

# Q4-2022 Addiction Treatment Update

## Market Update

The addiction treatment sector rounded out 2022 with a strong quarter for deal flow, represented by 16 total transactions closed in Q4, up from 14 in Q3. Despite the growing prevalence of macroeconomic factors and difficult labor markets, the SUD sector continued its resilient growth. Throughout 2022, private equity firms established 8 new platform investments, indicating outside investors continue to view the sector favorably.

Looking ahead to 2023, Provident expects investor interest in the addiction treatment sector to remain elevated, especially for businesses that accept commercial and government insurance plans. Groups focused on out-of-pocket payment, and patient pay are likely to experience a reduction in patient volume due to the anticipated economic slowdown in 2023.

## Select Transactions:

## Notable Transaction



October 2022

Lee Equity Partners, a New York-based private equity firm, acquired Bradford Health Services, an addiction treatment provider with 40 recovery centers in the Southeastern United States. Lee Equity's acquisition of Bradford Health from Centre Partners is evidence of the continued confidence that private equity has in the growth of the behavioral health space.

Lee will assist in growing Bradford's market share in the Southeastern market and beyond. The acquisition marks Lee's first investment in the behavioral health space since exiting Summit Behavioral Health in late 2021.

## Addiction Treatment Transactions

Month	Acquirer	Target	Deal Description
October			BayMark Health Services Inc., a leading national SUD treatment provider, has acquired Fritz Clinic, a group of 6 office-based opioid treatment programs in Alabama. Fritz Clinic will rebrand as AppleGate Recovery.
October			Spero Health, a mid-west-based outpatient addiction treatment provider, acquired My Turning Point, a Kentucky based addiction treatment provider with 4 clinic locations. These new clinics join a network of more than 85 Spero Health locations throughout the US.
November			Acadia Healthcare expands its portfolio through the acquisition of four addiction care centers in Georgia from Brand New Start Treatment Centers. Acadia's network of medicated assisted treatment expands to 148 facilities with the potential for more as state and local governments look to invest in comprehensive treatment centers.
December			Integrative Life Network (ILN) acquires Shadow Mountain Recovery Centers to gain a new foothold in New Mexico. Through the acquisition of the 4 centers, offering varying services including residential, outpatient, and detox assistance, ILN expands its comprehensive portfolio covering 4 states.
December			Pinnacle Treatment Centers has acquired the MBA Wellness Center in Stockbridge, Georgia, an outpatient opioid addiction treatment program facility that serves more than 130 patients daily. Through this acquisition, Pinnacle builds upon its previous expansion into Georgia in 2020 and continues to build their comprehensive portfolio serving 135 community-based locations.

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