

Healthcare Services M&A Review: A Quarterly Update

Provident Healthcare Partners provides an overview of merger and acquisition activity in the healthcare services industry for the second quarter of 2022



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Q2 Market Update: Healthcare Services M&A Market Maintains Strong Activity Levels



Following the record-breaking deal volume seen in 2021, M&A activity and investor interest in the healthcare services space has continued at a consistent pace through Q2-2022. With the fallout from the Covid-19 pandemic finally setting in, the healthcare landscape has changed dramatically. The disruption of the pandemic affected various levels of the supply chain for provider-based services. These financial impacts are beginning to normalize while larger macro economic conditions are beginning to worsen. Fears of rising interest rates, high levels of inflation, and declining overall economic health have led to an initial decline in consolidation in the overall market.

When threats of a recession loom, investors tend to flock towards the more defensive sectors such as healthcare. Dollars invested in the healthcare services industry have remained elevated and the total number of private equity backed deals has stayed level over the course of 2022. Despite rising interest rates, valuations have remained consistent as the amount of private-equity dry powder and need to deploy capital has outweighed the constraints placed on the debt capital markets. Private equity investors and strategic acquirers continue to compete to pursue add-on and platform deals to capture increased market share in the highly fragmented sector. Provident's long-term outlook, despite near term challenges, is for substantial M&A activity in the healthcare sector this year.

Notable Market Healthcare Deals This Quarter

Healthcare Education	Mental Health	Dental	DME
<p>Has been acquired by</p>	<p>Has acquired</p>	<p>Has received an investment from</p>	<p>Has been recapitalized by</p>

Select Provident Q2-2022 Transaction

Specialty Pharmacy	Deal Notes
<p>Has been acquired by</p> <p>A portfolio company of</p>	<p>Announced in June 2022, Provident served as the exclusive financial advisor to Ganse Apothecary in its partnership with Terrapin Pharmacy, a portfolio company of WindRose Health Investors. Ganse Apothecary ("Ganse") is a Lancaster, Pennsylvania-based closed-door long-term care and specialty pharmacy that provides value-added distribution services to patients suffering from severe and persistent mental illness and intellectual and developmental disabilities (IDD).</p> <p>Terrapin Pharmacy is a closed-door specialized pharmacy that primarily serves individuals diagnosed with severe and persistent mental illnesses in the Mid-Atlantic region. The Company serves this population through high-touch distribution relationships with community-based behavioral health agencies and long-term care facilities, enabling improved medication adherence and care management for complex and costly patient populations.</p>
Pain Management	Deal Notes
<p>Has merged with</p> <p>A portfolio company of</p>	<p>Provident advised Relievus in its merger with Clearway Pain Solutions ("Clearway"), a portfolio company of NexPhase Capital ("NexPhase"). Clearway adds 44 providers and 21 locations through this transaction. Relievus expands Clearway's existing capacity and presence in the New Jersey and Pennsylvania area. Combined, the organization creates one of the largest interventional pain management practices in the United States.</p> <p>Clearway is a leading interventional pain management platform focused on relieving pain, restoring function, and improving quality of life. Clearway offers patients a comprehensive and integrated system for pain management solutions. As an end-to-end provider of a full-spectrum of interventional procedures, chiropractic services, physical therapy, massage therapy, and regenerative medicine.</p>

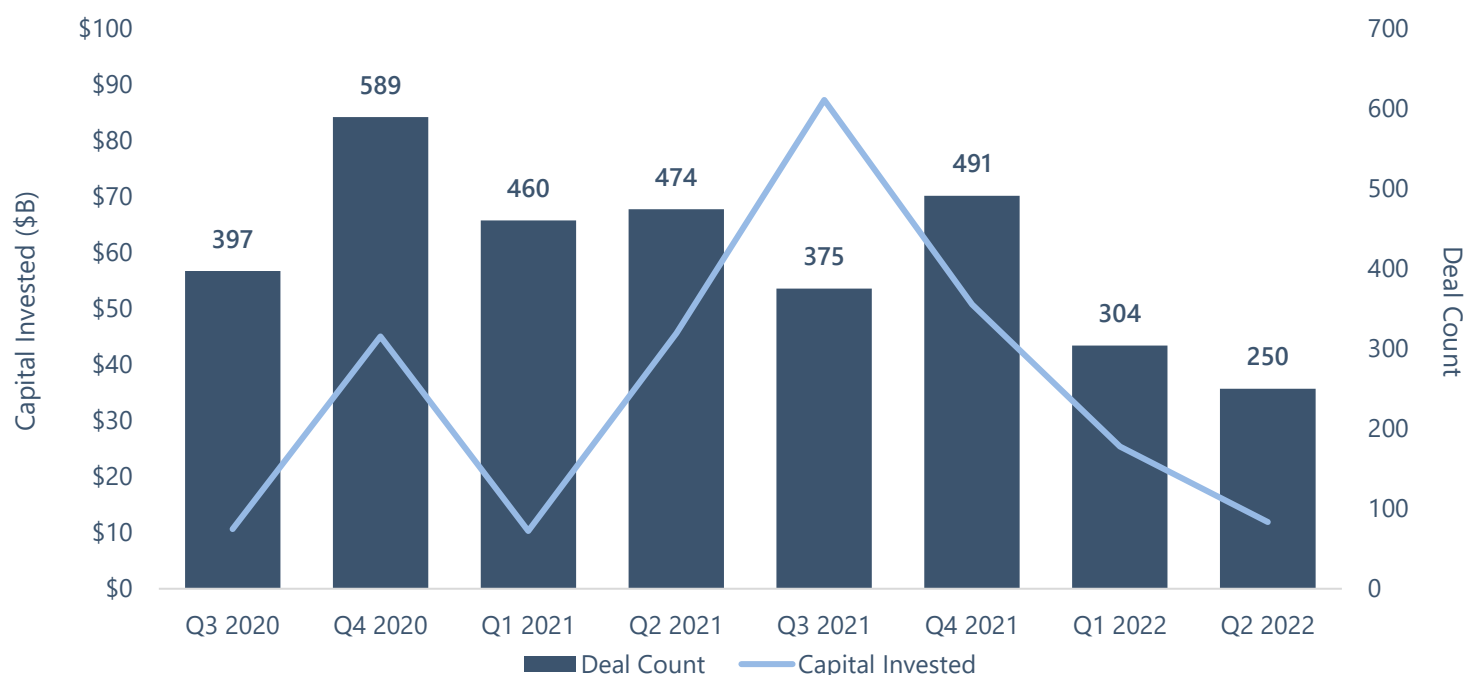
Recent News Articles & Webinars

- [Finding Value in Healthcare | Middle Market Growth](#)
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Healthcare M&A Deal Stratification

