

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 first quarter of 2023



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Q1-2023 Market Update: Healthcare Services M&A Activity Set to Rebound Over Coming Years





Despite continued strains on capital markets and sustained industry-wide labor shortages, the healthcare services industry saw similar transaction volume as Q4 2022 with levels of capital deployed nearly surpassing the heights of Q3-2021. Setting a strong precedent for other consolidators this quarter was CVS Health (NYSE: CVS), which purchased Oak Street Health (NYSE: OSH) and Signify Health (NYSE: SGFY) for an aggregate value of \$18.6B. The healthcare giant, once solely operating within the retail pharmacy space, is executing a unique growth strategy to establish itself as a completely vertically integrated healthcare operator to provide unmatched value-based care. While both acquisitions stand alone as outliers in Q1 in terms of total enterprise value, the deals solidify market and industry sentiment that there is significant value to be captured in the healthcare system's transition to value-based care.

Several other factors, including industry-wide labor constraints, technological advancements, the rising cost of healthcare, and consistently increasing demand for services continue to drive industry consolidation. Acquisitive strategic groups and private equity firms remain optimistic that the added value of scale in a partnership can help alleviate the burdensome pressures of high inflation and labor shortages felt by providers nationwide since the onset of the pandemic.

Notable Healthcare Services Transactions in Q1-2023

Gastroenterology	Healthcare Technology	Primary Care	Primary Care
 UNITED DIGESTIVE <i>Has been acquired by</i> 	 signifyhealth. <i>Has been acquired by</i> 	 Oak St. Health <i>Has been acquired by</i> 	 one medical <i>Has been acquired by</i> 

Select Provident Q1-2023 Transactions

Healthcare Staffing	Deal Notes	Urology
Undisclosed Diversified Healthcare Staffing Platform	Provident served as the exclusive sell-side advisor for a national healthcare staffing provider primarily focused on placing care providers in temporary assignments within hospitals and other service centers. The Company leverages a proprietary technology platform that functions to optimize the job pairing process and accelerate the candidate placement process. Despite unfavorable capital market conditions, Provident was able to guide the Company through a process with the ultimate result of a private equity platform investment.	 LOWCOUNTRY UROLOGY CLINICS <i>Has been acquired by</i> SOLARISHEALTH <small>A NEW DAY IN HEALTHCARE</small> <i>A portfolio company of</i>  LEE EQUITY
Cardiology	Deal Notes	Deal Notes
Undisclosed East Coast Cardiology Platform	Provident advised an East Coast based cardiology practice with six clinical sites and a vascular lab as a sell-side representative. The Company is in the midst of a high growth phase and had doubled its provider base by the beginning of 2022. Through a transaction process with Provident, the Company was able to receive competitive bids from an extensive group of strategic operators and private equity groups, with the shareholders ultimately electing to form a partnership with a middle-market private equity group as a new platform in the space.	Provident advised Lowcountry Urology Clinics ("Lowcountry") in its acquisition by Solaris Health, a portfolio company of Lee Equity. Lowcountry is the largest independent urology group in Charleston with over 90 employees and 13 total providers. The transaction adds five clinical locations to the Solaris Health platform.

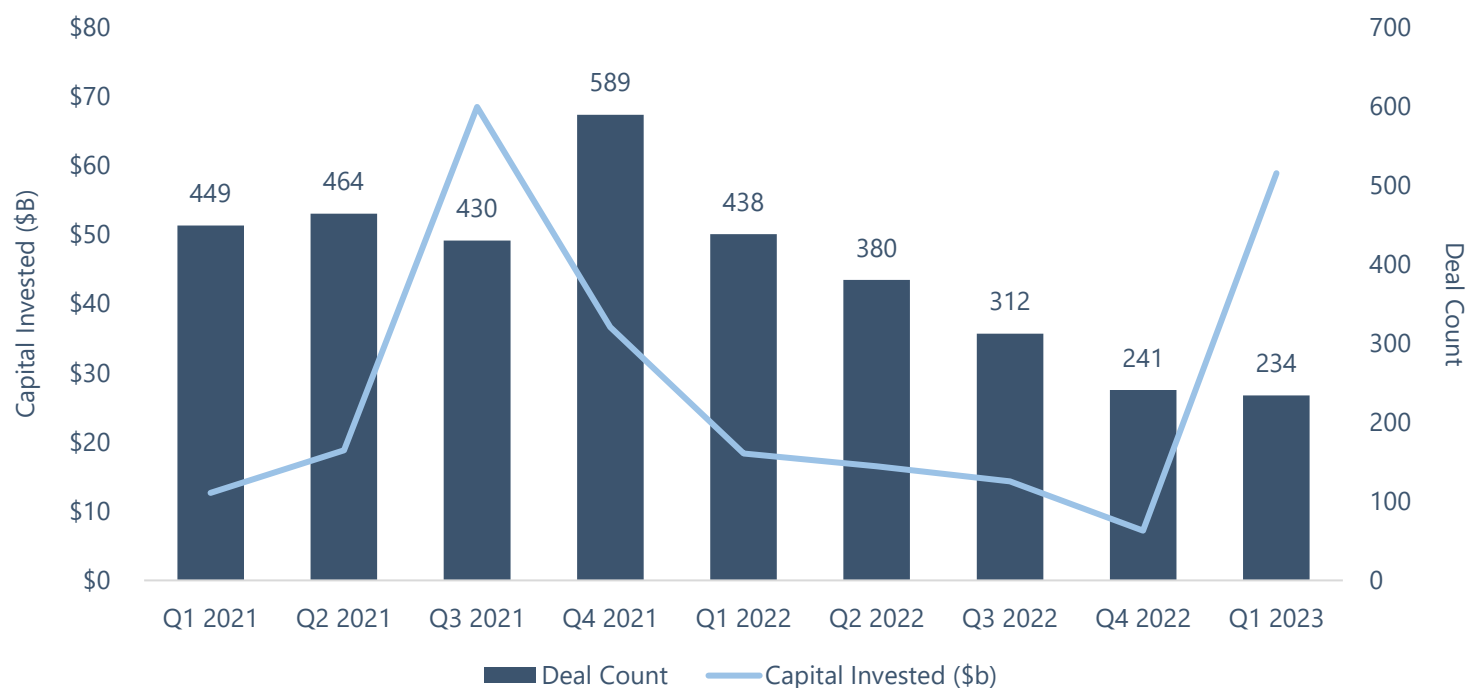
Recent Provident Podcasts & Insights

- [An Update on the Debt Capital Markets: Trends to Consider for Healthcare Companies](#)
- [Guest Spotlight – Maximize Your Practice Valuation: How to Build A Strong Foundation with Provident Healthcare Partners](#)

