

Healthcare Services M&A Review: A Quarterly Update



Q3 2023
M&A Update

A Quarterly Update

Q3 2023

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M&A Activity & Investor Appetite Demonstrate Continued Resilience

Healthcare services transaction volume exhibited a modest uptick compared to the previous quarter. Macroeconomic headwinds, including restrictive lending markets and inflationary wage pressures, have led to turbulent economic conditions impacting deal activity in all sectors. Nonetheless, healthcare services deal flow remained robust, primarily due to sustained demand for services supported by a host of shifting demographic trends seen nationwide and a sustained focus on sectors best positioned for value-based care. Specific verticals, such as cardiology, home health and hospice, pharma services, primary care, and rehabilitation, have experienced increased deal volumes compared to the broader industry given strong investor appetite.

Transaction volume among strategic acquirers increased compared to the previous quarter, with several groups executing organic growth strategies in conjunction with M&A initiatives. Acquisition criteria among strategics is becoming more concentrated on expanding technological capabilities, increasing patient catchment in differentiated end-markets, and building regional density. New private equity platform activity experienced a downturn from the previous quarter, with most transactions focusing on add-ons in existing regions rather than embarking on new portfolio company formation. Considering the volatile macroeconomic landscape, platforms have adopted a more selective approach to their partnerships, emphasizing the necessity of adding value long-term before making any investment commitments.

Notable Transactions in Q3 2023

Cardiology	Orthopedics	Pharmacy Services	Healthcare Staffing
  Have been acquired by 	 Has been recapitalized by 	 Has been acquired by  A portfolio company of 	 Has made a growth investment in 

Select Provident Q3 2023 Transactions



Has partnered with



A portfolio company of



Blair Gastroenterology Associates

Provident served as the exclusive sell-side advisor to Blair Gastroenterology Associates (“BGA”) in its partnership with US Digestive Health (“USDH”), a portfolio company of Amulet Capital Partners, LP (“Amulet”). BGA provides a full suite of gastroenterology services with seven physicians and 14 advanced practice providers via two office locations and one state-of-the-art surgery center in central PA. USDH was formed in 2019 by Amulet to deliver high quality digestive care and has become the leading gastroenterology provider in the Northeast, as well as one of the largest in the US. BGA is the latest practice to join USDH’s network of 250 physicians, 34 offices, 22 ASCs, four clinical research sites, and 1,100+ employees.



Has made a strategic growth investment in



to support the company’s acquisition of



Medacis Solutions Group

Provident served as the exclusive financial advisor to Medacis Solutions Group (“Medacis”) in its acquisition by Bluesight, the Medical Intelligence™ Company (“Bluesight”) via strategic growth investment by Thoma Bravo, a leading software investor. Medacis is a leading innovator in drug diversion analytics, applying AI and machine learning to reveal patterns throughout the drug lifecycle. Hospitals rely on Medacis’s analytics to ensure regulatory compliance, liability reduction, and enhanced patient safety. Bluesight’s partnership with Medacis combines a market leader in drug diversion analytics with a medication management solutions platform that will serve 2,000+ hospitals across North America. Bluesight’s auditing capabilities complements Medacis’s streamlined reporting tools that will ensure accurate predictions, targeted interventions, and improved patient outcomes.

