

Q3-2020 Behavioral Health Update

Market Update

In Q3, activity within the Behavioral Health M&A market continued the recovery seen in previous quarters. The market saw a considerable amount of activity within the medically assisted treatment and substance abuse sectors. Services within these sectors were particularly resistant to the economic downturn given their status as essential businesses. The quarter saw an influx of deals, primarily driven by PE backed platforms aggressively targeting regional addiction treatment providers within the SUD and MAT sectors as add-on acquisitions.

Despite some return to normalcy, the effects of the pandemic have had a lasting impact on the mental health space. Since the beginning of the COVID-19 pandemic, the percentage of Americans reporting symptoms of anxiety and depression, has increased three-fold and four-fold respectively. In addition to this, 13% of Americans reported increases in substance abuse to cope with the mounting stress brought on by the pandemic. As unemployment and job security continue to be issues these problems will persist.

Provident believes that rising demand for behavioral health services in the coming months will drive M&A activity and is expecting transaction volume to remain robust through the end of the year.

Transaction Spotlight:



- Blue Sprig pediatrics acquired Aptitude Habilitation services, a multi-state provider of center and home-based ABA services for children with ASD
- The acquisition of Aptitude expands Blue Sprig's footprint into CO, NC, TN, HI and VA, all new states for the platform
- Blue Sprig will now have the reach to service children in 15 different states making it one of the largest providers of ABA services nationally
- This transaction marks Blue Sprig's seventh add-on since their buyout in 2017. They remain one of the most active consolidators in the autism services market

Select Transactions:

Autism Services & General Mental Health Services				
Month	Acquirer	Target	Locations	State(s)
August	Proud Moments ABA	Autism & Behavior Consulting Services	1	TN
August	Blue Sprig Pediatrics	Aptitude Habilitation Services	10	CO, HI, NC, OK, TN, CA, TX, WA
July	Column Health	Center for Psychiatric Medicine	1	MA

Addiction & Medically Assisted Treatment (MAT)				
Month	Acquirer	Target	Locations	State(s)
August	Providence Treatment	Main Line Recovery	4	PA
August	Pinnacle Treatment Centers	HealthQwest	2	GA
July	BrightView	Rebound Recovery	4	OH, KY
July	Baymark Health Services	Middlesex Recovery	4	MA
July	Odyssey Behavioral Healthcare	Clearview Treatment Programs	1	TX

Provident Industry Coverage Team

Upcoming White Paper

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Mental Health Services and the impending wave of consolidation – Q4 2020.