

Q3-2022 Mental Health & Addiction Treatment Update

Market Update

The mental health and addiction treatment sector has demonstrated a slowdown in deal activity throughout Q3 2022, in line with most other healthcare sectors. Even though volume has been down, private equity-backed companies remain interested in growing via M&A and will drive more dealmaking into the fourth quarter. New legislation at the federal, state, and local levels has provided more funding to support behavioral healthcare treatment, which has increased investor interest as well.

Sellers seeking M&A opportunities are well positioned to reap the benefits of steady consolidation within the space as competition for add-ons continues to heat up.

Select Transactions:

Notable Transaction



August 2022

Revelstoke Capital Partners, a Denver-based private equity firm, acquired Monte Nido & Affiliates, an eating disorder treatment provider with 45 facilities across 15 states.

Revelstoke's platform investment comes at a critical juncture as the United States' overall mental healthcare requirements and demand for eating disorder therapies continue to rise. Revelstoke will assist in growing Monte Nido's footprint and service offerings.

Addiction Treatment Transactions

Month	Acquirer	Target	Deal Description
September			Pathway Healthcare, now with 18 outpatient locations across 6 states, has acquired Innovation360, based in Dallas, Texas. The acquisition bolsters Pathway's online counseling program.
August			Discovery Behavioral Health, Inc., an expanding network of evidence-based mental health, substance use and eating disorder treatment centers, has acquired Brookdale Premiere Addiction Recovery, a 110-bed residential treatment center in Scotrun, PA,
July			Brightview Health has acquired Column Health a provider of virtual and in-person medication-assisted treatment and psychotherapy services to about 2,200 patients and operates 11 locations
July			Spero Health, a leading national outpatient addiction treatment company, has acquired My Turning Point, a Kentucky-based addiction treatment company with 4 clinic locations.

Mental Health Transactions

Month	Acquirer	Target	Deal Description
September			ARC Health, a Thurston Group portfolio company, has announced the acquisition of Southeast Psych, a premier mental health provider group with two locations in Charlotte, NC, and one in Nashville, TN
September			MindCare Solutions Group Inc. acquired telehealth and on-site mental health provider Psych360 for an undisclosed sum. The deal, gives MindCare Solutions Group telehealth and on-site mental health services in the long-term care facility space
August			The Vistria Group, one of the largest healthcare-focused private equity groups in the country has invested \$200M in SandstoneCare a youth-focused mental healthcare provider

Provident Industry Coverage Team

Craig Sager
Director
csager@providenthp.com
(617) 226-4218

Steven Grassa, CFA
Vice President
sgrassa@providenthp.com
(617) 226-4213

Tommy Spiegel, CFA
Senior Associate
tspiegel@providenthp.com
(617) 226-4216

Daniel O'Brien
Senior Analyst
dobrien@providenthp.com
(617) 226-4292