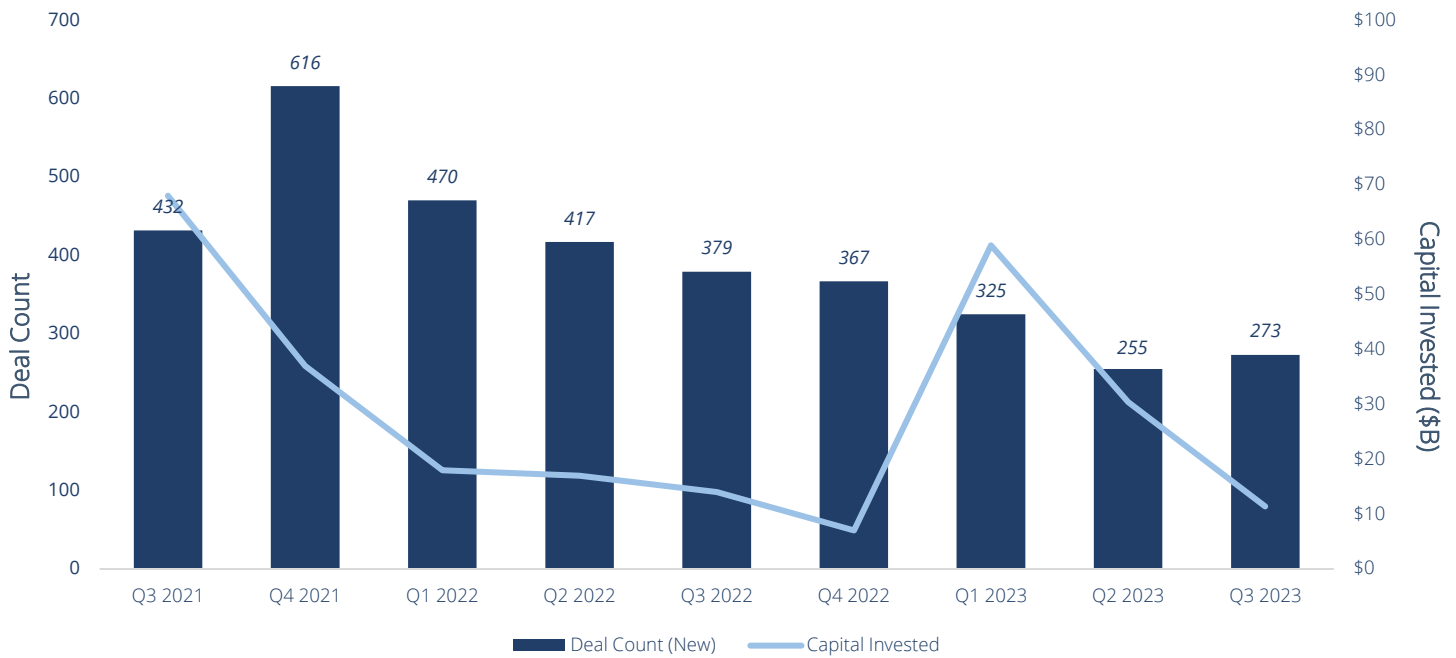
Recent Media Citations and Podcasts

- [Craig Sager joined McGuireWoods “Corner Series” podcast to discuss M&A in primary care](#)
- [Provident Quarterly Behavioral Health Spotlight - Addiction Treatment](#)
- [The Most Significant Hospice Deals So Far in 2023](#)

