

# Q1-2023 Durable Medical Equipment (DME) Update

## Market Update

After a slowdown of M&A activity in late 2022 that limited consolidation activity to a few strategic buyers and saw an earnings miss from AdaptHealth, Q1 2023 saw an uptick in new platform creation as additional private equity firms target investments across DME. Most notably, MasVida was recapitalized by Brixey & Meyer Capital (detailed below) to create a new platform.

Several DME product categories stand to benefit from recent Medicare reimbursement and eligibility changes, which contribute to an improving outlook for 2023. Continuous glucose monitors (CGM) are expected to remain a high-growth product as Medicare increased reimbursement and broadened eligibility criteria. Complex rehab providers also stand to benefit from Medicare coverage for power seat elevation systems.

## Select Transactions:

Month	Acquirer	Target	Deal Description
March			Medical Service Company, one of the largest DME providers across the Midwest, acquired OhioHealth Home Medical Equipment, marking a continuation of its recent strategy to acquire the HME assets of local and regional health systems.
February			Ventec Life Systems, Inc., a wholly owned subsidiary of React Health Holdings, has acquired the assets of the Invacare Respiratory Product line following Invacare's exit in November 2022. The deal positions React to deepen its ability to support end-to-end care for patients with respiratory illnesses and other chronic conditions.
February			Trace Medical, one of the largest independent providers of ventilator rentals and sales nationwide, acquired Arkansas-based MedEquip Service Solutions. The acquisition provides Trace with a meaningful entry into the equipment repair and biomedical services space, diversifying its service mix and solidifying its national footprint.
February			MasVida, a Fort Worth-based provider of respiratory, oxygen, wound therapy and other medical equipment to post-acute care facilities (primarily SNFs) has been recapitalized by private equity firm Brixey & Meyer. The partnership will provide MasVida's shareholders with increased resources to accelerate its growth across Texas and beyond while maintaining a minority ownership position.

## Provident Industry Coverage Team:

Kevin Palamara  
Managing Director  
kpalamara@providenthp.com  
(617) 226-4221

Brendan Schroeder  
Associate  
bschroeder@providenthp.com  
(617) 226-4207

## Provident: Recent Industry Publications



Kevin Palamara was a contributor to HME News "Smart Talk" column with a 4-part series on M&A considerations:

- 1) [Have Transparent, Upfront Conversations](#)
- 2) [Assess Benefits, Drawbacks](#)
- 3) [Assess Interest Rates, Recessionary Fears](#)
- 4) [Understand the Current Landscape](#)

Provident is happy to discuss any of the trends or commentary discussed in these articles in further detail.