Healthcare M&A Deal Stratification

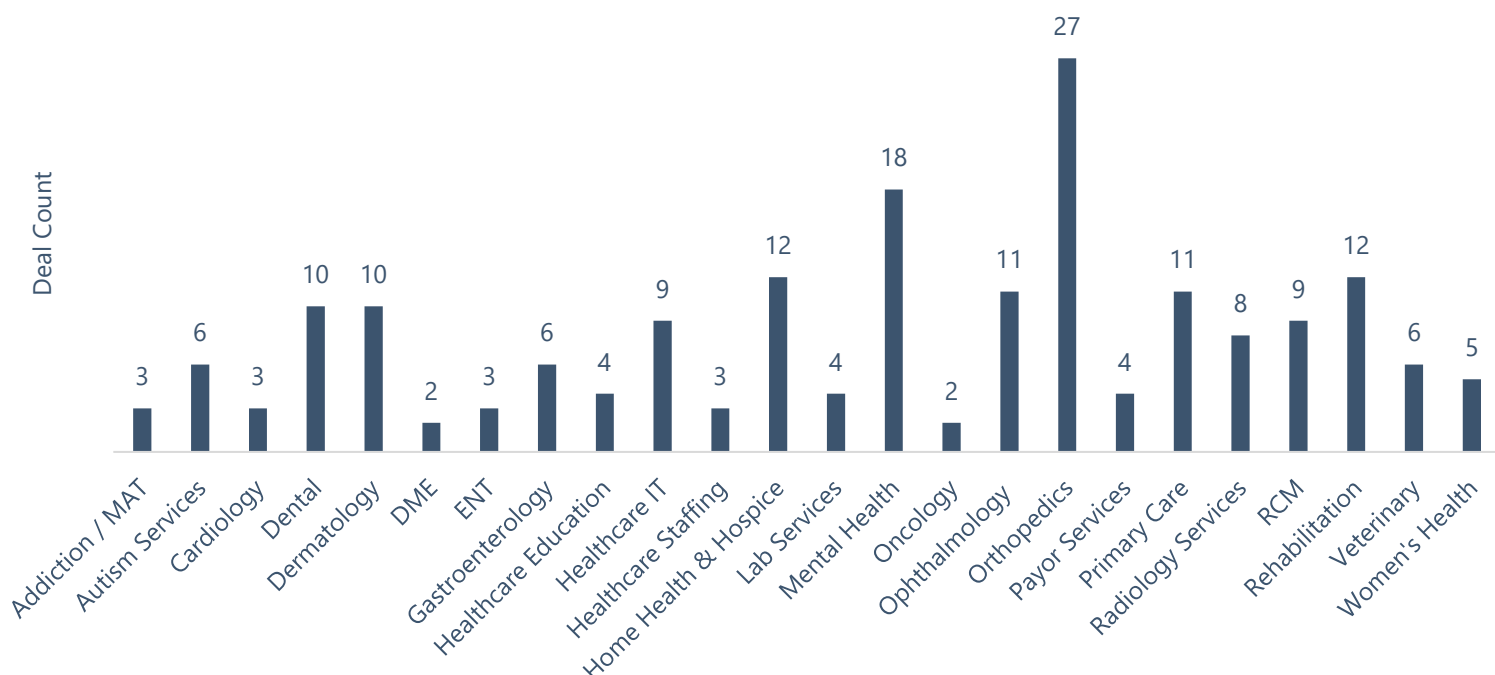
Although the healthcare services space exhibited reduced deal count volume in the first quarter of 2023, the industry made a remarkable recovery with investors deploying \$58.9B of capital relative to \$7.2B in Q4-2022. Of the 234 transactions in Q1, 138 consisted of investments made by private equity firms. Mental health and orthopedics sustained heightened transaction volume over recent months with the physical therapy and rehabilitation space seeing a significant increase in consolidation activity. As the debt capital markets continue to settle over upcoming months, Provident expects add-on activity to remain very active with platform deals increasing in the latter half of the year.

Healthcare Services M&A Quarterly Deal Activity (Q1-2021 – Q1-2023)



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

Healthcare Services Deal Count (Q1-2023)



Source: Pitchbook Data

Q1-2023 Addiction Treatment Update

Market Update

The addiction treatment sector saw a slight drop-off in transactions during Q1, unlike the rest of the behavioral health industry. Many notable consolidators, such as Baymark Health Services, Lifespan, and Transformations Care network, have announced a shift away from a focus on M&A and are instead prioritizing internal organic growth. This is a trend we are seeing play out across the behavioral health space as rising interest rates have made M&A an expensive option for consolidators.

Looking ahead to the remainder of 2023, we anticipate a continued slowdown in dealmaking from years past. This is driven by a difficult labor environment, volatile capital markets, and a more scrutinous lending environment will all contribute to slower-paced M&A in the upcoming year.





Transaction Spotlight



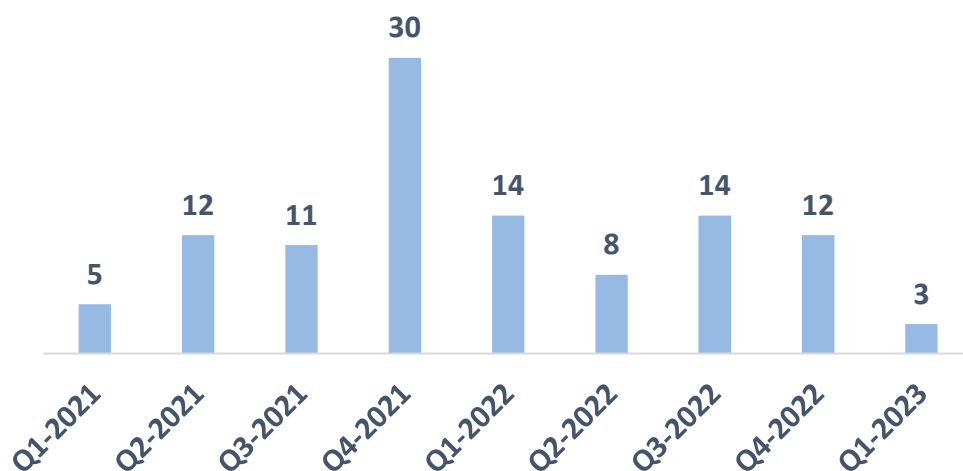
February 2023

Behavioral Health Acquisitions, a new luxury rehab-focused investment firm announced the launch of an \$85M flagship fund. The team is looking to deploy its \$85M of committed capital over the next 18 months to acquire several luxury rehabs (including SUD and mental health) throughout the U.S.. The fund's first acquisition is Maui Recovery. The eight-bed private-pay provider is a luxury rehab center in Hawaii.

Select Transactions

Month	Acquirer	Target	Deal Description
March	 Recovery Centers of America		Pennsylvania-based Recovery Centers of America has acquired the mental health and addiction treatment provider, Adolescent & Young Adult Advocates. Per RCA, the acquisition will help the company address early-stage addiction in outpatient settings.
January	 Lifepoint Health	 CORNERSTONE BEHAVIORAL HEALTH EL DORADO	Tennessee-based Lifepoint Health has acquired Cornerstone Behavioral Health El Dorado. Cornerstone Behavioral Health El Dorado encompasses 54 beds and employs about 100 people. According to the release Lifepoint Health will add 50 beds in the coming months.

Substance Use Disorder Transaction Volume



Publications and Podcasts

[White Paper: An Update on Investment and Consolidation in the Addiction Treatment Sector](#)

[Past Podcast: Analyzing Key Developments in the Behavioral Health Space](#)

Upcoming Podcast: Provident Quarterly Behavioral Health Spotlight - Addiction Treatment

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Q1-2023 Autism Services Update

Market Update

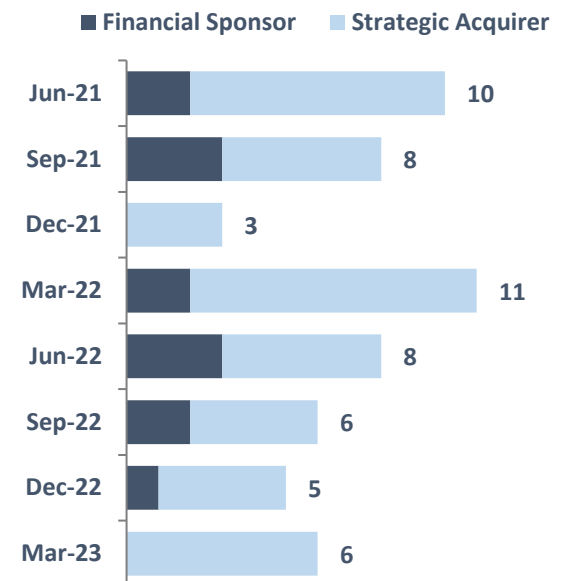
Transaction activity in the ABA/autism services space remained steady in Q1 2023, as evidenced by six add-on acquisitions from larger consolidators. While the number of transactions decrease from Q1 2022, the outsized demand for autism services nationwide continues to draw investor interest. Labor/wage pressures and stagnant reimbursement rates persist across the space, potentially creating a challenging 2023 for smaller independent providers and leading to an uptick in add-on activity as compared to years passed.

Continuing trends from 2022, add-on acquisitions and the movement towards integrated services continue to be key transaction themes. In March, Point Quest, a school-based adolescent behavioral health provider, announced the acquisition of Pacific Coast Speech Services, a provider of speech therapy services to school districts in Southern California. The transaction expands Point Quest's services from the Sacramento area to Los Angeles and San Diego. Furthermore, Trumpet Behavioral Health acquired Therapeutic Pathways in January. The transaction expands Trumpet's ABA services in California and adds speech-language pathology. Lastly, The Stepping Stones Group, a national provider of diversified behavioral and educational services to children in a variety of settings, acquired Catalyst Speech, a school-based provider of speech-language pathology, further expanding its services in the Los Angeles area.

