

# Q2-2020 Behavioral Health Update

## Market Update

Consolidation within the Behavioral Health sector continued to see considerable activity even amongst COVID-19 as behavioral health platforms nationwide looked to bolster their service offerings. While the quarter was marked by a number of add-on transactions, the most noteworthy transaction announced was VSS and NewSpring Capital's partnership with Texas-based BRC Recovery, establishing the newest platform in the substance abuse space.

As the broader healthcare industry weathers the myriad of impacts related to COVID-19, behavioral health has proven to be more insulated from the global pandemic. Providers across all subsectors, including substance abuse, ABA therapy, eating disorders, and mental health have all leaned on telehealth services as a way to ensure both consistent treatment for patients while also maintaining revenue streams. Provident expects the increased presence of telehealth services in behavioral health to have a lasting impact on the industry even beyond the events of COVID-19.

Looking forward, Provident expects to see a robust merger and acquisition marketplace the balance of 2020.

### Notable Pending Transaction:



- UnitedHealth Group's Optum, a health information technology and services provider, is in the final stages of completing its acquisition of the virtual behavioral care company, AbleTo, for a reported \$470M
- The acquisition follows Optum Ventures's "significant investment" in AbleTo, announced in January 2019
- AbleTo partners with payors to analyze health data to identify members believed to benefit from access to high-quality behavioral health care and provides solutions for individuals
- COVID-19 has strained access to behavioral health services, and UnitedHealth Group's clients will have access to a behavioral telehealth provider, with proven success in improving patient outcomes and lowering payor and provider costs

## Select Transactions:

Autism Services				
Month	Acquirer	Target	Locations	State(s)
May	Acorn Health	Behavior Basics	1	VA

Mental Health & Addiction Treatment Services				
Month	Acquirer	Target	Locations	State(s)
April	VSS and NewSpring Health Capital	BRC Recovery Family of Programs	1	TX
April	DuPage Medical Group	Institute for Personal Development	10	IL
June	Kindred Healthcare	WellBridge Dallas & WellBridge Fort Worth	2	TX
June	Sharecare	MindSciences	n/a	MA

## Provident Industry Coverage Team

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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 **Opioid Treatment** space and the impending wave of consolidation expected.