

Q4-2022 Payor Services Update

Market Update

The final quarter of 2022 maintained a steady pace of transactions in the payor services sector, with strategic consolidators leading the bulk of acquisition activity. Provident believes in the near term that many payor services companies will continue to grow through acquisitions.

Provident expects several private equity exits in the payor services sector, similar to Apax Partner's exit of Kepro. Multiple private equity backed payor services platforms, such as Water Street's EBMS which received an initial investment in 2017, will likely be facing a transaction in the coming year, opening the door for both more add-on investments and a future payor services platform.

Notable Transaction



November 2022

CNSI, a provider of healthcare technology products and solutions, and Kepro, a provider of technology-enabled care management, quality oversight, and clinical assessment services, agreed to merge.

The combination of these companies aligns with their mission to serve clients with technology-enabled products and solutions to achieve better patient outcomes. CNSI will contribute large-scale systems experience and Kepro will provide deep clinical expertise. The merged company will continue to provide interoperability solutions to healthcare payors.

Select Transactions:

Month	Acquirer	Target	Deal Description
December			Charles Taylor has acquired The Matrix Companies, a third-party administrator and risk management firm. The Matrix specializes in providing various employment and workforce services, including case management and disability management for employers across the United States.
November		ELMC Rx Consulting	Alera Group, a national insurance and financial services firm, acquired ELMC Rx Consulting from ELMC Rx Solutions. ELMC Rx Consulting offers tailored pharmacy benefits solutions, including pharmacy benefits management (PBM) RFPs, PBM contract negotiation and program evaluations, strategic planning, specialty drug management, annual audits and more.
November			Alight, a cloud-based human capital and technology services provider, has acquired ReedGroup, an expert in leave management solutions. ReedGroup is a tech-enabled provider of medical absence management solutions to the employer market, assisting self-funded plans with disability leave, worker's compensation plans, and other employee leave services.

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