Select Transactions

Month	Acquirer	Target	Deal Description
March	 Point Quest	 PACIFIC COAST SPEECH SERVICES, INC.	Point Quest, a provider of adolescent behavioral health services, acquired Pacific Coast Speech Services, a provider of speech therapy to school districts
March	 invo healthcare	 ABA2DAY BEHAVIOR SERVICES an Invo Company	ABA2Day, a provider of autism services, was acquired by Invo HealthCare Associates, a leading provider of autism and childhood behavioral health services
February	 APARA AUTISM CENTER	 Early Autism Services	Apara Autism Center, a Texas-based ABA provider, acquired the Missouri operations of Early Autism Center, a clinic/home-based provider of ABA services
February	 APARA AUTISM CENTER	 AUTISM LEARNING COLLABORATIVE A community together	Apara Autism Center, a Texas-based ABA provider, acquired the Autism Learning Collaborative, a home- and clinic-based provider of ABA therapy to children with autism
January	 THE STEPPING STONES GROUP Transforming Lives Together	 Catalyst	The Stepping Stones Group, a diversified behavioral health provider, acquired Catalyst, a school-based pediatric therapy provider in Los Angeles
January	 TRUMPET BEHAVIORAL HEALTH	 THERAPEUTIC PATHWAYS	Trumpet Behavioral Health, a provider of ABA services, acquired Therapeutic Pathways, a clinic-based provider of ABA and Speech therapy in California

Quarterly Transaction Activity



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Publications, Podcasts & Upcoming Events

- White Paper: [An Update on Investment & Consolidation in Autism Services](#)
- Podcast: [Autism in the Spotlight: Key differentiators that will set you apart from the competition](#)
- Podcast: [Maximize Your Practice Valuation: How to Build A Strong Foundation with Provident Healthcare Partners](#)

Conferences

Provident will be attending the [CASP](#) conference this year! Please reach out if you are interested in meeting.

Q1-2023 Dental Update

Market Update

Provident's DSO industry team attended the ADSO conference in March to discuss sector with investors, dentists, and operators. We found that transaction volume in the rebounded in Q1-2023 as macro market volatility slowed and investors focused on high-quality partnerships. Volume was strong in both large DSO and small practice partnerships.

Private equity investors completed three new platform transactions in Q1, with Dentine, Bluetree, and Mosaic all receiving equity investments. These transactions highlight the increased confidence of investors in the overall market, resilience of healthcare provider businesses in a difficult macro environment, and the increasing availability of debt capital compared to Q4-2022. In addition to these large transactions, strategic partnerships between DSOs and small practices remained highly-active, further supporting the consolidation thesis driving investor interest in established DSOs.

Select Transactions

Month	Target	Investor(s)	Locations	Geography
January			70	9 Western States
January			3	Hawaii
January			2	Wisconsin
March			45+	6 Western States
March			49	CA and WA
March			13	Maryland

Transaction Spotlight



March 2023

In March 2023, investment firm Clairvest completed its partnership with Bluetree Dental. Bluetree provides multi-specialty, pediatric, and orthodontic dental services across six western states.

This transaction reflects the continued interest that middle market investors have in high-quality, differentiated DSOs. The founders remain invested and will continue in their roles with Clairvest's support.

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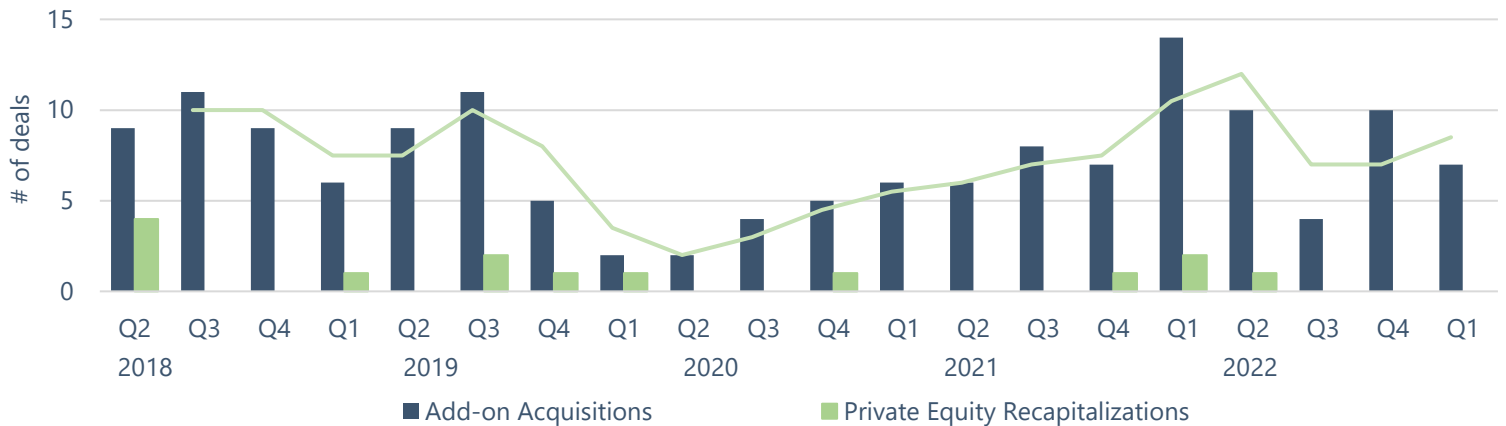
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Q1-2023 Dermatology Update

Market Update



The dermatology space has shown to be resilient from macroeconomic conditions that have impacted M&A activity (rising cost of debt, tight credit markets) in other industries. Strategic acquirers, that have recently traded hands to larger private equity funds, have been the most active buyer cohort, accounting for most of the deal activity over the last few quarters. Provident expects M&A activity and valuation ranges to continue at current levels as debt markets eventually settle down.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
April	 GOLDEN STATE DERMATOLOGY	Christopher M, Barnard, MD Dermatology Practice	1	1	CA
March	 DERMATOLOGY	 SURGICAL DERMATOLOGY GROUP  Skin Cancer SPECIALISTS, P.C.	9	8	AL, GA
March	 DOCS DERMATOLOGY	 MIAMI VALLEY PLASTIC SURGEONS	4	3	OH
February	 PINNACLE DERMATOLOGY	 tru skin DERMATOLOGY	8	15	TX
February	 DERMATOLOGY PARTNERS	Dr. Susan J. Kucirka and Stephanie A. Petry Dermatology Practice	1	2	PA
February	 PhyNet DERMATOLOGY	 Georgia Dermatology Partners	4	23	GA
January	 EPIPHANY DERMATOLOGY	 DERMATOLOGY ASSOCIATES, P.A.	1	6	SC

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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.

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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.

Q1-2023 Emergency Medical Services (“EMS”) Update

Market Update

Q1 2023 flourished with urgent care transactions, which included the official close of VillageMD’s acquisition of Summit Health-CityMD previously disclosed in Q4 2022. The first quarter also represented two new platform investments via private equity firms, highlighting the interest in urgent care’s continued growth. First, Agile’s investment reflects the synergies of combining urgent care with other ancillary walk-in services like occupational medicine. Second, Praesidian’s investment in pediatric urgent care demonstrates the buyers’ interest to seek out differentiated urgent care models such as pediatrics. Provident expects the EMS sector, led by urgent care, to continue its transaction pace throughout 2023.

Select Transactions

Month	Sub-Sector	Acquirer	Target	Deal Description
January	Urgent Care			Agile Occupational Medicine (“Agile”) completed its merger with Pinnacle HealthCare, an operator of primary care, urgent care, and drive-up testing and immunizations. Agile, backed by Angeles Equity Partners and Innova Capital Partners, and Pinnacle provide care to 14 clinics across California and Arizona across the combined entity.
January	Urgent Care			Eir Partners, a health tech private equity company, partnered with ReviveHealth alongside the acquisition of SwiftMD. ReviveHealth provides primary and urgent care, mental health therapy, and pharmacy benefits and care solutions across all 50 states. SwiftMD’s telehealth infrastructure further enables 24/7 care.
January	Urgent Care			Praesidian Capital, a leading private equity investment firm based in Oklahoma, made an anchor investment in Care+Pediatrics Urgent Care. Care+Pediatrics team includes a board-certified pediatrician and skilled medical assistants located in one location north of Oklahoma City.
January	Urgent Care			VillageMD officially announced the previously disclosed acquisition of Summit Health- City MD on January 3, 2023. Summit Health- CityMD is a leading provider of primary, specialty, and urgent care. The combination creates the largest multi-specialty and value-based care platforms in the United States.

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Q1-2023 Gastroenterology Sector Update

Market Update

The Gastroenterology sector continues to be one of the most active M&A sectors within physician services. Q1 2023 was characterized by continued add-on acquisitions from existing private equity-backed platforms as well as a private equity-backed platform transaction.