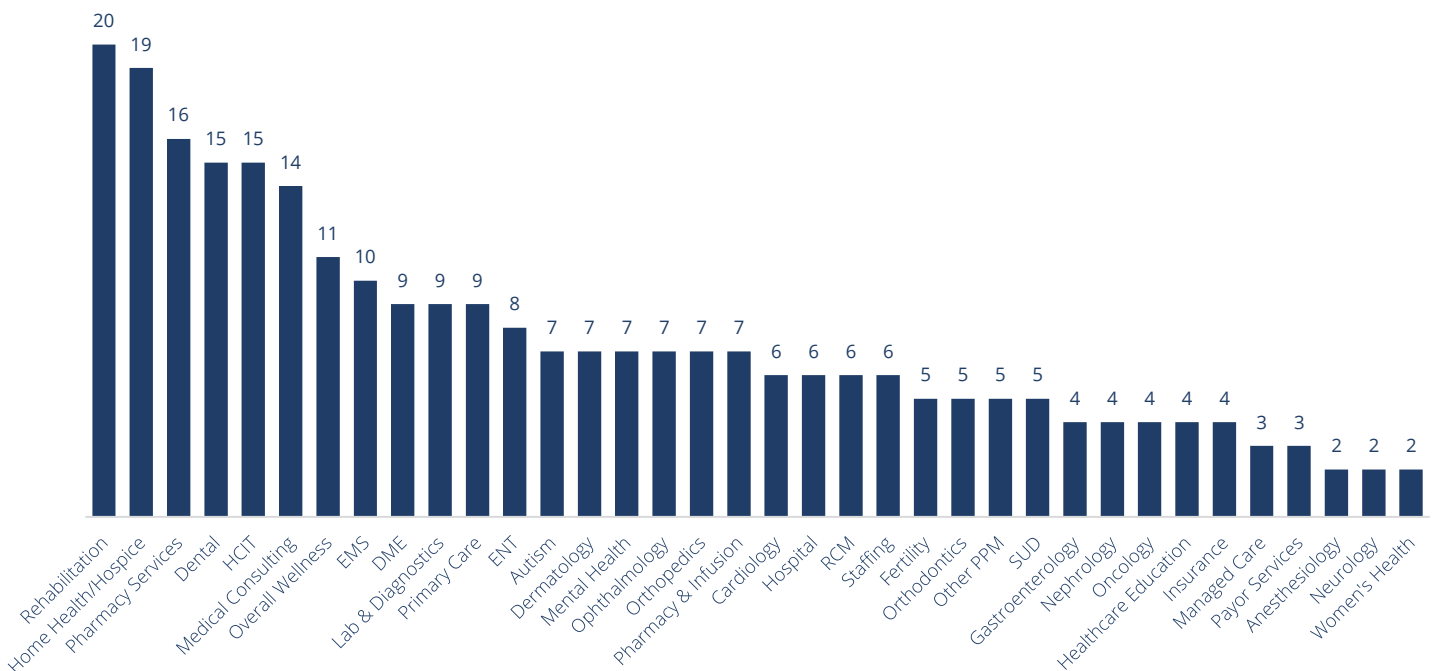
Healthcare M&A Deal Stratification

Healthcare services transaction activity remains below the record high numbers of 2021 and 2022, although the slowdown signals a return to deal flow volumes prior to the COVID-19 pandemic. Valuations have also softened compared to the peak levels observed in 2021 and 2022, primarily attributable to elevated interest rates. In the third quarter, 273 transactions were announced, comprised of 147 led by strategic / corporate entities and 126 led by private equity firms / PE-backed companies, demonstrating an increase in strategic-focused transactions and a decrease in private equity-focused transactions compared to last quarter.

Healthcare Services M&A Quarterly Deal Activity (Trailing 24 Months)⁽¹⁾



Healthcare Services Deal Count⁽¹⁾



(1): Based upon Q3 2023 Pitchbook Data as of October 16, 2023.



Behavioral Health

Autism Services

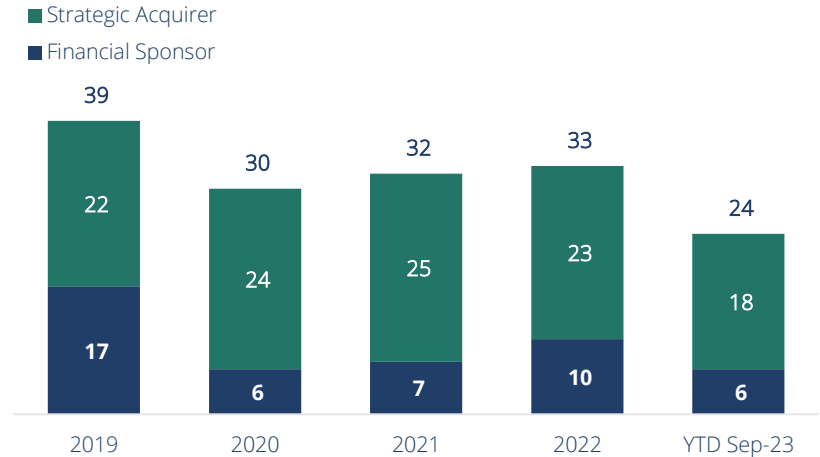
Q3 2023

Market Update

Q3-23 transaction activity in the autism services space remained stable with eight total transactions, five of which were add-on investments from strategic acquirers and three of which were from financial acquirers. While challenges such as staffing issues and inflation are still present, the segment remains an attractive choice for investment due to the outsized demand for services nationwide. Moreover, with the CDC raising their youth autism estimate by 22% in April 2023, demand for services remains as high as ever, highlighting ample opportunity for growth.