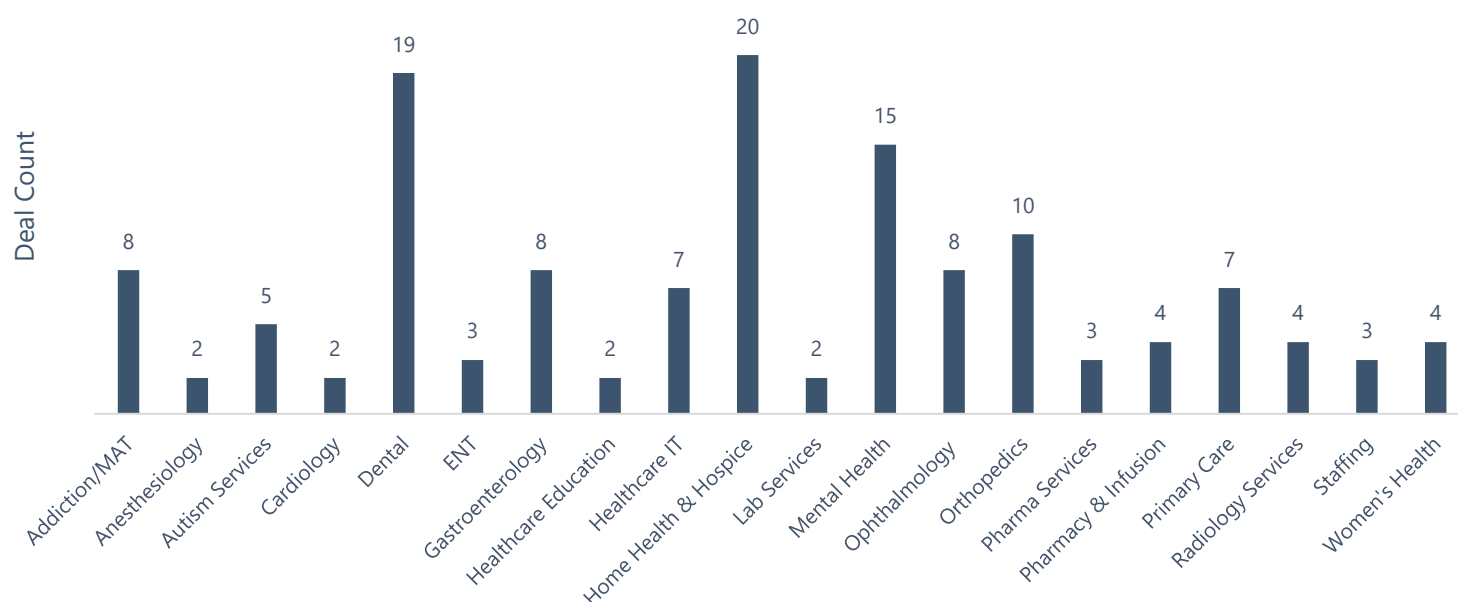
Healthcare services M&A activity has continued to stay strong following the record-breaking year, 2021. Private equity investments totaled 136 transactions, staying ahead of strategic investments totaling 114 transactions. Home health and hospice continues to lead sector-specific transaction activity with 20 deals. Followed closely by dental with 19 announced deals this quarter and then mental health seeing the largest growth over a quarterly period with 15 transactions compared to 8 in Q1.

Healthcare Services M&A Quarterly Deal Activity (Q2 2020 – Q1 2022)



Source: PitchBook Inc. sectors included in the deal count include healthcare services.

Healthcare Services Deal Count (Q2 2022)



Source: Pitchbook Data

Market Update

Transaction volume in the autism service space, which was characterized by one platform creation and two add-on investments, slowed as compared to deal volume in Q1-2022. While it appears the accelerated transaction activity in 2018 and 2019 may have normalized, the combination of outsized demand for services and nationwide insurance coverage should fuel growth and outside investment for years to come. Faced with COVID-induced labor and staffing challenges, it appears private equity backed platforms placed less of an emphasis on M&A growth, and instead refocused efforts on maintaining corporate culture, streamlining operations, and enhancing approaches to recruiting and retention. Still, transaction activity should continue to be a meaningful driver of growth in the space, represented by investors looking to bring needed capital and strategic efficiencies to the sector.

For example, Enhanced Healthcare Partners (“EHP”) announced its investment in Howard J. Chudler & Associates (“HCA”), a behavioral therapy provider headquartered in Southern California. EHP plans to enhance HCA’s corporate infrastructure and strengthen its urgent care services, both to better serve and empower those living with autism services disorders. Furthermore, companies with tangential service lines continue to acquire ABA therapy providers to build integrative care models. In April, Waud Capital Partners-backed Ivy Rehab announced its partnership with Coastal Behavioral Consulting, a pediatric-focused ABA provider in Virginia. The acquisition enhances Ivy Rehab’s behavioral care services, who specializes in physical therapy treatment out of 391 clinics.

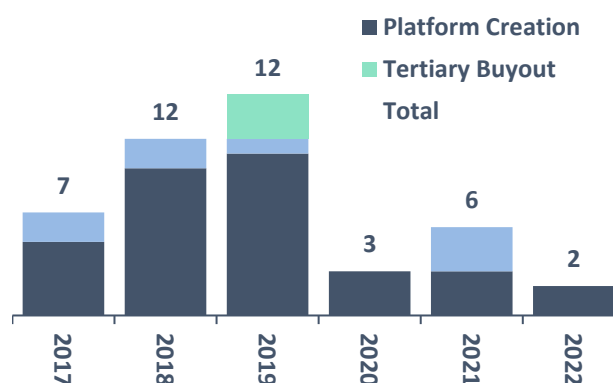
Select Transactions⁽¹⁾

Date	Acquirer	Target	Financial Sponsor
May-22	HealthPRO Heritage	Alternatives ABA	Wellspring Capital Management
May-22	Enhanced Healthcare Partners	Howard J. Chudler & Associates	n/a
Apr-22	Ivy Rehab	Coastal Behavioral Consulting	Waud Capital Partners

Transaction Volume by Acquire Type⁽¹⁾



Platform Transaction Activity⁽¹⁾



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White Paper

[An Update on Investment
& Consolidation in Autism
Services](#)

⁽¹⁾ Transaction statistics based on research completed by Provident; excludes non-publicly available transactions

Q2-2022 Dental Services Update

Market Update

Despite rising interest rates and conditions in the public markets, DSO transaction activity has remained strong in Q2-2022. Private equity firms and DSOs continued to invest in the space through both small practice partnerships and large DSO exits.

The continued investor interest across the broad DSO market highlights the perceived resilience of dental services in times of economic distress. Provident anticipates that premium, high-quality dental groups will continue to see strong valuations, however less attractive DSOs may experience more scrutiny from investors. Mubadala, Western Dental, and Heartland's large-scale investments into the sector show that both equity and debt investors anticipate stability and growth within dentistry.

In addition to the influx of large-scale general DSO transactions, specialty dental investment has also continued to increase. In Q2-2022, private equity firm BPOC formed a new orthodontic-focused DSO, ONCAP formed a specialty DSO, and Specialty1 Partners partnered with a large periodontal group.

Overall, Provident expects the diversified DSO market to remain competitive and well-funded for high-quality groups.