In March, Frazier Healthcare Partners announced the sale of their portfolio company United Digestive to Kohlberg & Company. This is the third PE-backed GI platform to trade to date and follows Gastro Health and GI Alliance whose respective investors exited their positions in 2021 and 2022. The third sale of a PE-backed platform shows that large cap investors are highly interested in GI services, and they see significant runway remaining to build upon the growth of these practices. This investment should give GI physicians still in private practice conviction that we are still in an early phase of the investment life cycle and there is upside remaining for groups that partner with private equity now.

GI Alliance gained strong geographic density in the Northeast through their transaction with CTGI in January. This is the first major transaction they have closed following their own partnership with Apollo Asset Management that closed in September 2022.

Transaction Spotlight



Has been acquired by



March 2023

In March 2023 United Digestive, a portfolio company of Frazier Healthcare Partners, announced a growth capital investment from Kohlberg & Company at reported valuation of \$485 million.

Frazier Healthcare Partners formed United Digestive out of an initial investment made in Atlanta Gastroenterology Associates in 2018. They have since grown the business to over 200 providers and have 80 locations throughout the southeast.

Select Transactions

Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March			200	80	GA, FL, NC, SC
February			5	2	Florida
January			82	25	Connecticut
January		Skyline Gastroenterology and Endoscopy of West Tennessee	8	2	Tennessee

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Q1-2023 Healthcare Education Update

Market Update

In Q1 2023, the healthcare education sector announced four completed transactions. M&A activity was largely driven by strategic acquirers adding density to existing services. A consistent theme in the space, the sector continues to draw interest from a broad array of strategic buyers, this quarter including health systems and general technology and professional services platforms.

The acquisitions of NurseTim by Wolters Kluwer and eeds by HealthStream also demonstrate the interest from large consolidators in earlier-stage platforms. The growth potential and strong margin profiles of tech-enabled healthcare education companies attract investors across the spectrum of size.

Despite the decreased transaction volumes in Q1, strategic and financial investors still intend to deploy significant capital into healthcare education in the coming year. Throughout 2023, Provident anticipates more add-on activity as a result of new platforms created in late 2022 and an increasing number of diversified strategics forming an investment thesis in the sector.









Transaction Spotlight



HealthStream (NASDAQ: HSTM), a leading provider of healthcare workforce development solutions, acquired Electronic Education Documentation System, LLC ("eeds"), a North Carolina-based CME management technology platform for approximately \$7 million.

Following the addition of Rievent Technologies and Cloud CME, the eeds transaction marks HealthStream's third CME acquisition in the past 13 months, signaling the company's continued commitment to inorganic growth.

Select Transactions

Month	Acquirer	Target	Deal Description
January	 Wolters Kluwer		NurseTim, a nursing education provider based out of Minnesota, was acquired by Wolters Kluwer (AMS: WKL). NurseTim and its main product, NurseThink, provides NCLEX exam preparation tools and hands-on training through conferences and webinars. NurseTim joins the Health Learning, Research, and Practice (HLRP) division of Wolters Kluwer, dedicated to technology and solutions to develop healthcare providers. NurseTim will complement Wolters Kluwer's existing nursing education platform, Lippincott Solutions.
January	 SAINT JOSEPH'S UNIVERSITY		Saint Joseph's University announced its acquisition of non-profit Pennsylvania College of Health Sciences. As Saint Joseph's second acquisition in the space, this merger will expand not only Saint Joseph's geographic footprint but also its academic portfolio with more than 20 nursing and allied health programs in the Philadelphia area.
January			Lehigh Valley Health Network (LVHN), a leading healthcare provider, acquired Venel Institute, a state-of-the-art anatomical research and education facility in Bethlehem, Pennsylvania. LVHN's investment into the Venel Institute represents the network's expansion of various education and training capabilities, ranging from residency preparation to high school programs.
January			BASE Education, a provider of social-emotional learning (SEL) and mental health services, was acquired by 7 Mindsets, a Gauge Capital portfolio company offering comprehensive SEL curriculum. As the Company's second acquisition since partnering with Gauge, BASE Education further bolsters 7 Mindset's service offering across a spectrum of needs in a K-12 setting.

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Q1-2023 Healthcare IT Update

Market Update

M&A activity in the Healthcare Information Technology (HCIT) sector was off to a strong start in 2023, with dealmaking activity largely consistent with previous quarters. Despite the turbulence and uncertainty seen in the macroeconomic environment, tailwinds in the HCIT space remain strong. The continuing shift towards more cost-effective value-based care models has reinforced the need for companies to invest in robust IT infrastructure. Because of this, investor appetite remains strong among both payors and providers seeking platform investments in an array of assets across the HCIT space, including EHR providers, RCM software providers, and more.



CVS Health's acquisition of Signify Health for \$8.0 billion in March was the landmark transaction of Q1 2023, and Provident Healthcare Partners anticipates further consolidation throughout the rest of the year as larger players seek to bolster their IT capabilities.

HCIT Public Comparable Multiples

Select Public Healthcare IT Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
 evolent HEALTH	\$32.37	\$1.35B	\$127.18M	2.81x	29.87x
 Teladoc HEALTH	\$26.21	\$2.4B	\$42.42M	2.01x	114.33x
 veradigm	\$12.77	\$1.53B	\$365.27M	0.74x	3.12x

As of 04/11/2023

Select Transactions

Month	Acquirer	Target	Target:	
			Business Segment	Headquarters
March	 EIR PARTNERS	 gifthealth	Affordable Medication Platform	Columbus, OH
March	 CVS Health	 signifyhealth	Healthcare Enterprise Systems	Austin, TX
March	 LexisNexis RISK SOLUTIONS	 HUMAN API	Digital Health Platform	San Mateo, CA
February	 agilon health	 mphr	Medical Records Systems	New York, NY
February	 MCKESSON	 GLIDEHEALTH Healthcare Revenue Intelligence	Revenue Intelligence Software	Palo Alto, CA
February	 Walgreens Boots Alliance	 MEDLY	Digital Pharmacy Platform	Brooklyn, NY
January	 Home Care Pulse	 Activated Insights	Assisted Living Customer Analytics Platform	Dallas, TX
January	 RSI	 INVICTA HEALTH SOLUTIONS	Healthcare Enterprise Systems	Houston, TX
January	 ALPINE	 Medusind	Healthcare Revenue Cycle Management Platform	Miami, FL

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Q1-2023 Home Health & Hospice Update

Market Update

Q1 started off strong with CVS Health and UnitedHealth completing their acquisitions of Signify Health and LHC Group, respectively. Both acquisitions exemplify the trend of payors and large-cap healthcare companies acquiring home-based care providers to broaden their range of services into the home, improve patient outcomes, and better manage costs, which is becoming increasingly important in a value-based care environment.

In addition to the growing interest from payors and large-cap healthcare and tech companies, private equity investors continue to seek acquisition opportunities in the home-based care space, with a growing interest in the private pay sector. This is evident from recent platform investments, including HouseWorks and Family Tree Private Care. The growing investor interest in the private pay sector is attributed to uncertainties around reimbursement seen in 2022, lower levels of turnover, and the highly fragmented nature of the space.

Select Transactions

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March			7	CT, MO, NY, OK, SD, TX	CVS closed on its acquisition of Signify Health for \$30.5 a share, which amounts to a valuation of \$8 billion, approximately. The transaction plays a critical role in CVS' future goals of advancing care delivery in the home and growing value-based care initiatives.
February			960	37	UnitedHealth Group completed its acquisition of LHC Group for \$5.4 billion. The transaction highlights the continuing trend of payors investing into home-based care.
February			25	MA, TN	HouseWorks entered into a definitive agreement to acquire Amedisys' Personal Care division for \$50 million. The acquisition aims to help grow the personal care operations of HouseWorks while allowing Amedisys to focus on its core skilled services.
January			10	CO, TX	Firmament, a New York based provider of structured equity and debt, made an investment in Family Tree Private Care. The group offers concierge-level caregiving, private nursing, and care management.
January			8	MA, NH, ME,	InTandem Capital Partners completed a strategic equity investment in HouseWorks. The new platform will focus on home care services for the private pay and Medicaid populations.