Notable acquisitions include the bankruptcy acquisitions of the Center for Autism and Related Disorders (“CARD”) by Pantogran, an entity led by their founder/former CEO Dr. Granpeesheh, and the Audax Group. Audax will be integrating some of CARD’s regional operations into their platforms, Proud Moments ABA and New Story Schools, while Granpeesheh acquired the actual entity and remaining operations.

Annual Transaction Volume



Select Transactions

Month	Acquirer	Target	Deal Description
August	ABA CONNECT	BRIGHT BEHAVIOR, INC.	ABA Connect, a portfolio company of MBF Healthcare Partners and ABA provider based primarily in Texas, acquired Bright Behavior, a Colorado Springs-based provider of ABA services intended for children diagnosed with autism and other developmental delays.
August	HEALTH CONNECT AMERICA	Specialized Youth Services Of Virginia	Specialized Youth Services of Virginia, a private day school providing educational and treatment services, announced its acquisition by Health Connect America, a behavioral health services platform based in Tennessee and portfolio company of Palladium Equity Partners.
August	MAVEN Equity Partners	North Valley PEDIATRIC THERAPY	North Valley Pediatric Therapy, a provider of pediatric therapy in the North Valley of Arizona, received a growth investment from Maven Equity Partners, a private equity firm based outside of San Francisco.
August	HELPING HANDS family	INVO healthcare	Helping Hands Family, a Pennsylvania-based provider of autism therapy services and portfolio company of Zenyth Partners, announced they would be taking over the Pennsylvania ABA services of Invo Healthcare.
July	Audax Group Pantogran, LLC	CARD CENTER FOR AUTISM & RELATED DISORDERS	The Center for Autism & Related Disorders, an ABA provider based in California, recently announced its bankruptcy acquisition by two platforms of the Audax Group (Proud Moments ABA and New Story Schools) and Pantogran, an entity led by its founder/former owner, Dr. Doreen Granpeesheh.
July	Point Quest	EdLogical Group FOUNDATIONS EDUCATIONAL SOLUTIONS	Point Quest, a portfolio company of Avesi Partners and California-based provider of adolescent behavior health and special education, acquired EdLogical Group, a California-based provider of professional development and training services, and Foundations Educational Solutions, an Arizona-based provider of special education services in schools.

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Publications & Podcasts

Whitepaper

[An Update on Investment & Consolidation in Autism Services](#)

Podcast

[Autism in the Spotlight: Key differentiators that will set you apart from the competition](#)

Mental Health

Q3 2023

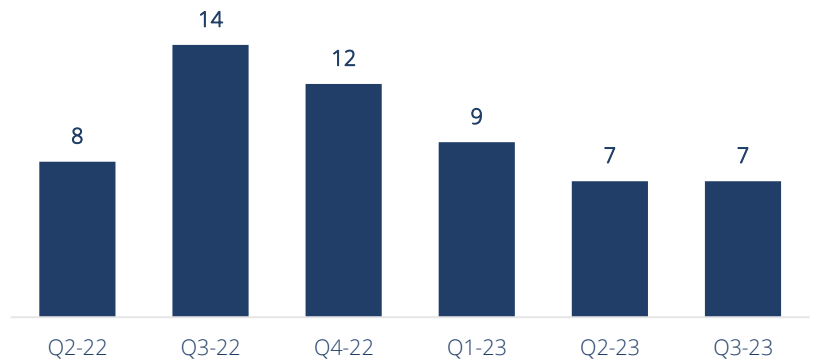
Market Update

The third quarter saw a continued decline in behavioral health deal-making, primarily due to more targeted M&A as well as a challenging lending environment.

Most transaction activity was characterized by digitally-native behavioral health and telehealth focused investments. These models rely heavily on recurring patient flow, low-cost customer acquisition, and subscription-based models to build broad patient bases. The school-based setting also continues to attract investment dollars, as evidenced by FullBloom and New Story's partnerships with mental health providers.

Overall, Provident expects deal flow to rebound significantly in Q4 and into 2024 as debt markets stabilize.