Significant Transactions



Has been formed by





Has received an investment from





Has been acquired by





Have partnered with



Select Transactions

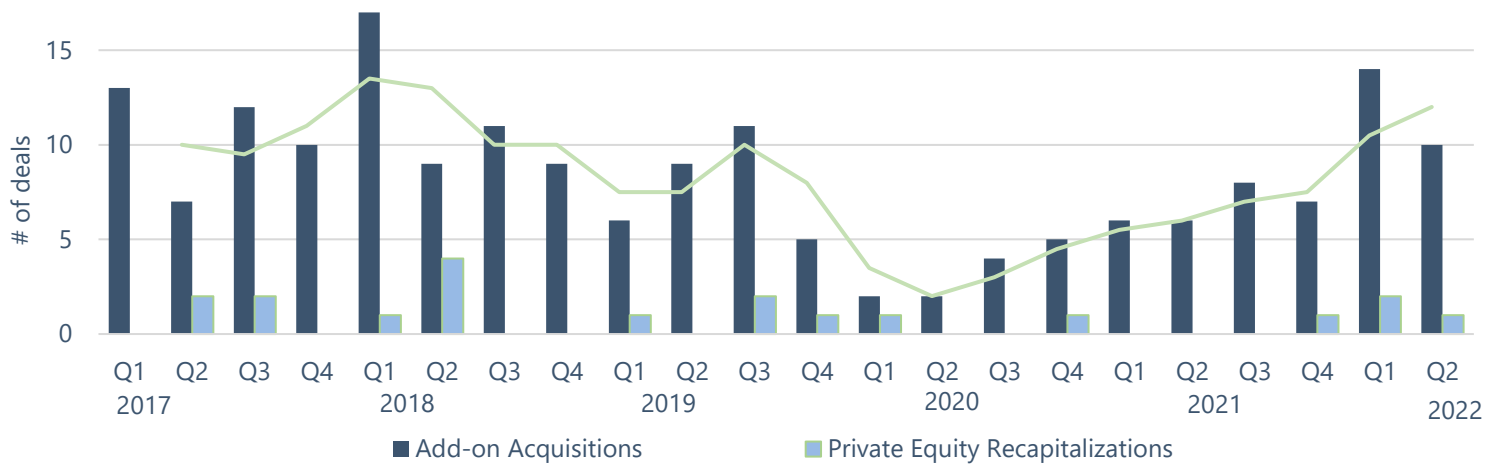
Month	Target	Investor(s)	Locations	Geography
April	Dental Excellence Partners	Onsite Dental	24	Southeast
April	Capitol Periodontal Group	Specialty1 Partners	5	California
May	Bond Ortho	Beecken Petty O'Keefe & Company	n/a	West
May	Dental Care Alliance	Mubadala	380	National
May	Mid-Atlantic Dental Partners	Western Dental	215	National
June	Ideal Dental Management Partners	ONCAP	28	West
July	123Dentist & Altima Dental	Heartland Dental	350	Canada

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Q2-2022 Dermatology Update

Market Update



Dermatology deal activity continued its rebound towards 2018 and 2019 levels after a relatively slow 2020 and 2021, primarily driven by strategic add on transactions and secondary buyouts. The quarter saw several notable transactions that will have a meaningful impact on the dermatology space, particularly, as it relates to M&A. One such deal was Sheridan Capital's exit of Dermatologists of Central States (DOCS) to private equity firm SkyKnight Capital, the third secondary transaction in as many quarters. Another landmark deal occurring this quarter was the merger between West Dermatology and Platinum Dermatology Partners, two sizable, regional platforms spanning multiple states and over 100 providers. Provident expects transaction volume and valuations to remain elevated but is tracking macroeconomic factors that may ultimately impact dealmaking in the quarters to come.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
June	Advanced Dermatology and Cosmetic Surgery	Esterson Dermatology	1	3	MD
June	West Dermatology	Platinum Dermatology Partners	64	100+	AZ, CA, NV
June	SkyKnight Capital	Dermatologists of Central States	77	180	IL, IN, MI, NC, OH, PA, WV
May	Dermatology Specialists of Georgia	Atlanta Dermatology and Laser Surgery	1	4	GA
May	DermCare Management	Berman Skin Institute, Lasky Skin Center, and Westchester Dermatology	13	42	CA
April	Pinnacle Dermatology	Dermatology Physicians Group	1	5	IL
April	Olansky Dermatology Associates	Georgia Dermatology Center	1	5	GA
April	Advanced Dermatology and Cosmetic Surgery	Maragh Dermatology, Surgery, and Vein Institute	3	9	MD, VA

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Upcoming Conference

Members of the Provident Healthcare Partners dermatology coverage team will be attending the AAD conference in March 2023

Q2-2022 Durable Medical Equipment (DME) Update

Market Update

Despite an uncertain macroeconomic environment, recessionary fears, and the impact of rising interest rates, M&A activity in the DME space continued at a strong pace in Q2 2022, with several new private equity platform and meaningful add-on acquisitions completed. Investors remain attracted to the long-term tailwinds driving growth in the space such as an aging population, a normalizing supply chain, and steady reimbursement environment.

Sellers seeking M&A opportunities to either exit their ownership positions or find a strategic partner to drive growth are positioned to benefit from this continued investor interest and a growing community of well-financed, growth-oriented buyers.

Notable Transaction











June 2022

SG Homecare, leading provider of durable medical equipment, prosthetics, orthotics, and supplies ("DMEPOS") to home-based patients throughout the California market, received a strategic investment from private equity sponsor Sverica Capital Management.

The Company has established itself as a leading provider of DMEPOS and is differentiated through its use of capitated contracts to serve payors and other risk-bearing provider groups, creating a significant first-mover advantage to position SG Homecare to benefit from VBC tailwinds in the DME space.

Select Transactions:

Month	Acquirer	Target	Deal Description
June			Quipt Home Medical (NAS: QIPT), a provider of home respiratory and mobility equipment, has acquired Louisiana-based Access Respiratory Homecare. The acquisition adds a reported \$6.5M revenue and \$1.3M EBITDA to Quipt's fast growing financial profile after a string of recent acquisitions. Quipt's footprint now spans 19 states.
May		 & the Hospice Assets of Consolidated Surgical Supply & PPD Homecare	Central Medical Supply, a portfolio company of Osceola Capital Management focused on outsourced equipment management to the hospice industry, completed three acquisitions across the home care and equipment management space. The three tuck-ins are all focused in the Northeast, deepening Central Medical's footprint in a core geography and providing additional scale in the region.
May			Sedgwick, a provider of tech-enabled risk, benefits and other solutions targeting the workers' comp market has acquired Orchid Medical, an Orlando, Fla.-based provider of medical management solutions, including DME, supplies, and orthotics & prosthetics. The acquisition grows Sedgwick's ancillary care network which provides DME, transportation, translation, home health, and other services to the workers' comp patients it services.
April			Lifeway Mobility, a homecare accessibility solutions provider backed by private equity sponsor Cressey & Company, has acquired Accessible Systems, Inc. (ASI). The combined entity will provide home access services to a significantly broader geographic footprint, as ASI offers direct entry into six new states including Colorado, Utah, and Texas, growing Lifeway's footprint to 22 total states.

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Q2-2022 Emergency Medical Services Update

Market Update

Transaction activity within the Emergency Medical Services (“EMS”) sector was driven by a robust number of urgent care acquisitions in the second quarter of 2022. Five select transactions are shown below illustrating the sustained demand for urgent care through the early part of 2022. This sector has remained an important piece of consumer healthcare decision-making, providing patients with a more cost-effective and convenient alternative as opposed to primary care.

Select Transactions:

Month	Acquirer	Target	States	Description
Urgent Care				
June	UrgentMED Network	Urgent Care 3D	CA	In their June acquisition of Urgent Care 3D, UrgentMED expanded its service area to San Diego and strengthened its existing market share in Orange County
June	WellNow Urgent Care	Primary Urgent Care	NY	In WellNow’s acquisition of Primary Urgent Care, the group made their first expansion into the Northeast market adding two upstate NY urgent care clinics
May	Piedmont Urgent Care by WellStreet	SmartCare Medical Group	GA	The joint venture between Piedmont Urgent Care and WellStreet acquired SmartCare in May, adding 10 new locations to their Atlanta-based urgent care portfolio
April	HCA Virginia	BetterMed Urgent Care	NC, VA	Under its parent organization, HCA Healthcare, HCA Virginia acquired BetterMed’s 12 urgent care centers based out of Richmond, Fredericksburg, and Charlotte
April	Xpress Wellness Urgent Care	Integrity Urgent Care	TX	Xpress Wellness Urgent Care, a portfolio company of Latticework Capital Management, announced the addition of 10 urgent care clinics across Central Texas in its acquisition of Integrity Urgent Care

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Q2-2022 Gastroenterology Update

Market Update

The Gastroenterology space continued to exhibit high M&A traffic with sustained private equity attention in the second quarter of 2022. Platforms backed by private equity capital such as GI Alliance, Allied Digestive Health, and Gastro Health continue to execute on inorganic growth initiatives and expand into new geographies. All three platforms completed two acquisitions over the course of the quarter and are poised to continue building market share with added locations. Provident expects continued interest for add-on deals, and it is expected that the industry will see another couple secondary transactions over the next 12 months.