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Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/Rev	EV/EBITDA
Addus HomeCare	\$108.56	\$951	\$83	1.87x	21.98x
Amedisys, Inc.	\$73.55	\$2,223	\$209	1.33x	14.09x
Pennant Group	\$14.28	\$454	\$18	1.59x	23.88x
Enhabit	\$13.42	\$1,083	\$142	1.22x	9.37x

Share price as of 3/31/2023

Revenue / EBITDA in millions

Q1-2023 Laboratory Services & Diagnostics Update

Market Update

Public lab and diagnostic services saw an uptick in Q1 valuations, similar to other verticals within the greater healthcare services market. Despite rising interest rates, healthcare investments continue to show resiliency. The laboratory and diagnostic services sector shows persistent deal flow as consolidation within the sector endures. The appeal of broader test menus, lower costs, increasing health plan coverage, and larger patient networks continues to drive consolidation. Large players, including Quest Diagnostics and Labcorp, further expand their market share through acquisitions suggesting that the lab and diagnostics market will continue to see steady deal flow throughout the course of 2023.

Lab and Dx Services Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$26B	\$14.9B	\$2.9B	1.78x	9.03x
Quest Diagnostics	DGX	\$21B	\$9.9B	\$2.0B	2.07x	10.23x
Eurofins	ERFSF	\$16B	\$7.1B	\$1.6B	2.27x	10.1x
Hologic	HOLX	\$21B	\$4.5B	\$1.7B	4.67x	12.2x
Exact Sciences	EXAS	\$14B	\$2.1B	-\$407.9M	6.58x	n/a

Select Transactions

Month	Acquirer	Target	Deal Description
March		 Lab Services Business	Quest Diagnostics has completed its previously announced acquisition of select assets of Northern Light Laboratory, which is the outreach laboratory services business of Northern Light Health, a large integrated healthcare system in Maine. The collaboration between the two parties enables physicians and patients to benefit from access to Quest Diagnostics' test menu, broad health plan coverage, and lower out-of-pocket costs for many services.
March		 World Class Chemistry	Pace Analytical Services, a division of Pace, a science and technology company, today announced the acquisition of Alpha Analytical, LLC, a full-service environmental laboratory services company based in Westborough, MA.
March		 Lab Services Business	Enzo Biochem agreed to sell its clinical laboratory business to Labcorp. The price of the Labcorp transaction was \$146 million, according to a U.S. Security and Exchange Commission filing posted by Enzo.
February		 Outreach Lab Assets	Secaucus-based medical testing company Quest Diagnostics will acquire some lab services assets from NewYork-Presbyterian as part of a new strategic agreement. Quest will acquire select assets of the laboratory services business and provide testing for patients and providers in the hospital's network in the New York City area.
January		 KARRINGTON CLINICAL LABORATORY Early detection better health	Matrix Labs has acquired Karrington Clinical Labs. The transaction will provide Karrington with an established CLIA-certified and CAP-accredited laboratory for clinical diagnostic testing. Its expanded laboratory will enable it to focus on continued growth and develop new molecular diagnostic testing.

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Q1-2023 Mental Health Services Update

Market Update


From an M&A perspective, mental health services continues to be one of the most active sub-verticals within healthcare services as evidenced by a very active dealmaking quarter to start the year. While some strategic acquirers have pulled back on their M&A mandates, there are still dozens of platforms and investors that continue to be very active with a thesis predicated on inorganic growth.

While tight lending markets and the rising cost of debt has impacted valuations across the board, platform-caliber businesses with significant scale and growth potential continue to garner very attractive multiples and deal terms. Going forward, Provident expects market conditions to remain strong and continue to improve as debt markets settle down the back half of the year.

Upcoming Conferences

Conference	Dates
American Psychiatric Association Annual Meeting	May 20-24
National Alliance on Mental Illness National Convention	May 24-27
Psych Congress Elevate	June 1-4
Mental Health America Conference	June 8-10

Select Transactions

Month	Acquirer	Target	Deal Description
March			ARC Health, a Thurston Group portfolio company, has acquired Chicago-based Wellington Counseling Group
March			Private equity firm Patriot Capital has announced a growth capital partnership with Turnwell Mental Health Network
February			Irwin Naturals (CSE: IWIN) has successfully completed the acquisition of Serenity Health, a leading ketamine clinic in Kentucky
February			Turnwell Mental Health Network has formed a strategic partnership with Scottsdale Mental Health & Wellness Institute
February			Consonance Capital has recapitalized youth-focused behavioral health provider, Embark Behavioral Health
February			Lifepoint Health has acquired a majority ownership interest in Springstone, a national behavioral health provider
February			Eads Bridge has invested in Connecticut-based Stokes Counseling, which provides a range of therapy services to over 3,500 patients
January			ARC Health has announced the acquisition of Colorado Center for Clinical Excellence, a psychotherapy provider group with two locations in Colorado
January			ARC Health has acquired Lilac Center, an integrated mental health provider located in Kansas and Missouri
January			BayCare has completed the acquisition of Northside Behavioral Health Center, a comprehensive behavioral healthcare services provider
January			Integrative Life has acquired Shadow Mountain Recovery Center, expanding its presence into New Mexico

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Q1-2023 Oncology Services Update

Market Update

Despite only two transactions closing in the first quarter of 2023, Provident continues to see great upside and potential for acquirers and sellers alike in the oncology space due to a combination of a growing need of care and a high degree of market fragmentation among community-based oncology providers across the United States. Throughout 2023, we expect two primary themes to play out; first, strategic acquirers, both public and private equity-backed, will continue to lead transaction volume via add-on acquisitions, and second, the space will see a swift march into the next investment life cycle phase, characterized by an uptick in secondary transactions.

According to an article published by Bloomberg, General Atlantic is exploring the sale of OneOncology, a transaction that could receive more than \$2 billion in enterprise value. OneOncology has been one of the most active consolidators, having acquired 15+ community-based practices and expanding its services across 175 sites and more than 12 states since General Atlantic's investment in 2018.

We have not seen a new oncology platform since 2018, when we saw four private equity firms create oncology platforms. Over the past 5 years, consolidation has been driven by strategic acquirers, including hospital and health system acquisitions. Given the sheer amount of add-on activity and the fact that several platforms are five years into their investment period, Provident believes 2023 could be characterized by a rise in secondary buyouts as investors wait to see what transpires with OneOncology.

Furthermore, The US Oncology Network remained active with two add-on acquisitions in the first quarter of 2023, both of which were multidisciplinary in nature. The shift to new subspecialties for USON will be an interesting trend to follow as the Company looks to enable more comprehensive care across their network.

Select Transactions

Month	Acquirer	Target	Deal Description
January			The US Oncology Network, a provider of community-based oncology services, acquired Epic Care, a multidisciplinary provider with 21 sites and 47 physicians in the Northern California market
January			The US Oncology Network has also acquired Nexus Health, another multidisciplinary provider with nine physicians in the state of New Mexico
<i>Pending</i>	Public Markets (NASDAQ)		American Oncology Network, a Florida-based network of community oncology practices, announced its plans to merge with Digital Transformation Opportunities via a SPAC transaction that is expected to close in 2023
<i>Pending</i>	To Be Determined		General Atlantic is exploring the sale of OneOncology, a community-based provider of oncology services

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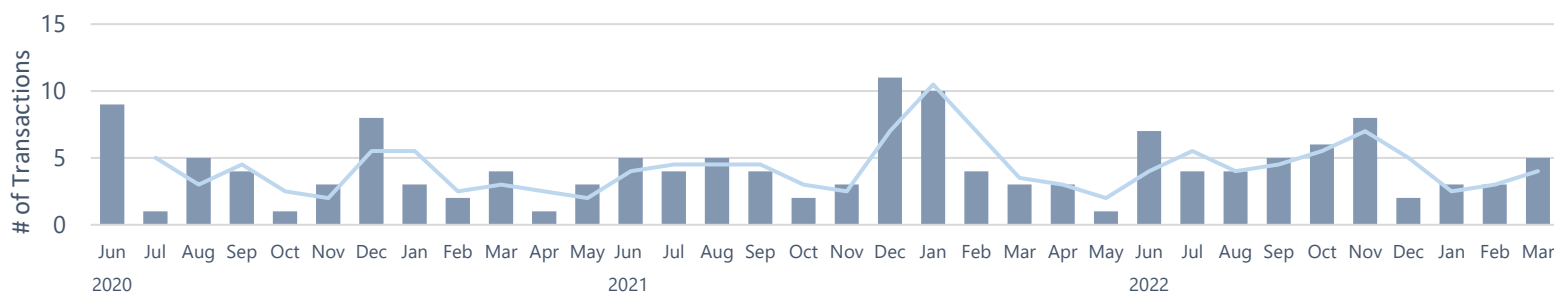
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Publications:

[White Paper:](#)
[Investment & Consolidation in the Oncology Practice Management Sector](#)

Q1-2023 Ophthalmology Update

Market Update



The ophthalmology sector experienced a slight slowdown in deal activity in the first quarter of 2023. Tight lending markets and more expensive debt has led to a more targeted M&A approach for most strategics buyers in the space, as they focus on opportunities where there is significant value creation and synergy potential. While we've observed much more variability in valuations industry-wide, practices with scale continue to attract premium multiples and seller-friendly business terms. Provident expects market conditions to persist for the next few months and improve in the second half of the year as debt markets settle down. We're expecting many PE-backed platforms that have paused their own processes to relaunch in the back half of the year, which will drive significant M&A activity in the third and fourth quarter.