Quarterly Transaction Volume



Select Transactions

Month	Acquirer	Target	Deal Description
September	Caraway	sesh	New York City-based Caraway announced that it has acquired Sesh, a group therapy platform for adolescents. The acquisition allows Caraway to add group support and therapy into its stable of offerings.
September	FullBloom	empowerU	FullBloom, a special education and behavioral health provider, recently acquired EmpowerU, a platform designed to expand K-12 educators' capacity to deliver targeted support for students struggling with mental health challenges.
September	New Story	thrive Alliance Group	Thrive Alliance Group, which supports children with mental health needs in public schools, was purchased by New Story, a provider of special education and mental health services backed by Audax Private Equity.
August	ARC HEALTH	dayspring	Thurston Group-backed behavioral health provider ARC Health has acquired Dayspring Behavioral Health. This new purchase is part of ARC Health's larger, ambitious M&A strategy.
August	yoüme HEALTHCARE	Hurdle	Hurdle Health, a digital mental health platform, was purchased by Youme Healthcare, a leading pediatric mental health company. Upon close, both companies were rebranded to form Backpack Healthcare.
August	BigHealth	Limbix	Big Health, one of the largest digital providers for 'non-drug' mental health services, expands into youth mental health with its Limbix acquisition.

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Publications & Conferences

Whitepaper

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

DealFest

PHP will be speaking on a Mental Health focused panel at Association for Corporate Growth Boston DealFest Northeast in November

Substance Use Disorder

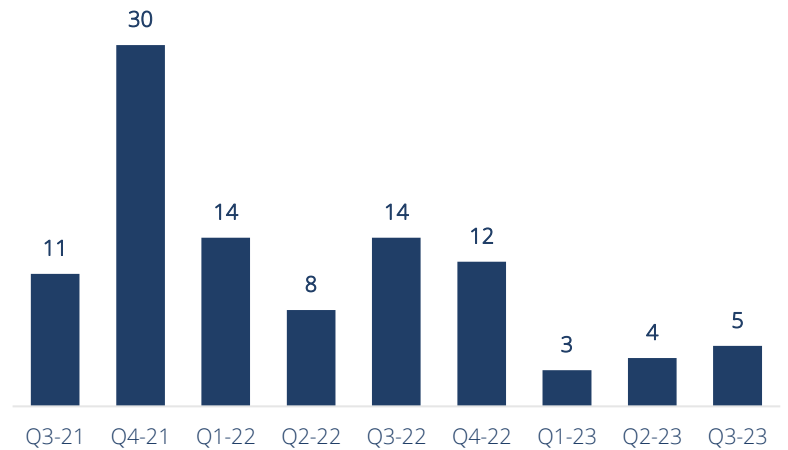
Q3 2023

Market Update

The Substance Use Disorder (SUD) space has seen fairly steep declines in deal activity. Restrictive lending markets and inflationary wage pressures have been the primary hurdles to growth in the sector, with traditional consolidators like Acadia and UHS instead turning to de novo strategies, such as site development and joint-venture arrangements, to pursue growth.

Notable Q3-23 transactions included two joint-ventures with Acadia Healthcare and regional health systems. Methodist and Solution will leverage Acadia's behavioral health expertise while Acadia is looking to capitalize on their partners' local payor relationships and referral volume to build large behavioral health facilities to improve care access in their regions.

Quarterly Transaction Volume



Select Transactions

Month	Acquirer	Target	Deal Description
September			Kyros, a digital marketplace for substance use disorder services, has raised \$4.4 million in a seed financing round led by Rally Ventures, with participation from strategic angel investors. The transaction highlights PE/VC firms foray into outsourced SUD services.
August			Haven Health Management, acquired MA-based accredited drug and alcohol rehabilitation program, Recovering Champions, which helps the platform build density in the region.
August			H.E.R. Management LLC announced its acquisition of BeWell Network, an LA-based provider of residential and outpatient substance use disorder treatment. BeWell owns two luxury recovery programs across eight locations.
July		 <i>Joint Venture</i>	Acadia Healthcare, announced that it has formed a joint venture with Nebraska Methodist to build a, 96-bed behavioral health hospital in Council Bluffs, Iowa. The development expands Acadia's acute service offering into an additional state.
July		 <i>Joint Venture</i>	Acadia Healthcare, has established a joint-venture with SolutionHealth, parent company of a Southern New Hampshire Hospital Chain. Acadia and Solution will team-up to build a \$60 million facility in New Hampshire.

