

Durable Medical Equipment (DME)

Q2 2023









Market Update

M&A activity within the DME space in Q2 2023 was marked by a flurry of add-on activity across various product segments. Transaction volume has been led by smaller private-equity backed platforms as the larger strategic acquirers who have been more active historically, such as AdaptHealth, have taken a step back from M&A to focus on internal operational initiatives. One notable exception to this is VieMed, who completed its \$32M acquisition of Home Medical Products in June 2023 and is actively pursuing additional deals.

While new platform creation and M&A activity for larger (\$100M+) transactions was relatively muted in Q2, the DME space has shown positive momentum across several areas that should drive growth across the space and attract investor interest. Notably, Humana's recently announced value-based contracting agreements with AdaptHealth and Rotech demonstrate the increased traction innovative payor arrangements have generated in the space, a trend Provident expects to continue.

Further, similar to the improved Medicare reimbursement and eligibility criteria for continuous glucose monitors in Q1 2023, mobility providers stand to benefit from Medicare's new coverage for seat elevation systems for complex power wheelchairs. This represents a meaningful opportunity to capture incremental revenue across existing power wheelchair patients and should drive growth across this segment, which has continually attracted private equity investor interest.

Select Transactions

Month	Acquirer	Target	Deal Description
May			Advent Home Medical, a medical and respiratory equipment provider backed by New Harbor Capital, acquired NC-based Med Emporium. The acquisition will bolster Advent's respiratory offering through its complementary focus on non-invasive vents.
May			Norco Medical, an Idaho-based home medical supplier, acquired the DME service line of Samaritan Health Services. The acquisition deepens Norco's presence in Oregon while capitalizing on the economies of scale available by leveraging the platform's infrastructure and operational capabilities across its footprint.
May			VieMed (NAS: VMD), one of the largest DME providers nationwide, completed its \$32M acquisition of TN-based Home Medical Products in a transaction that will expand its respiratory offering in the Southeast.
April			Reliable Medical, a complex rehab technology provider backed by Seven Hills Capital, has acquired Tusk Mobility, an Alabama-based provider of mobility solutions and assistive technology equipment. The acquisition expands Reliable's reach into a new market, enhancing its geographic footprint via M&A.

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