Select Transactions

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
March	ASCEND VISION PARTNERS	WINTER PARK OPHTHALMOLOGY	1	1	FL
March	OCLI VISION	Hudson Valley Eye Associates	1	4	NY
March	UNIFEYE VISION PARTNERS	Premier Surgery Center OF SANTA BARBARA	1	14	CA
March	VITREORETINAL CONSULTANTS	Retina Consultants of Bronxville, NY	1	2	NY
March	OMG OPTOMETRIC MANAGEMENT GROUP	HOCKING EYE CARE	3	9	OH
February	ASCEND VISION PARTNERS	COHN EYE CENTER	1	2	FL
February	OCLI VISION	Bausch Eye Associates	1	2	PA
February	SUNVERA	CASTLEMAN EYE CENTER	2	2	MI
January	SUNVERA	ZIMM CATARACT & LASER CENTER	1	4	PA
January	EYECARE PARTNERS	Retinal Associates of Oklahoma	1	2	OK
January	RETINA CONSULTANTS OF AMERICA	Retina Group of New England Specialists in Retinal and Macular Diseases	4	3	CT

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Upcoming Conference

Members of the Provident Healthcare Partners ophthalmology coverage team will be attending the ASCRS conference in May 2023

Q1-2023 Payor Services Update

Market Update

The first quarter of 2023 kicked off a strong start within payor services as strategic buyers remain acquisitive. Of the transactions completed this quarter, the bulk of target companies serve employers and offer benefit management solutions.

Provident anticipates strategic acquisitions of payor services companies to continue at a similar pace as 2022. The sector remains attractive as many individuals, approximately 70% of working adults, are covered by employer sponsored health plans according to the Employee Benefit Research Institute. Given the prevalence and expense of self-funded plans, payor services companies that position themselves to serve employers will continue to draw interest from strategic partners and financial sponsors.

Transaction Spotlight

❖ one medical

Has been acquired by

amazon

February 2023

Amazon has acquired One Medical, a primary care platform that offers group memberships to employers in convenient urban locations as well as telemedicine visits.

The acquisition gives Amazon access to One Medical's 200+ brick-and-mortar medical offices in 26 markets, serving approximately 815,000 members. Subsequently, this acquisition marks another step into healthcare for the global online retailer and enhances its expertise in providing a comprehensive medical care experience.

Select Transactions

Month	Acquirer	Target	Deal Description
March			SimpleTherapy, an industry-leading digital musculoskeletal pain recovery solution platform, has acquired PhysMetrics, a musculoskeletal benefit management provider. The combined forces allow SimpleTherapy to further expand on its existing virtual physical therapy programs through a multidisciplinary care team
February			Assured Partners acquired IFS Benefits, a full service cost containment platform designed to help employers manage benefits, claims reviews, and compliance. IFS Benefits plans to continue serving their loyal clients in the Mid-Atlantic while leveraging the resources and expertise of a larger partner.
January			Voya Financials, a leading health, wealth, and investment company, has acquired Benefitfocus, an industry-leading benefits administration technology company. As a result of the acquisition, Benefitfocus reinforces Voya's strategy in health and wealth solutions and benefit administration capabilities that expands their reach across workplace benefits and savings

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Q1-2023 Pharmacy & Infusion Services Update

Market Update

In Q1-2023, healthcare providers continued 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. Home infusion therapy offers various benefits including convenience, cost-effectiveness, better outcomes, and higher safety standards.

Provident anticipates that deal flow will remain high as healthcare systems continue to invest in home infusion service lines.

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.

Transaction Spotlight



February 2023

BioPlus provides a range of specialty pharmacy services for patients living with complex and chronic conditions, such as cancer, multiple sclerosis, hepatitis C, autoimmune diseases and conditions in rheumatology. The company covers more than 100 limited distribution medications and has a footprint that touches all 50 states.

Elevance anticipates the acquisition will help it meet the specialty drug needs of clients and customers with a more whole-health focused approach.

Select Transactions

Month	Acquirer	Target	Commentary
February	 	 STANLEY	Stanley Specialty Pharmacy provides customized compounded pharmaceutical solutions intended to improve patient's quality of life. The company specializes in the compounding of low-dose naltrexone (LDN), pet medications, solutions for erectile dysfunction (ED), and hormone replacement therapy (HRT), thereby enabling patients with treatments in the greater Charlotte area, North Carolina, South Carolina, and Texas.
February	 		The purchase of Lifecare Pharmacy's Laurel Heights, Pavilion, and Empire locations doubles Avita's presence in the area. Avita is committed to providing high quality healthcare access across the care continuum by providing pharmacy services, program administration, digital health, and delivery of clinical care for more than 145,000 patients and 320+ covered entities at 65+ locations.
January	 		CIVIC provides an affordable and accessible solution to the high cost of infusion care, offering a wide array of therapies for acute and chronic medical conditions in a variety of specialties. With this acquisition, Vivo Infusion will advance to a combined 36 ambulatory infusion centers across nine states.

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Q1-2023 Pharma Services Update

Market Update

Despite an uncertain macroeconomic environment, recessionary fears, the war in Ukraine, and the impact of rising interest rates, M&A activity in pharma services displayed strong resiliency Q1-2023, mostly led by add-on acquisitions to existing platforms. Investors remain attracted to the long-term tailwinds driving growth across outsourced pharma services including reducing costs, technological advancements, access to value-added specialty services. Certain therapeutic areas, oncology and CNS diseases for example, will likely remain popular due to a robust pipeline of R&D activity.

Provident expects M&A activity to rebound in the second half of 2023 as companies look to fill the potential growth gap from the \$100B in patents set to expire by 2030.

Transaction Spotlight



January 2023

IMA Clinical Research has grown 300% over the past three years; the transaction increases division's network to 17 sites and expands access to patients in additional therapeutic areas.

Clinical Trials of America is a multi-therapeutic clinical trials company that brings to IMA four new independent and six embedded site locations in Louisiana and North Carolina

With CTA's deep therapeutic expertise in cardiology, gastroenterology, dermatology, vaccines, family medicine and psychiatry, the transaction adds scale, enhances diversity and further extends the reach of IMA Clinical Research in the Southeast.

Select Transactions

Month	Acquirer	Target	Commentary
March	Fingerpaint GROUP KNOX-LANE	PHARMA HEALTH Labs	PharmaHEALTHLabs is an agency with scientific healthcare communications expertise within oncology and biologics. Fingerpaint Group, an integrated collective of healthcare companies that offer commercialization solutions spanning the full product life cycle, is growing its robust medical communications expertise with the acquisition of PharmaHEALTHLabs
February	THOMPSON STREET CAPITAL PARTNERS	Sabai Global	Thompson Street Capital Partners, a private equity firm based in St. Louis, announced a growth investment in Sabai Global, a Chesterfield, MO based provider of regulatory review and biosafety consulting services to pharmaceutical sponsors, CROs, academic health systems, and clinical research site networks.
February	CLAIRVEST	Boca Biolistics	Boca Biolistics is a leading clinical research organization and biomaterials company focused on the procurement, storage, and sale of human biological samples (specializing in infectious diseases and oncology) used for clinical trials and diagnostic development.
January	SYNER-G BioPharma Group Riverside PARTNERS	RMC PHARMA RESPONSIVE • MEASURED • CREATIVE	RMC was founded to provide comprehensive services to companies developing and commercializing health care products and has now served more than 350 different clients across North America, Europe, Australia, South America and Asia. The acquisition of RMC provides additional depth to Syner-G's suite of pharmaceutical science services, adding impressive development experience in all biologic modalities including cell and gene therapy

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Q1-2023 Physician Services Update

Market Update

The first quarter of 2023 has seen a steady flow of physician services transactions across multiple sub-sectors such as Urology and Orthopedics. Strategic buyers and private equity firms continue to capitalize on premium assets with favorable patient bases and strong KPIs through add-on or platform acquisitions.