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Publications & Podcasts

Whitepaper

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

Podcast

[Provident Quarterly Behavioral Health Spotlight - Addiction Treatment](#)



Healthcare IT

Trusted Healthcare Advisor

Healthcare IT

Q3 2023

Market Update

While deal flow in healthcare IT was down 11% from the previous quarter and 21% from the same quarter last year, Q3-23 saw a marked increase in transaction value. At \$7.2B, total capital invested was over 5.5x greater than Q2-23. This considerable uptick can be attributed to three landmark deals – Globus Medical's \$3.1B acquisition of NuVasive, Thoma Bravo's announced \$1.8B take-private acquisition of NextGen Healthcare, and TPG's \$1.4B acquisition of NexTech.

Secular tailwinds, such as an aging U.S. population, healthcare staffing shortages, and supply chain constraints will drive companies to bolster their healthcare IT capabilities to meet and overcome the unique challenges facing the healthcare industry. These tailwinds, combined with lower public valuations and continued investor appetite seen in recent quarters despite turbulent economic conditions, demonstrate the resilience of the sector, a trend Provident expects to continue throughout the remainder of the year.

Provident Transaction

In July 2023, Thoma Bravo announced the closing of a strategic growth investment in Bluesight, with the investment supporting Bluesight's acquisition of Medacis. Provident served as Medacis's exclusive financial advisor throughout this process. Bluesight's acquisition of Medacis combines a pioneer, lead innovator, and market leader in drug diversion analytics with a medication management solutions platform that together will serve 2,000+ hospitals across North America. Bluesight's advanced auditing capabilities and visibility across all hospital care areas complements Medacis's streamlined reporting and visibility tools. Healthcare organizations will have a single source of software solutions that provides insights into medication usage and diversion to allow for the most accurate predictions and, ultimately, improved patient outcomes.

THOMABRAVO
Has made a strategic growth investment in
BLUESIGHT
THE MEDICATION INTELLIGENCE COMPANY
to support the company's acquisition of
Medacis
July 2023

Select Transactions

Month	Acquirer	Target	Deal Description
September			NextGen Healthcare, a leading provider of cloud-based healthcare technology solutions, entered into a definitive agreement to be acquired by Thomas Bravo.
September			TeleVox acquired the Odeza patient engagement business from Ensemble Health Partners.
August			TPG acquired Nextech, a leading provider of clinical and administrative technology solutions for specialty physician practices, from THL for \$1.4B.
August			Orbita, the leading provider of smart virtual assistants and workflow automation for healthcare, acquired the assets of Wellbe.
August			Experity, the national leader in on-demand healthcare solutions, acquired OnePACS, a SaaS platform purpose-built for teleradiology.
August			Tabula Rasa HealthCare agreed to be acquired by Nautic Partners and was combined with ExactCare Pharmacy, a portfolio company of Nautic.
July			Bluesight received a strategic investment from Thoma Bravo to support its acquisition of Medacis, a drug diversion monitoring platform.

*Provident was the lead advisor to Medacis on its sale to Bluesight

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Revenue Cycle Management

Q3 2023

Market Update

The Revenue Cycle Management (RCM) sector experienced an uptick in consolidation activity through Q3-23 as six companies were acquired by larger strategic competitors. The majority of acquired companies had both a specific target end user and leveraged cutting edge technology such as AI and Natural Language Processing (NLP).

Acquisitions this quarter were largely driven by the opportunity to diversify services, add depth to existing services, leverage new technology, and increase subscriber bases. While some of the buyers have experience in M&A, other strategic consolidators acquired their first company. We believe the rapid development of AI paired with a tightening lending environment lends itself to an uptick in strategic deals and potentially a continued slowdown in platform formation.

