

# Q4-2021 Pediatric Services Update

## Market Update

The pediatric services sector has seen active M&A activity in the past year with transactions focusing in behavioral, dental, home health, primary care, and urgent care. Notably, Pediatrix, a Mednax Company, added to its pediatric initiative with an investment in Brave Care that will further expand services into urgent care clinics. The desire to add complementary service lines has been demonstrated through pediatric dental services provider ChildSmiles' entrance into primary care.

Pediatric services will continue to gain momentum with the transition from fee-for-service (FFS) to value-based care (VBC) models. The lag in pediatrics adopting the VBC payment model is attributed to differences in quality measures for children, which are generally a healthier patient population. Pediatrics has begun to incorporate elements of VBC by way of pay-for-performance models.

Provident expects to see significant investment in pediatric services due to the expected reimbursement changes, the fragmented nature of the market and continued expansion into complementary business lines.

## Transaction Spotlight



- Brave Care, founded in 2019, operates 3 pediatric care clinic locations in Oregon and North Carolina with a clinic in Texas opening soon; the Company serves more than 17,000 patients
- Mednax' \$25 million investment in Brave Care has created an opportunity for growth to over 100 new clinics in the coming years and brought Mednax's total investment to \$43 million
- Brave Care's mobile platform enables remote care 24/7 in addition to its brick-and-mortar clinics

## Select Transactions

Pediatric Services Q4 Deals					
Month	Acquirer	Target			
			Locations	Providers	State(s)
November	 Cincinnati Children's	 River Hills Pediatrics	3	4	KY
October	 Spark Orthodontics	 Cumberland Pediatric Dentistry & Orthodontics	8	24	TN
October	 Mednax	 Brave Care	3	8	OR, NC
October	 The ChildSmiles Group	 Smiles 4 Keeps	4	4	PA
October	 Thrive Alabama	 Tender Care Pediatrics	1	3	AL

## Provident Industry Coverage Team

Dustin Thompson  
 Director  
[dthompson@providenthp.com](mailto:dthompson@providenthp.com)  
 (617) 226-4267

Brendan Schroeder  
 Senior Analyst  
[bschroeder@providenthp.com](mailto:bschroeder@providenthp.com)  
 (617) 226-4292