With the ongoing consolidation trend, Provident expects add-on activity to remain active while platform transaction activity will be subdued over the next few quarters.

Transaction Spotlight¹











February 2023

Solaris Health, a portfolio company of Lee Equity Partners, has completed its acquisition of Lowcountry Urology Clinics, a leading care provider for patients facing urinary and sexual disorders.




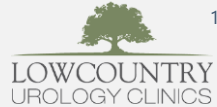




The acquisition brings Solaris Health 13 additional professional providers and over 20,000 unique patients each year. With aligned vision to provide most advanced urological services, Lowcountry Urology Clinic will have enhanced abilities to improve patient outcome through Solaris Health's innovative platform

Select Transactions

Anesthesia					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March		 ATAA Affiliated Tampa Anesthesia Associates, LLC	34	1	FL
Cardiology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
February	Undisclosed	East Coast Cardiology Platform ¹	7	6	N/A
February			60	21	LA, MS
February			13	5	FL
Ear, Nose & Throat (ENT)					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March			5	5	TX

1) Provident served as exclusive financial advisor

Q1-2023 Physician Services Update

Urology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March			2	8	AL
February			11	5	SC
February			83	40+	IL, WI
January			40	14	IN

Orthopedics					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March			10	3	OH
February			8	4	TX
February			14	6	TX
January			5	2	KY
January			4	3	IL

1) Provident served as exclusive financial advisor

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Q1-2023 Primary Care Update

Market Update

Investment activity within primary care in Q1 2023 continued to benefit from persistent momentum behind risk-based payment models and value-based contracting arrangements. The private equity community has recognized the impact primary care providers can deliver, across both adult and pediatric populations, in terms of containing downstream costs.

Provident expects consolidation activity to accelerate across the sector as PE-backed platforms move quickly to add scale which can be leveraged to negotiate value-based contracts with payors. Primary care remains one of the most fragmented sectors within physician services, providing meaningful opportunity to pursue buy-and-build strategies and capitalize on the macro tailwinds driving growth.

Retail companies continue to value primary care and we expect those groups to continue their activity in transforming primary care from the traditional fee-for-service model. CVS Health announced plans to acquire Oak Street Health in February 2023 in a deal valued at \$10.6 billion. Amazon closed its acquisition of One Medical in February 2023 while Walgreens continues to fund its partnership with VillageMD. Walmart has continued its expansion of Walmart Health by adding 28 health centers in 2023 on top of the 16 they have already opened in Florida. Dollar General announced its plans to expand into healthcare in 2021 and delivered on that initiative in January 2023 with the opening of 3 pilot clinics in Tennessee.

Select Transactions

Month	Acquirer	Target	Transaction Notes
February	 Webster Equity Partners	 TriValley MEDICAL GROUP	Tri-Valley Medical Group, a CA-based primary care and population health management services provider to senior populations with extensive risk-based contracting experience, was recapitalized by Webster Equity Partners.
February	 Webster Equity Partners	 PEDIATRIC AFFILIATES PA	Pediatric Affiliates, a NJ-based pediatric primary care network, has partnered with Webster Equity Partners for create a new pediatric primary care platform with plans to scale across the Northeast and beyond.
February	 agilon health	 Lexington Clinic	Lexington Clinic, a multi-specialty provider, has partnered with Agilon Health to transition its primary care delivery system to a full-risk, value-based care model for its Medicare patients.
January	 ASCEND	 allied physicians group A Partnership for Unparalleled Care	Ascend Private Equity, a healthcare focused PE group, has partnered with Allied Physicians Group and Adjudvant.Health to further expand the platform capable of providing pediatric care & MSO-services.

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Provident In the News:

Dustin Thompson spoke with Health Plan Weekly about the 2023 M&A outlook for Health Plans.

[2023 Outlook](#)

Q1-2023 Revenue Cycle Management Update

Market Update

Despite an overarching hesitancy to most software investments, RCM acquisition activity rebounded from both strategic partners and financial sponsors in the first quarter of 2023. Strategic partners continue to prefer RCM companies with a specific niche end-user sector, while private equity investors have acquired platforms intended to serve multiple specialties.

In the first quarter of the year, two new private equity platforms were formed, leading Provident to believe there will be continued appetite for acquisitions, especially as these newly created entities will evaluate potential add-on acquisitions.

Transaction Spotlight



February 2022

Alpine investors, a private equity firm focusing on lower middle market businesses, has invested in Medusind, an RCM services provider to physician groups including dental, anesthesia, radiology and other specialties.

In the past year, Medusind has processed over \$2 billion in claims, supported over 30K physicians and 30+ EMR platforms. With a 96% clean claims rate, Medusind will continue to deliver best-in-class RCM solutions and explore new specialties under the partnership with Alpine.

Select Transactions

Month	Acquirer	Target	Deal Description
March			Enhanced Healthcare Partners, a middle-market healthcare private equity firm, has made a growth investment in Janus, a leading provider of RCM technology. The realized synergies will enhance Janus's market expansion and product development efforts
February			GeBBS Healthcare Solutions, a portfolio company of ChrysCapital and a provider of tech-enabled RCM services, has acquired CPa Medical Billing, a regional leading revenue cycle services provider for FQHCs
January			RSi, LLC, a national revenue cycle services provider for hospitals and large physician practices, has announced the acquisition of Invicta Health Solutions, LLC, a leader in providing specialized revenue cycle services to hospitals and health systems

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Q1-2023 Healthcare Services Private Equity Update

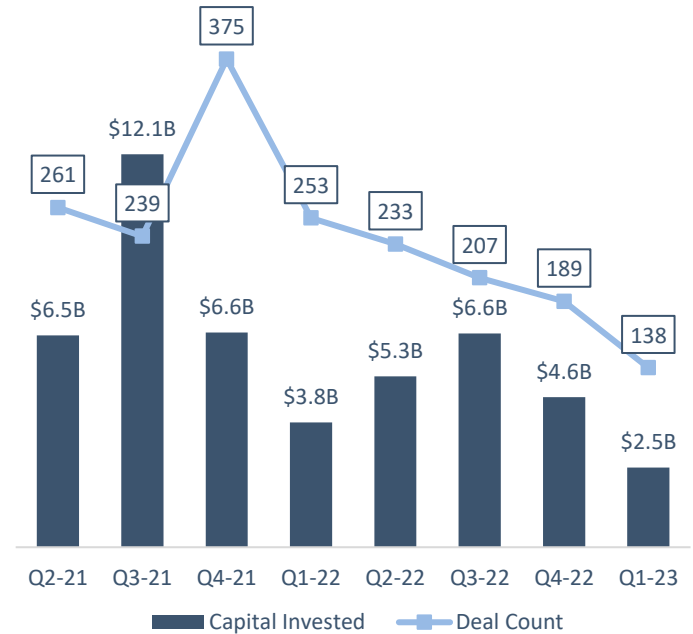
Commentary

Healthcare PE activity continued to display impressive resiliency in Q1-23, but investor sentiment was mixed as Q1-23 also saw the first bank failure in years with Silicon Valley Bank collapsing in March. The fall of SVB shook global markets with its rapid deterioration, which many VC and PE investors rely on for key sources of financing just as credit became harder to obtain. Transaction volume and capital invested in Q1-23 had been declining before SVB's collapse, as investors evaluate the new reality of rising rates and broader macroeconomic headwinds. That said, private equity firms still hold an abundant amount of capital, but the velocity in which funds are deploying capital has certainly slowed. Provident anticipates PE groups will remain bullish on bolt-ons for existing portfolio companies with existing financing relationships and expect fewer new platforms created this year due to the financing environment.

PE exits have also continued to decline off 2021 highs and even 2022, owing part to rewarding and eager IPO markets and competition from SPACs. Rather than exit platforms in 2023, PE firms and its portfolio companies are gearing up for 2024 and 2025 exits. Platforms that are focusing on both clinical and operational excellence will be rewarded in the future as the appetite for high quality assets remains elevated, and the supply and demand imbalance for quality assets becomes greater.

However, investors can gain comfort in knowing that healthcare services are perceived as acyclical, as payors and the nondiscretionary behavior of healthcare insulate PPMs and other providers from radical changes in consumer spending.

Private Equity Investment & Deal Count



Q1-23 Healthcare Private Equity Snapshot¹

Transactions 138

Healthcare transaction volume slightly declined from the prior quarter, from 189 in Q4-22 to 138 in Q1-23. Valuations are starting to plateau and decline across several services verticals, and overall M&A activity continues to slow down. However, private equity continues to turn to healthcare services given the perceived acyclical nature of the business models.