Provident Transaction Spotlight:



GI Alliance, a portfolio company of Waud Capital, partnered with Digestive Health Specialists, a Kansas City and Missouri leading provider with 28 physicians. DHS will provide GIA with a strong entry opportunity into the fragmented Kansas and Missouri markets.



Provident also advised Gastroenterology Consultants in its partnership with GI Alliance. The transaction adds nine experienced providers to the GI Alliance team, expanding its presence in the Houston market to 10 total locations.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
May	GI Alliance	Gastroenterology Consultants, PA ¹	9	6	TX
May	GI Alliance	Digestive Health Specialists ¹	28	10	MO
May	Allied Digestive Health	North Shore Gastroenterology	6	1	NY
May	Allied Digestive Health	Digestive Disease Center of New Jersey	5	2	NJ
April	Gastro Health	Goldberg, Rosenstein, Khan & Forman, M.D., P.A.	4	1	MD
April	Gastro Health	Tri-Cities Endoscopy Center, LLC	1	1	WA

(1) Provident served as exclusive financial advisor

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Q2 2022 Healthcare Education Update

Market Update

The healthcare education sector underwent an active quarter of consolidation with over seven total transactions across a number of subverticals, with tech-enabled solutions emerging as the most sought after segment. Non-clinical training experienced significant activity from both private equity and strategic partners as well. The Riverside Company's platform, Red Nucleus, completed two add-ons in addition to the acquisitions of Clinician Nexus and Sedona Learning Solutions by large strategic players. Given the sector's prevailing tailwinds, Provident expects healthcare education M&A to sustain throughout the remainder of 2022.

Notable Transaction



In June 2022, Sedona Learning Solutions, a premier provider of EHR training services, was acquired by software platform, Harris Healthcare joining the business' IT consulting arm, iatricSystems. The transaction highlights the increasing importance of non-clinical training to healthcare organizations, where investors recognize the value in optimizing provider use of increasingly popular digital tools to enhance patient care and outcomes.

Select Transactions

Date	Target	Acquirer	Sponsor/Ticker	Deal Description
June	Sarah Michelle NP Reviews	Blueprint Test Preparation	New Harbor Capital	Blueprint's acquisition of Sarah Michelle NP Reviews expands its portfolio of exam preparation businesses amid high demand for nurse practitioners
June	Clinician Nexus	SullivanCotter	N/A	SullivanCotter seeks to grow its technology talent pool with the addition of Clinical Nexus, a clinical workforce technology designed to manage healthcare students in clinical training
June	Sedona Learning Solutions	Harris Healthcare	Constellation Software (TSE: CSU)	EHR training provider Sedona will join iatricSystems, a Harris Healthcare company focused on healthcare IT consulting for healthcare organizations
May	CloudCME	HealthStream	NASDAQ: HSTM	HealthStream has purchased the remaining equity in CloudCME following its initial 2019 investment, solidifying its commitment to the CME space
May	SimforHealth	SFP Expansion Group	Capital Export & Naxicap Partners	Following eight similar transactions, SFP's acquisition of SimforHealth comes as the group seeks to expand within the European and North American markets
May	Actando	Red Nucleus Solutions	The Riverside Company	Red Nucleus' acquisition of Actando strengthens its suite of immersive learning experiences and reinforces its global presence
April	Yukon Training	Red Nucleus Solutions	The Riverside Company	The addition of Yukon will bolster Red Nucleus' comprehensive service offerings with content development and educational services for the biopharma and medical device industries

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Q2-2022 Healthcare IT Update

Market Update

Healthcare IT has continued to be one of the most active sectors across healthcare services in terms of M&A activity as investors seek to align with businesses offering population health, analytics, and other solutions to support provider groups. The healthcare IT space stands to further benefit as providers continue to invest in their operational capabilities and technology infrastructure to position their organizations for a shift towards value-based care.




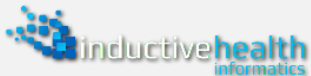














Provident in the News: Dustin Thompson was quoted in Middle Market Growth "[Finding Value in Healthcare](#)" which discussed the increased attention investors have been placing on opportunities within the value-based care and healthcare IT verticals.

HCIT Public Comparable Multiples

Select Public Healthcare IT Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
 Allscripts™	\$14.82	\$1.51B	\$135.81M	1.37x	5.98x
 evolent HEALTH	\$33.50	\$989M	\$28.58M	3.02x	51.55x
 Teladoc HEALTH™	\$42.06	\$2.14B	\$(7.71)M	2.97x	N/A

As of 7/7/2022

Select Transactions:

Month	Acquirer	Target	Target:	
			Business Segment	Headquarters
June	 HEALTHMARK GROUP	 Acton Treating Information with Care	Consumer Health Engagement	Chelsea, AL
June	 DIVERSIS CAPITAL	 Inductive health informatics	Analytics and Business Intelligence	Atlanta, GA
June	 ORACLE	 Cerner™	Analytics and Business Intelligence	North Kansas City, MO
June	 BainCapital	 LeanTaaS	Digital Information Systems	Santa Clara, CA
May	 reveleer	 DYNAMIC HEALTHCARE SYSTEMS	Consumer Health Engagement	Santa Ana, CA
May	 CIVICA	 MOMENTUM HEALTHWARE™	Digital Information Systems	Winnipeg, Canada
April	 Netsmart	 TheraOffice®	Digital Information Systems	Westmont, IL
April	 COSENTUS REVENUE CYCLE MANAGEMENT	 SyMed CORPORATION	Revenue Cycle Management	Napa, CA
April	 NUTEX HEALTH	 CLINIGENCE HEALTH	Analytics and Business Intelligence	Fort Lauderdale, FL

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Q2-2022 Healthcare Staffing Update

Market Update

In Q2 2022, the healthcare staffing sector remained strong as nurse shortages continue to be evident across different end markets. The \$34.7 billion healthcare staffing market has a projected CAGR of 5.6% from 2022-2030, respectively. According to the Bureau of Labor Statistics, around 500,000 are projected to retire of the next few years, further applying pressure to backfilling a pipeline that has limited nurse professors in school and university settings. There have been notable add on acquisitions during Q2 as large staffing companies look to diversify service offerings and increase market share. Medical Solutions acquired Matchwell to enhance its staffing model with a SaaS based solution. Additionally, locums is poised to witness high growth as healthcare systems look for cost-effective ways to hire employees. Evidence of this is ARR Healthcare acquiring Enterprise Medical Recruiting.

Select Transactions

Month	Acquirer	Target	Deal Description
July			Medical Solutions, one of the nation's largest providers of healthcare workforce solutions, acquired Matchwell. Matchwell uses a SaaS solution to match licensed staff with healthcare organizations from hospitals to assisted living facilities. The acquisition expands Medical Solutions' current portfolio of service offerings and bolsters the company's total workforce solutions model.
June			ARR Healthcare Inc., a Dallas-based healthcare staffing provider and parent company of locum tenens company Alliance Recruiting Resources Inc., acquired Enterprise Medical Recruiting.
May			AMN Healthcare (NYSE: AMN), the nations leading healthcare talent solutions company, has acquired Connetics USA, an international nurse recruitment company. With the addition of Connetics USA, AMN expands its international footprint.
May			ERx, a physician-owned practice management and staffing company specializing in providing services to rural and community hospitals, merged with Acute Care Inc., a physician-owned emergency medicine staffing company.
April			Igenovis Health Inc., a healthcare workforce solutions company backed by PE firms Cornell Capital and Trilantic North America, acquired VISTA Staffing Solutions from Envision Physician Services. VISTA is a leading locum tenens healthcare staffing company.

