

Q4-2021 Primary Care Update

Market Update

The primary care services sector has seen aggressive M&A activity in the past year. Both large and mid-sized market players have continued to consolidate at an increased pace. Following a strong first half of the year, Q4 saw an uptick in investment activity centered around value-based care, most notably Walgreens' \$5.2 billion investment in VillageMD.

The rapid spread of the Omicron variant and an aging population have put immense pressure on primary care clinics nationwide. The primary care sector has had to keep up with these ongoing trends, while simultaneously attempting to transition from the fee-for-service (FFS) payment model to the value-based care (VBC) model. Investing in new modern approaches to manage spend and encouraging innovation will be imperative to solidifying and coordinating value-based care for years to come.











Provident anticipates deal flow in the primary care space to remain active as private investors and the public market continue expanding their footprint in full risk VBC. Investors will continue to offer differentiated products, new technologies, and access to capital as the market adapts to VBC and direct primary care.

Select Transactions

Transaction Spotlight



- VillageMD, founded in 2013, operates 200+ primary care clinic locations in 12 states; the company actively serves 1.6 million patients across the United States
- Walgreens' \$5.2 billion investment in VillageMD will increase the number of co-located primary care practices to over 600 in more than 30 U.S. markets by 2025, with more than half in underserved communities
- VillageMD remains a standalone company, with its own board and management and plans to conduct an IPO in 2022

Primary Care Space Q4 Deals				
Month	Acquirer	Target	Location(s)	Deal Description
November			100+	A consortium of investors led by Rubicon Founders acquired a majority stake in U.S. Medical Management, a recognized leader in providing high-quality, compassionate healthcare within proven care models that support complex and fragile individuals in the home setting. Centene Corporation will retain a minority stake in the company.
November			34	InnovaCare Health, a regional leader in integrated and value-based healthcare services, announced the signing of a definitive agreement for a majority investment from Bain Capital Private Equity. The new partnership will accelerate the Company's growth and enable InnovaCare to scale its innovative, physician-led model to enter key markets nationwide.
October			300+	MDVIP, the national leader in personalized membership-based healthcare, announced that Goldman Sachs and Charlesbank have entered into a definitive agreement to acquire majority ownership of MDVIP from Leonard Green & Partners and Summit Partners.
October			200+	Walgreens Boots Alliance (Nasdaq: WBA) and VillageMD agreed to make an additional investment in VillageMD to advance its strategic position in the delivery of value-based primary care, a \$1 trillion, fast-growing segment of the healthcare system.
October			1	CareATC, one of the largest employer-sponsored healthcare providers, acquired CareTeam, a growing direct primary care provider. The acquisition expands CareATC services to deliver proactive and comprehensive care for employers and their employees across the United States.

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Primary Care Whitepaper

Consolidation & Investment Within Value-Based Primary Care - Provident Healthcare Partners (providenthp.com)

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