PE Exits 23

Despite the slump in exit activity over the last five quarters, there were still several notable PE exits that occurred in Q1-23. Notably, Frazier Healthcare exited United Digestive and sold the GI asset to Kohlberg & Co Mar-23. United Digestive is one of the largest GI PPM platforms in the U.S., with over 200 providers and 80 locations.

Investors 162

The diverse investor and acquirer base highlights how sectors across the healthcare services spectrum remain active and ripe for consolidation. Record levels of capital were raised in the last 24 months, and investors are mandated to deploy that capital, regardless of the macroeconomic headwinds.

Capital Invested \$5.0B+

Total capital invested and deal volume in Q1-23 faced some challenges, but displayed resiliency despite headwinds in the economy. Overall deal volume and capital invested slumped from the previous quarter, with many more investors focusing on add-on acquisitions versus platform creation, which typically requires establishing a credit facility that has proven more challenging in today's macro environment.

Largest Deal \$2.5B

PerkinElmer is global analytics services and solutions provider for the biopharma, food, environmental, safety and applied end markets. New Mountain Capital acquired PerkinElmer in Mar-23 for a rumored \$2.4B transaction,

Top Investors by Deal Count



Q1-2023 Healthcare Services Private Equity Update

Select Transactions

Month	Acquirer	Target	Target Description
February			Cardiovascular Institute of the South (CIS), one of the largest independent cardiovascular practices in the country, launched a national cardiovascular platform, Cardiovascular Logistics, in partnership with private equity firm Lee Equity Partners, headquartered in New York City.
February			Eruptr is an industry leading provider of technology-enabled digital marketing solutions and SaaS health risk assessments to help hospitals increase awareness, patient acquisition and achieve KPIs. Eruptr maintains direct customer relationships with blue-chip health systems including Johns Hopkins, UNC Healthcare, Methodist, and Inova Health System and serves a client base of over 70 systems representing over 200 hospitals.
March			Clinical Trials of America is a multi-therapeutic clinical trials company that brings to IMA four new independent and six embedded site locations in Louisiana and North Carolina
March			Headquartered in Atlanta, Georgia, United Digestive is a market leading provider of services to treat GI disorders, nutrition and digestive health. The Company has a fully integrated care model consisting of Ambulatory Surgery Center ("ASC") locations, suite of complementary ancillary services and professional services allowing United Digestive to treat a broad range of GI conditions.

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 \$9.0B+ in TEV to date, Provident devotes a team of seasoned professionals to every transaction to ensure an efficient and successful close.

25

Years of Healthcare Investment Banking

200+

Healthcare Deals Closed

100+

Healthcare Deals Closed In The Last Decade

28

Investment Banking Professionals

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Q1-2023 Rehabilitation Update

Market Update

The first quarter of 2023 witnessed a strong start to merger and acquisition activity, highlighted by two significant secondary buyouts – Motion PT Group and Excel Physical Therapy. Recent physical therapy transaction processes have seen a greater focus on rate arbitrage opportunities, with consolidators using scale and regional health system partnerships to secure favorable contracts with payors. As a result, there is increased interest among smaller providers and consolidators seeking to form partnerships to benefit from these advantageous contracts. In the midst of the ongoing competition for quality assets and the accretive value created in these situations, sellers are experiencing elevated valuations. Provident anticipates this trend to persist throughout 2023.

Select Transactions

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March		Not Disclosed	1	Not disclosed	USPH acquired a one location physical therapy practice. The purchase price for the 80% equity interest was approximately \$6.2 million. The practice generates more than \$3 million in annual revenue and has approximately 27,000 patient visits per year.
March			7	TX	Empower Physical Therapy, backed by Sheridan Capital Partners, expanded its portfolio in Texas with the acquisition of Spectrum Therapy Consultants. With this addition, Empower now operates 53 clinics across AZ, CA, LA, and TX.
February			59	CT, MA, MD, NY	Confluent Health, backed by Partners Group and Chrysalis Ventures, acquired Motion PT Group from Pharos Capital. This acquisition brings Confluent Health's national footprint to 609 clinics in 35 states.
February			24	NJ	Ivy Rehab, a national leader in outpatient musculoskeletal rehabilitation and pediatric services, as well as New Jersey's largest physical therapy provider, added 24 clinics through its newest partnership with Excel Physical Therapy.

USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV/ Rev	EV/ EBITDA
U.S. Physical Therapy	\$86	3.09x	22.70x
Acadia Healthcare	\$561	3.11x	14.45x
Encompass Health	\$870	2.05x	10.25x
HCA	\$13,290	1.91x	8.66x

As of 3/31/2023

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Q1-2023 Healthcare Staffing Update

Market Update

Allied and locum tenens continue to experience strong growth while travel nurse revenue reported a significant decline this quarter, primarily resulting from decreased new orders and compressed bill rates. Excluding the start of the pandemic, per SIA, new orders are at an all time low since this metric has been tracked beginning in 2011. Despite reduced travel nurse revenue, SIA noted that staffing firms reported increased usage or implementation of an app or platform with 23% of agencies reporting a platform currently in place while 33% plan to implement an app in the near future. Reasons that groups have expressed no interest in a platform include limited capital investment and candidate interest, and the importance of communication between candidate and recruiter.

Transaction Spotlight









March 2023

In Q1 2023, Waud Capital announced a new platform, Fusion Health. Leveraging technology, Fusion will offer staffing services to healthcare facilities, providers, and health plans. Through this new platform, the Company acquired Fusion Healthcare Staffing, a provider of locum tenens staffing services.

Waud partnered with Bales Nelson and Allen Dye to establish a staffing platform with technological capabilities. Both individuals have significant experience in the space having spent time and founding several groups including CenseoHealth, THMed, Merrit Hawkins, and AMN.

Select Transactions

Month	Acquirer	Target	Deal Description
January 2023	Capital Raise		Shiftkey, a healthcare scheduling platform, raised \$300M led by Lorient Capital, with Clearlake and Health Velocity also participating. The platform targets nurses, CNAs, and other professionals who bid on per diem shifts.
February 2023	Capital Raise		ShiftMed, a workforce management platform, recently raised \$200M from Panoramic Ventures, Blue Heron Capital, and Audacious Capital. ShiftMed, a marketplace with more than 350,000 W2 providers, grants health systems access to credentialed providers to fulfill staffing facility needs.
March 2023			Twenty20 Capital acquired the healthcare staffing business of Impellam Group. The healthcare staffing business includes Medacs Global Group, which has a presence in the UK, Ireland, and Asia.
March 2023			Next Move Healthcare, an RN and allied healthcare staffing agency, acquired Prime Surgical Associates, a surgical services staffing provider. This is Next Move's first acquisition.

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Scott and Rich plan to attend multiple conferences throughout the year, having attended SIA's Executive Forum this past March. Both plan to attend the Healthcare Staffing Summit in Las Vegas this November.

Concluding Thoughts

The first quarter of 2023 showed encouraging indications that investors and strategic consolidators are remaining committed to acquisitions and capital deployment despite tightening capital markets. Although healthcare services yielded a lower number of transactions relative to previous quarters, highly optimistic national corporations greatly contributed to an explosive \$58.9B in total capital invested over the quarter. CVS and Amazon, who invested a combined \$22.5B across three flagship acquisitions in Q1, continue to execute a vertical integration strategy to expand reach and diversify services. The large operators are expected to continue acquiring provider groups over the remainder of the year to meet ambitious growth targets. These recent and evolving M&A patterns reinforce the notion that there continues to be tremendous value and growth opportunities in healthcare services and value-based care initiatives.

Several sectors continue to show remarkable resiliency to date despite the lending environment including multiple physician services specialties such as cardiology, primary care, orthopedics, and urology. Leading factors within, but not limited to, these sub-sectors driving sustained consolidation are a continued patient supply / demand imbalance and increasing reimbursement pressures aimed to reduce costs and improve healthcare efficacy.

While investment volume trended slightly downward in Q1 2023,

Provident believes that investor sentiment in the middle market of healthcare services remains high and that transaction activity is set to return over the remainder of the year. With private equity firms ready and willing to continue deploying excess amounts of dry powder, they will continue to seek new platform quality provider groups and healthy portfolio companies will continue to pursue add-on investments. With signs that inflation has peaked, interest rates are expected to settle, allowing investors to get comfortable with the outlook for the remainder of 2023.



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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