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Q2-2022 Home Health & Hospice Update

Market Update

Following a record year for M&A activity in the home health and hospice sector, investor appetite continues to remain strong. Not surprisingly, transaction activity has trended lower compared to 2021, but overall, home health and hospice M&A activity still outpaces the broader market.

This June, CMS released its FY 2023 proposed payment rule reflecting a 4.2% decline in Medicare payments to home health agencies. Advocates continue to battle the concerning rate cut and CMS is expected to make a final decision on the proposed rule in November. In the interim, Provident expects to see a slowdown in home health M&A activity until the financial implications of the proposed payment rule are certain. Given the continued interest in the broader post-acute care sector, it is likely that transaction volume will pivot towards hospice, Medicaid home care, and private duty home care in Q3 of 2022.

Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/Rev	EV/EBITDA
Addus HomeCare	\$84.10	\$885	\$98	1.79x	16.09x
Amedisys, Inc.	\$109.74	\$2,222	\$330	1.97x	13.28x
LHC Group Inc.	\$156.20	\$2,266	\$324	2.62x	18.32x
Enhabit	\$24.00	\$1,110	\$197	0.91x	5.12x

Share price as of 6/30/2022

Revenue / EBITDA in millions

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
May	Agape Care Group	Hospice of the Carolina Foothills	1	NC	Agape Care Group continued its expansion strategy in North Carolina with the acquisition of Hospice of the Carolina Foothills.
May	HouseWorks	Greater Boston Home Health Care Services	1	MA	HouseWorks completed its acquisition of Greater Boston Home Health Care Services expanding its footprint to include Cape Cod, Martha's Vineyard and additional areas in the South Shore.
April	Clayton, Dubilier & Rice ("CD&R")	Kindred at Home	4	Nationwide	CD&R signed a definitive agreement to acquire a majority interest in the Hospice and Personal Care divisions of Humana's Kindred at Home subsidiary. Humana will divest 60% interest in KAH for \$2.8 billion, reflecting an enterprise valuation of \$3.4 billion and a multiple of approximately 12x adjusted EBITDA.
April	Bristol	Hospice Select	1	TX	Bristol acquired Texas-based Hospice Select, its 16 th completed acquisition since partnering with Webster in 2017.
April	Help at Home	Edison Home Health and Preferred Home Care	2	NY	Help at Home acquired two New York based home care agencies, Edison Home Health and Preferred Home Care. Together the acquisitions added a combined 10,500 clients and 12,000 employees to the Help at Home platform.

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Upcoming Conference

Members of the Provident Healthcare Partners Post-acute care team will be attending the NAHC Financial Management Conference in Las Vegas, Nevada in July 2022.

Q2-2022 Laboratory & Diagnostic Services Update

Market Update

Deal volume remains steady in the laboratory and diagnostics services sector. There is an increasing demand for high-quality diagnostic testing assets that provide diverse or novel testing solutions for healthcare providers. Clinical laboratories are continuing to garner significant interest from strategic consolidators as COVID-19 testing volume has remained critical to support the return-to-work movement. Despite a prevailing movement of insourcing testing and diagnostic capabilities, private equity is continuing to invest in independent laboratories. Evidence of this is GTCR's acquisition of PathGroup. GTCR made the strategic investment with the hope of expanding PathGroup's customer base to serve a wider array of physicians and further develop the groups' presence in the Texas market.













Looking ahead, Provident anticipates that deal volume will remain high as large healthcare systems continue to acquire laboratory and diagnostic-specific companies to strengthen their testing capabilities. Smaller companies will continue to benefit from increased capital to fuel organic growth.

Lab and Dx Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	27.4B	15.9B	3.9B	1.73x	7.09x
Quest	DGX	19.7B	10.9B	2.8B	1.85x	7.19x
Eurofins	ERFSF	17.2B	7.9B	2.2B	2.17x	7.71x
Hologic	HOLX	18.3B	5.4B	2.5B	3.40x	7.30x
Exact Sciences	EXAS	9.3B	1.9B	- 494.8M	5.06x	n/a

* All metrics are TTM basis as of July 7, 2022, Pitchbook.com

Select Transactions

Month	Acquirer	Target	Deal Description
June			Hassman Research, a provider of clinical research services focused on the central nervous system, was acquired by CenExel Clinical Research, via its financial sponsor BlackRock Management Group and Webster Equity Partners.
June			Bio-Test Laboratory provides radiology services in addition to other support services like house calls and specimen collection. The acquisition bolsters Switch Health's laboratory processing facilities.
May			Peninsula Research Associates, a provider of clinical research services for the pharmaceutical industry, was acquired by Headlands research, via its financial sponsor KKR. The acquisition improves Headlands' research capabilities in the allergy and asthma areas.
May			AtlantiCare is the largest Atlantic County healthcare system designed to offer a broad array of patient services. The Diagnostic Clinical Laboratory Services of AtlantiCare were acquired by Laboratory Corporation of America. The acquisition helps LabCorp expand services to patients and providers in southern New Jersey.
May			GTCR, a leading private equity firm, has made a majority investment in PathGroup Holdings LLC. PathGroup is one of the largest independent laboratories in the US, providing anatomic pathology and clinical testing services across the Southeast and Midwest. GTCR's investment will support the PathGroup management team as the company continues to grow.
April			Tennessee Blood Services collects whole blood and blood products for diagnostic use by manufacturers and research facilities. The company was acquired by BioIVT, a leading provider of biospecimens.

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Dx Services Whitepaper

[Provident Perspectives:
Investment & Consolidation in the
Clinical Diagnostics Industry](#)

Q2-2022 Mental Health & Addiction Treatment Update



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.

Notable Transaction



- 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

Provident Industry Coverage Team

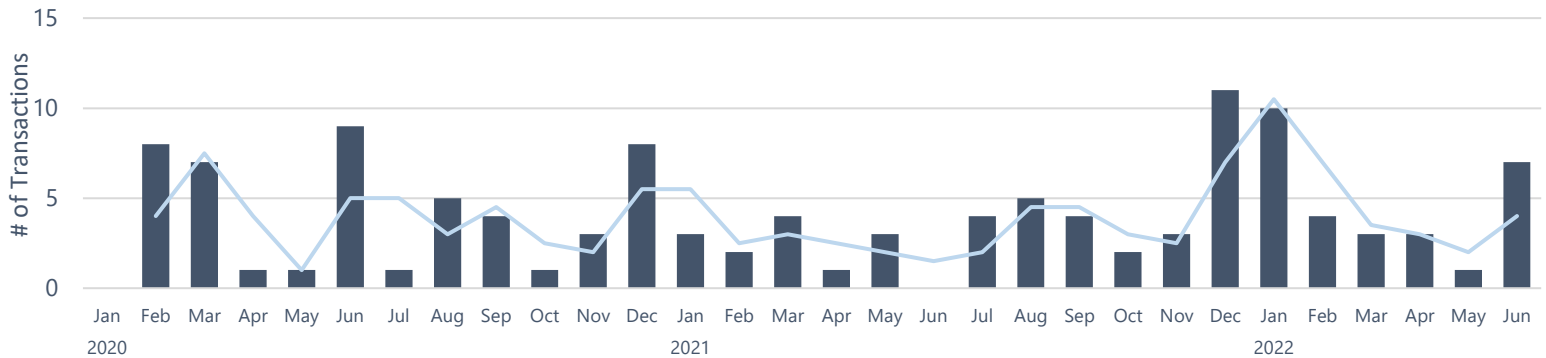
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Q2-2022 Ophthalmology Update

