

Q2-2022 Primary Care Update













Market Update

Provident observed a consistently high-level of interest in the Primary Care space from both private equity sponsors and strategic acquirers in Q2 2022, as investors and operators seek to effectively align themselves to capitalize on the growing shift towards value-based care (VBC). New platform investments such as Enhanced Healthcare Partners strategic growth investment in VBC provider Vytalize Health and FFL Partners recapitalization of San Diego-based primary care provider Perlman Clinic demonstrate the persistent and heightened level of demand from the buyer community for premium assets that are poised to benefit from macro healthcare tailwinds.

The Direct Primary Care (DPC) space experienced strong M&A volume as well, evidenced through One Medical's acquisition of Colorado-based DPC provider PeakMed.

Provident expects the level of M&A activity within primary care to remain robust through the second half of 2022 as recently created platforms seek to deploy growth capital to expand their footprints, service offerings, and back-office capabilities. As the buyer universe for primary care practices continues to expand, sellers are positioned to benefit from a broad and diverse set of potential partners through increased competition and upward pressure on valuations.

Select Transactions

| Month | Acquirer | Target | Transaction Notes |
|-------|---|--|--|
| June |  |  | CareMax acquired Steward's Medicare VBC business consisting of 170k patients |
| May |  |  | Merger creates a leading health & wellness delivery system serving 5.5M patients |
| May |  |  | NeighborMD, a 9-location practice across FL & GA, was acquired by Skylight Health |
| April |  |  | CCA, a national health plan, completed its acquisition of Vitality Health Plan of CA |
| April |  |  | Genuine Health acquired ACMG, a FL-based physician group that operates ACOs |
| April |  |  | Enhanced Healthcare completed an investment in Vytalize Health, a 280-location PC practice across 16 states |
| April |  |  | FFL Partners has recapitalized Perlman Clinic, a 16-location & 100+ provider primary care practice serving Southern CA |

Provident In the News

MIDDLE MARKET Growth

"It's harder to take companies public right now, and sponsors are focusing on growth, which favors platform deals....We currently have about 50 platforms in value-based care, and they all have plenty of cash to put to work. There are also a number of large independent groups that are looking to expand through acquisitions."

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Dustin Thompson also spoke with Health Plan Weekly for the article "[Humana Doubles Down on Primary Care Clinic Investments](#)".

The insurer announced a partnership with private equity giant Welsh, Carson, Anderson & Stowe (WCAS) to expand its value-based, senior-focused primary care clinics. The deal will provide up to \$1.2 billion of additional capital for the development of approximately 100 new payer-agnostic clinics operated by Humana subsidiary CenterWell between 2023 and 2025.

Provident Industry Coverage Team

Dustin Thompson
Director
dthompson@providenthp.com
(617) 226-4267

Brendan Schroeder
Associate
bschroeder@providenthp.com
(617) 226-4292
www.providenthp.com