

Market Update

Q2-2022 was an especially strong quarter for M&A activity in the behavioral health space as increased incidence and awareness continue to drive growth within the sector. Due to outsized demand for services many investors and PE-backed platforms see an opportunity to improve efficiencies in the space. Providers look towards improving country-wide access to care through further add-ons to current platforms.

Outpatient and community-based mental health and addiction treatment continues to be front of mind for financial and strategic investors alike. As the COVID-19 pandemic placed increased emphasis on accessible care, those groups that offered an outpatient option experienced minimal business interruption as opposed to residential models. This trend, coupled with lower fixed costs associated with outpatient settings made these programs attractive M&A targets. Outpatient M&A activity outpaced by residential by over 22% in 2021.

Provident anticipates continued M&A growth in the sector primarily driven by add-on acquisition activity as major platforms continue to compete for attractive assets within the space.

Transaction Spotlight



Has acquired



- Optum, a subsidiary of United Health Group, has recently acquired Refresh Mental Health from PE firm Kelso & Co. Refresh was bought by Kelso in 2020 at a valuation of \$700M
- Refresh is considered one of the two largest providers in the country with 300 locations across 37 states
- Optum's focus will be on integrating behavioral health more into physical health services
- Refresh will serve as UHG and Optum's foray into value-based contracting within the mental health space

Select Transactions

Mental Health Services				
Month	Acquirer	Target	Location(s)	State(s)
June 2022	The SteppingStones Group	HM Therapy	5	CA
June 2022	Mindpath Health	Acacia Counseling	8	CA, MN
May 2022	Acute Behavioral Health	Hallmark Youthcare	2	TN, VA
May 2022	Greenbrook TMS	Success TMS	18	FL, IL, NV, NJ, PA, WI

Addiction & Medication-Assisted Treatment (MAT)				
Month	Acquirer	Target	Location(s)	State(s)
June 2022	McCall Center for Behavioral Health	Central Naugatuck Valley Help	9	CT
June 2022	Washington Health System	Greenbriar Treatment Centers	9	PA
June 2022	Pinnacle Treatment Center	Steppingstone of North Carolina	9	NC
May 2022	ThreeD Capital	Nirvana Life Sciences	Digital	N/A
May 2022	Traverse Point Partners	The Hope House	2	AZ
May 2022	Monument	Tempest	Digital	N/A
April 2022	Bradford Health Services	The Estate at River Bend	40	MN

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