Market Update



The ophthalmology space continues to be one of the most active specialties within physician services as macroeconomic concerns have, so far, done very little to slow the pace of dealmaking within the sector. In addition to a slew of strategic add on transactions, the quarter also saw a new private equity firm invest into the space by way of Vision Innovation Partners (VIP), a platform formerly backed by Centre Partners. With over 60% of platforms at least four years into their investment, Provident expects secondary buyouts, similar to the VIP transaction, to play a large role in consolidating a very fragmented space. While multiple PE-backed platforms have launched marketing processes of their own, Provident is tracking macroeconomic and inflationary conditions which may ultimately impact the timing on some of those processes.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
June	VSP Ventures	Dr. Scheffel's Eye Care Center	1	2	CA
June	VSP Ventures	Mountain Eye Optometry and Contact Lens Clinic	1	4	CA
June	Midwest Vision Partners	Spectrum Eye Institute	2	6	IL
June	Midwest Vision Partners	Lee Eye Center	3	5	OH, PA, WV
June	Prism Vision Group	South Jersey Eye Physicians	3	10	NJ
May	Sunvera Group	Laser Eye Care Center	1	1	MI
April	Gryphon Investors	Vision Innovation Partners	74	140+	DC, MD, PA, VA
April	Sunvera Group	Wilkinson Eye Center	2	5	MI
April	Retina Consultants of America	Gulf Coast Retina Associates	1	1	FL

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Upcoming Conference

Members of the Provident Healthcare Partners vision care coverage team will be attending the AAO conference in Chicago in September.

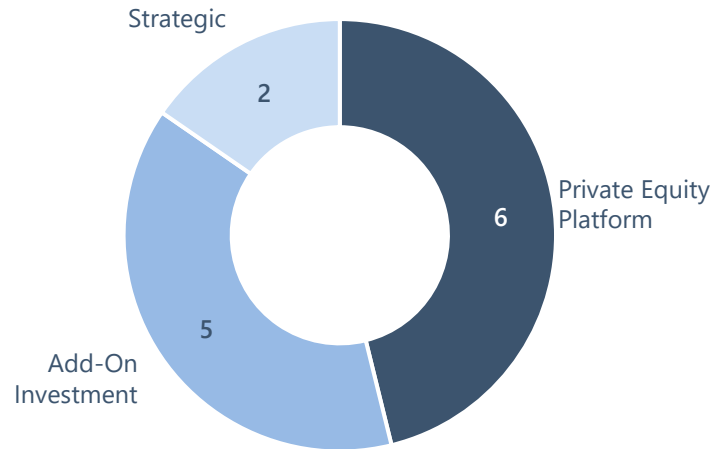
Q2-2022 Payor Services Update

Market Update

M&A activity in the Payor Services sector maintained a steady pace through the second quarter of 2022. Four transactions closed in Q2, and total 2022 closed transactions through quarter end totals 13, positioning deal volume to outpace prior years.

In May, Centene announced it plans to sell its two pharmacy benefit management companies, PANTHERx Rare and Magellan Rx. These two companies were acquired in December 2020 and January 2022, respectively. PANTHERx's sale is complete, and Magellan is expected to complete its sale to Prime Therapeutics within the year. Centene plans to use the funds from the sale to repurchase stock and reduce its debt. The divestiture of Centene's PBM businesses coincide with increased scrutiny from the US Government, notably an FTC inquiry, on the business practices of PBMs, and Florida Governor Ron DeSantis' executive order aimed to add transparency surrounding the cost of prescription drugs influenced by PBMs.

Transaction Types (YTD)



Select Transactions:

Month	Acquirer	Sponsor (if applicable)	Target	Target Business Segment
June	SOFTHEON	n/a	NextHealth TECHNOLOGIES INSIGHTS THAT WORK	Cost Containment
June	CaseWorthy	STG SYMPHONY TECHNOLOGY GROUP	accessible SOLUTIONS	Case Management
June	OAK HC/FT	n/a	CAREBRIDGE	Case Management
May	NAUTIC VISTRIA GENERAL ATLANTIC	n/a	PANTHER RAREx	Cost Containment

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Payor Services White Paper

[Provident Perspectives:
Tailwinds Driving Investment in
Payor Services](#)

Q2-2022 Pharmaceutical Services Update

Market Update

Q2 2022 saw a slight slowdown in deal activity within the pharma services as a result of tighter regulation from the FTC as well as rising rates for borrowed capital. CRO's and CDMOs remain key areas for strategic and financial acquirers as they continue to focus on acquisitive growth. The patent cliff in 2025 is a large tailwind for continued M&A activity as many large pharmaceutical services companies (e.g., AbbVie, GSK, Novartis) will see loss of exclusivity on their prominent drugs such as Humira, Gilenya, and Benlysta. Under increased scrutiny from D.C. and the FTC, Provident expects the bulk of M&A activity to occur in the lower-middle-market with slight hold on larger consolidation in the near-term.

Select Transactions:

Month	Acquirer	Target	Target Focus	Target Geography
July	QHP Capital	Lexitas Pharma	CRO	North Carolina
July	AstraZeneca	TeneoTwo	Drug Discovery	Delaware
July	Cardinal Health	Bendcare	Consulting	Florida
June	CenExel Clinical Research	Hassman Research Institute	CRO	New Jersey
June	Asahi Kasei Bioprocess America, Inc.	Bionova Scientific	CDMO	California
June	New Mountain Capital	The Emmes Company	CRO	Maryland
June	Bristol Meyer Squibb	Turning Point Therapeutics	Drug Discovery	California
June	Revelation Pharma	Wedgewood Pharmacy	Drug Discovery	New Jersey
May	Novotech CRO	NCGS	CRO	South Carolina
May	Prime Therapeutics	Magellan Rx	Drug Delivery	Arizona
April	Pfizer	Zentalis Pharmaceuticals	Clinical Research	New York

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Q2-2022 Pharmacy & Infusion Services Update

Market Update

In Q2 2022, healthcare providers continue expanding upon their home infusion service lines as site-of-care strategies grow in importance. The COVID 19 pandemic increased demand for home-based care, boosting growth in the home infusion therapy sector. In response, there have been notable add-on transactions in the infusion sector. Evidence of this trend is Option Care Health acquiring Specialty Pharmacy Nursing Network. Option Care Health plans on using the investment to expand clinical resources and nursing services throughout the US. In April, CarepathRx, a provider of health-system pharmacy, announced a multi-year home infusion pharmacy partnership with Mount Sinai Health Systems. Looking ahead, Provident anticipates that deal flow will remain high as healthcare systems continue to invest in home infusion service lines.

Select Transactions

Month	Acquirer	Target	Pharmacy Sub-Sector	Deal Significance
May	OneroRX	Medley Pharmacy Inc.	Pharmacy Services	OneroRx Inc., a leader in integrated pharmacy services to patients in underserved markets, plans on acquiring Medley Pharmacy. Medley Pharmacy services patients in 7 Missouri counties with over 140 employees at 14 locations. The acquisition will expand OneroRx's business into a new market, the State of Missouri.
April	CareRx	Hogan Long-Term Care Pharmacy	LTC Pharmacy	CareRX, Canada's leading provider of pharmacy services to seniors in care communities, completed an acquisition of Hogan LTC Pharmacy, a LTC pharmacy serving over 700 residents. The acquisition provides CareRX with a pharmacy service model that is unique for their industry, enabling CareRX to provide their home partners with additional choices from a service delivery standpoint.
April	Option Care Health	Specialty Pharmacy Nursing Network (SPNN)	Infusion Therapy	SPNN, backed by private equity firm HealthEdge Investment Partners, was sold to Option Care Health, the largest independent provider of home and alternative site infusion services in the US. The acquisition will expand Option Care Health's clinical resources and access to a wide variety of important nursing services.

