actively investing in the healthcare services space, recapitalized DASCO Home Medical Equipment (DASCO). DASCO is a provider of respiratory therapy equipment, ventilators, and other DME. Silver Oak's investment in DASCO represents its first platform investment in the DME space. The firm expects to pursue add-on acquisition opportunities in the near-term to drive growth.
March	AdaptHealth	Advanced Home Care	AdaptHealth, a leading provider of home medical equipment in the US, has acquired Advanced Home Care (AHC). Like AdaptHealth, AHC is a provider of CPAP and BiPAP machines, oxygen, ventilation, and other DME. The acquisition will expand AdaptHealth's geographic footprint in the Southeast US and provide relationships with the twelve regional healthcare systems with whom AHC has established joint ventures.
February	Centurion Service Group	Monet Medical	Centurion Service Group, formerly a used medical equipment auction house that has transitioned to a leading seller of new and reconditioned DME, has acquired Monet Medical. Monet Medical is a refurbisher of various DME including beds, stretchers, and infusion pumps. This acquisition will expand Centurion's infrastructure, distribution, and reconditioning capabilities to provide medical equipment for hospital and in-home use.
January	AdaptHealth	Patient Care Solutions	AdaptHealth, a leading provider of home medical equipment in the US, has acquired the Patient Care Solutions (PCS) business of McKesson. PCS is a provider of urological and ostomy products. The acquisition is expected to boost AdaptHealth's footprint in wound care, diabetic care, incontinence supplies, and breast pumps, areas where the Company previously had minimal exposure.

## Provident Industry Coverage Team

**Kevin Palamara**  
 Managing Director  
[kpalamara@providenthp.com](mailto:kpalamara@providenthp.com)  
 (617) 226-4221

**Brendan Schroeder**  
 Analyst  
[bschroeder@providenthp.com](mailto:bschroeder@providenthp.com)  
 (617) 226-4207