Provident Spotlight: HME News



Provident Managing Director Michael Patton, who leads the firm's coverage efforts in the Pharmacy & Home Infusion Services sectors, spoke with HME News to share insight on the M&A landscape recent market dynamics impacting operators in the space.

Read more here: [Health Systems 'Follow Patient' To Provide Home Infusion](#)

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Q2-2022 Physician Services Update

Market Update:

Physician services transactions have continued to close across a variety of subverticals despite recent macroeconomic headwinds. Provident anticipates strong M&A activity for physician deals in 2022, buoyed by activity in emerging specialties such as orthopedics and urology. Investors will continue to search for premium physician services assets and the competition will support the valuation levels seen over the last several years.

Select Transactions:

Anesthesia					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
April	Synergy Healthcare Partners	SoCal Anesthesia Solutions	30	4	CA

Orthopedics					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
June	Growth Orthopedics	Orthopedic Specialists of Austin	8	4	TX
June	Beacon Orthopedics	Ortho Neuro Management	27	10	OH
May	Physical Rehabilitation Network	Kinetix Advanced Physical Therapy	4	4	CA
April	Kohlberg & Company	Sports Medicine North	20	7	MA
April	Atlantic Street Capital	Shady grove Orthopedics	8	2	MD

Radiology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
June	Rezolut, LLC	Centrelake Imaging & Oncology	15	11	CA
May	Australia Future Fund	Advanced Radiology	18	38	IA, IL, WI

Urology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
June	U.S. Urology Partners	Florida Urology Center	7	5	FL

Women's Health / OBGYN					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
June	Global Premier Fertility	Reproductive Health and Wellness Center	16	1	CA
May	Texas Children's Hospital	Austin Perinatal Associates	60+	9	TX

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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."

[READ MORE HERE](#)



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.

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Q2-2022 Rehabilitation Update

Market Update

Favorable industry tailwinds, market fragmentation, and the recession resistant nature of the industry continue to drive investor interest in the rehabilitation sector. Following several active quarters of platform transaction activity, Q2 primarily consisted of bolt-on deals by existing consolidators in the space. The recent emphasis on strategic transactions is not, however, due to a lack of investor demand for new platform opportunities but rather a lack of sizable assets on the market.

Due to increased competition for deals and a shrinking number of independent platform opportunities available, Provident expects valuations to remain at elevated levels, despite some of the challenges in the macro economic environment.

Select Transactions

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
June	Physical Rehabilitation Network	Gillette Physical Therapy	1	WY	Physical Rehabilitation Network announced its entrance into the Wyoming market through the acquisition of Gillette Physical Therapy.
April	Netsmart	TheraOffice	1	Nationwide	Netsmart acquired EHR platform, TheraOffice, expanding its service capabilities to the outpatient rehabilitation market.
April	Fox Rehabilitation	Lessila Therapy	1	WI	Fox Rehabilitation acquired Lessila Therapy, a senior living focused physical, occupational, and speech-language therapy provider with over 40 clinicians.
March	H2 Health	Endeavor Physical Therapy	12	TX	H2 Health acquired Endeavour Rehab Center expanding its coverage in the greater Austin, Texas market. The acquisition adds 13 locations, more than doubling H2 Health's clinic count in Texas.
March	U.S. Physical Therapy ("USPH")	Madden and Gilbert Physical Therapy	6	PA	USPH acquired Madden and Gilbert Physical Therapy, a six-clinic physical therapy practice in South Central Pennsylvania. The purchase price for the 70% equity interest was approximately \$11.5 million. The practice generates more than \$7.5 million in annual revenue and has approximately 71,000 patient visits per year.

USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV/ Rev	EV/ EBITDA
U.S. Physical Therapy	\$97	3.57x	18.82x
Acadia Healthcare	\$536	3.45x	15.30x
Encompass Health	\$1,085	1.68x	8.09x
HCA	\$12,536	1.53x	7.27x

As of 6/30/2022

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Q2-2022 Veterinary Services Update

Market Update

The veterinary services space continues to exhibit consistent trends of consolidation driven by a sizeable and rapidly growing pet population. Recent M&A activity within the industry has been characterized by the acquisitions of single-site, multi-vet care centers and hospitals by large platforms or strategic consolidators. The second quarter of 2022 was no exception as several small providers were targets of private equity rollup initiatives. With access to freely deployable private capital, these platforms continue to acquire small industry participants as they chase national scale.

While the frequency of single-site add-on acquisitions has accelerated over the last few years, a recent large-scale add-on caught the attention of the Federal Trade Commission. National Veterinary Associates' June acquisition of SAGE Veterinary Centers resulted in the FTC ordering the group to divest several of its assets due to anti-competitive market share in certain regions. Although the deal was met by reluctance, Provident is confident that deal volume within veterinary space will sustain its growth on the heels of increased demand for veterinary services and rising pet ownership rates.

Notable Transaction



In late June, Rarebreed announced its acquisition of Vet's Best Friend. The Massachusetts based veterinary group adds 47 new clinics to the Rarebreed portfolio, now consisting of 71 total service centers. The acquisition cements Rarebreed as a dominant veterinary solutions provider along the East Coast, and as one of the largest groups in the nation. Rarebreed and Vet's Best Friend operate on highly aligned missions to provide superior financial and developmental support for the veterinarians and professionals that run their animal clinics and hospitals.

Since both veterinary groups were platforms for Revelstoke Capital Partners previously, the providers will mesh seamlessly under the Rarebreed umbrella as they work to streamline back-office and administrative functions. Provident expects the Rarebreed team to continually entertain single and multi-site add-on acquisition opportunities over the next several years to maintain its current positioning.

Select Transactions

Date	Target	Acquirer	Sponsor	Target HQ	Deal Description
June			Revelstoke Partners	MA	In an acquisition of Vet's Best Friend, Rarebreed gained an additional 47 clinics on the East Coast, making it one of the nation's largest veterinary platforms
June			JAB Holding Co.	CA	NVA's acquisition of SAGE Veterinary Services adds an additional 16 clinics to the group's 1,150 location arsenal, building market share along the West Coast and Texas while strengthening its emergency care capabilities
May			KKR	MI	PetVet's acquisition of Snider Veterinary Services expands the platform's Midwest presence with an additional veterinary hospital serviced by three DVMs (Doctor of Veterinary Medicine) in Michigan
May			N/A	CA	In acquiring Vet's Here, BetterVet made its largest corporate transaction to date, providing additional mobile veterinary care services Southern California

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Q2-2022 Private Equity Update

Commentary

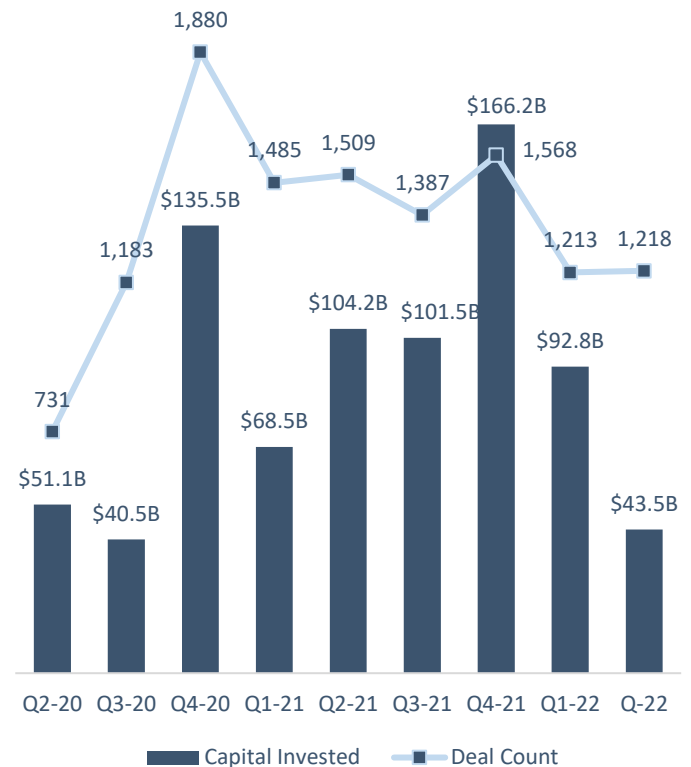
Transaction volume in Q2-22 dipped off once again from its recent highs to its lowest quarterly level in over 15 months. Private equity firms still hold an abundant amount of capital, but velocity in which funds are deploying capital has slowed. Overall, PE investors remain bullish across a variety of healthcare subsectors despite the ongoing threats of inflation, rising interest rates, and conflict in eastern Europe. Healthcare services companies are still considered a more defensible asset class than many other industries, making them typically more appealing during a recession than certain CPG assets, for example.

Most of the deal volume is still supported by roll-up / add-on transactions, which has been an ongoing effort by the services industries to consolidate still fragmented subsectors along the healthcare continuum. However, the spike in M&A deal volume in 2021 has also left many PE firms and PE-backed strategics figuring out how to optimize their integration of new services and products.

Some subsectors have remained resilient, specifically those that have multiple ancillary services (including ASCs), substantial growth potential, experienced VBC programs, and experienced management teams. Long-term care, hospice, home health, physician specialty practices, pharma services, and tech-enabled services, have all proven to be resilient.

Provident anticipates overall PE healthcare services M&A activity will likely remain steady but the market might see pockets of subsectors that will be impacted more than others throughout the rest of the year.

Private Equity Investment & Deal Count⁽¹⁾



Q2-2022 Healthcare Private Equity Quick Stats⁽¹⁾

Transactions
175+

Healthcare transaction volume dipped slightly again from 190+ in Q1-22 to 175+ in Q2-22. Competition tension between sponsors and strategics has kept valuations at elevated levels, but overall M&A activity is slowing. Inflation, rising interest rates, and the likelihood of a recession are all factors into the dip in M&A transactions.

PE Exits
55+

Several notable PE exits occurred in Q2-22 including Centre Partners' exit of Vision Innovation Partners to Gryphon Investors. Sun Capital also exited West Dermatology which was acquired by Platinum Dermatology Partners, via its financial sponsor Sterling Capital.

Investors
260+

The growing, diverse investor and acquirer base highlights how sectors across the healthcare spectrum remain active and ripe for consolidation. With a record number of private equity funds currently fundraising, the velocity of fundraising may be stressing LP allocations.

Capital Invested
\$8.4B

The drop in transaction volume also impacted the capital invested, dipping from the previous quarter. Private equity and corporate capital was once abundant and is now starting to shrink. Inflation, higher interest rates, and other market trends are factors contributing to the cash burn rate from smaller PE-backed companies.

Largest Deal
\$2.0B

Tivity Health, is a leading provider of health improvement, nutrition, fitness, and social engagement solutions at scale to improve clinical outcomes, reduce healthcare costs. Stone Point Capital acquired the asset through a \$2B public-to-private transaction.

Top Investors by Deal Count



Sources:
1. PitchBook Data as of 7/7/2022.

Q2-2022 Private Equity Update

Select Q2-2022 Transactions

Month	Acquirer / Investor	Target	Healthcare Vertical	Target Description
June	Platinum Dermatology / Sterling Partners	West Dermatology	Dermatology	A physician practice management company that operates dermatology clinics in Nevada, Arizona and California.
June	Capitol Pain Institute	Iron Path Capital	Interventional Pain Management	An IPM provider with clinics and surgical centers across Texas, Ohio, and Kentucky.
May	Pathways / Atar Capital	Psychological Assessment & Intervention Services	Behavioral Health	A provider of person-centered home and community-based services, including direct services and case management for individuals with developmental disabilities (IDD).
April	Gryphon Investors	Vision Innovation Partners	Eye Care	A provider of eye care services in the mid-Atlantic region.
April	GI Alliance / Waud Capital	Digestive Health Specialists & Gastro Consultants	Gastroenterology	Two GI providers in Kansas City (DHS) and Houston (GC). Both practices focus on providing best-in-class care to patients and will bolster GI Alliance's geographic footprint.

About Provident Healthcare Partners

Provident Healthcare Partners is a leading, independent healthcare investment bank specializing in mergers and acquisitions advisory, strategic planning, and capital formation services for middle-market and emerging growth companies, with extensive experience in both mature and developing areas of the healthcare services industry. Our sole focus on healthcare services gives us a deeper level of understanding of each sector that cannot be matched by a generalist firm.

Our mission is to consistently exceed the expectations of our clients by leveraging superior strategic thinking, unmatched knowledge of the healthcare industry, and decades of healthcare transaction advisory experience.

With a bi-coastal presence and national coverage, 28 investment banking professionals and over \$4.5B in TEV to date, Provident devotes a team of seasoned professionals to every transaction to ensure an efficient and successful close.

23+

Years of Healthcare Investment Banking

165+

Healthcare Deals Closed

75+

Physician Deals Closed Since 2014

28

Investment Banking Professionals

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Concluding Thoughts

Healthcare services M&A activity in Q2 2022 followed several consistent trends from 2021. Year-to-date activity totals over 550 closed transactions representing more than \$36 billion in invested capital. Recovery from the pandemic, technological advancements, and evolving reimbursement models drive consolidation for both physician practices and other healthcare services.

Home health continues to lead the number of closed transactions this year as a result of highly acquisitive private-equity backed platforms in the space and the increased demand for quality talent. Provident anticipates continued add-on activity as well as successful exits by these expanding platforms throughout the year.

Other healthcare services sub-sectors such as dental practice management and behavioral healthcare are also experiencing rapid consolidation as healthcare strategies are shifting toward more patient-centric and value-based care models. Both the DSO market and behavioral health sectors saw increased deal activity compared to the same period in 2021 as investors are looking to buy-in to the expanding sectors despite worsening macro-level trends. Provident expects accelerated growth in these sectors for the next several quarters as an increasingly diverse set of investors compete for market share.

As fears of a recession loom, investors turned towards safer more secure assets to curb potential downside risk. While public markets are subject to overall economic factors, private equity retains a modicum of protection. This, paired with the fact private equity on average outperforms the market over any period, leads Provident to believe there will be a significant pick up in fundraising over the coming months.

Following the record-breaking deal flow of 2021, the first quarter of 2022 cooled but does not indicate a decrease in investor commitment to the sector. While investment volume

tapered slightly, Q2 2022 showed that impending macroeconomic factors such as interest rate hikes, high levels of inflation, and politic turmoil, could not substantially slow overall deal count. Provident expects investors to spend more time and resources evaluating assets in the healthcare services sector over the remainder of 2022.



Provident is the leading investment banking firm offering mergers and acquisition advisory services for high growth, middle market companies in the healthcare industry.

The firm has a vast network of senior industry relationships, a thorough knowledge of market sectors and specialties, and unsurpassed experience and insight into the investment banking process.

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