Notable Transaction

Aspiron, a tech-enabled RCM provider for complex claims, acquired Continuum Health Solutions, a trusted motor vehicle accident (MVA) and third-party liability (TPL) RCM company. Continuum reinforces Aspiron's market leadership in complex claims management, specifically within MVA and TPL services.

Aspiron will leverage Continuum's innovative technologies to continue focusing on recovering unrealized revenue from complex MVA and TPL claims for hospitals and health systems.



Select Transactions

Month	Acquirer	Target	Deal Description
September	moduleMD	 	ModuleMD, a leading healthcare technology company, has acquired Diversified Health Care Management and MedEase Practice Management software, two players in the RCM industry with over 75 years of combined experience. The acquisition will benefit clients via expanded service offerings and enhanced technology.
September	iCoreConnect		iCoreConnect, a cloud-based software company focused on increasing customer productivity and profitability, acquired Preferred Dental Services. Preferred Dental Services is a provider of dental billing, claims, and insurance management services.
August	e4health Empowering Better Health		E4health acquired eCatalyst Healthcare Solutions to build the leading national provider of middle RCM services, including coding, auditing, clinical documentation improvement, revenue integrity, master patient index, and strategic information technology services.

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Outsourced Services

Durable Medical Equipment

Q3 2023

Market Update






Durable Medical Equipment (DME) M&A activity in Q3-23 slowed to a degree as several large, strategic consolidators have navigated the effects of rising interest rates, leadership transitions, and other strategic initiatives. Notably, AdaptHealth, National Seating & Mobility, and Advanced Diabetes Supply have all replaced key executives in the past several months, which has led to a reduced focus on M&A driven growth.

The absence of competition from these historically aggressive groups, coupled with a challenging debt financing market, has created downward pressure on valuation multiples and a less attractive market for sellers looking to explore an M&A process.

That said, opportunistic strategic platforms and private equity groups have capitalized on the less competitive market environment to acquire attractive assets at reasonable valuations. Henry Schein's recent acquisition of Shield Healthcare stands out as a recent example, and we've seen more nimble platforms such as Reliable Medical (backed by Seven Hills Capital) remain extremely active. Provident has seen premium assets are still attracting competitive multiples in this market environment.

Provident is expecting an uptick in M&A activity in Q4 and into the early portion of 2024 as interest rates normalize and these larger acquirors work through their leadership transitions and shift their focus back towards inorganic growth.

Select Transactions

Month	Acquirer	Target	Deal Description
September	 SUNRISE MEDICAL		Sunrise Medical has acquired Denver, CO-based Ride Designs, expanding its custom seating offerings, clinical expertise and service capabilities. Ride Designs provides a custom, high-end seating product line to Sunrise's existing product portfolio, allowing it to service a broader patient population within its current platform.
September	 quipt home medical	Undisclosed Business	Quipt Home Medical, has acquired an undisclosed business with ten locations across three southeast states, generating \$9M revenue and \$2M of synergy-adjusted EBITDA. The deal adds 17,500 active patients and 1,900 unique referring physicians to Quipt's existing platform.
August	 HENRY SCHEIN®		Henry Schein, one of the largest nationwide providers of healthcare supplies and equipment, acquired Shields Healthcare via its homecare focused PRISM Medical Supplies division to expand its homecare revenue base to \$300M+ and diversify its product offering into CGMs, incontinence, and other supplies.

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Healthcare Staffing

Q3 2023

Market Update

In today's rate and volume environment, groups who focus within locum tenens and therapy are outpacing their peers who focus within travel nursing and interim leadership. Demand continues to remain stable and with winter approaching, nursing and allied solutions should contribute to strong revenue in Q4 relative to prior quarters. As time continues to pass since the pandemic and as rates and volumes start to stabilize, Provident believes M&A activity will recover in 2024, particularly for those processes which went on pause in 2022 and early 2023. Those groups which have a proprietary technology solution, strong recruiter base and tenure, and who serve differentiated end markets with limited MSP exposure, will receive interest from investors.

Notable Transaction

BV Investment Partners, an investor with a thesis in software, IT services, and tech-enabled business services, made a growth investment in Hardenburgh Group. Hardenburgh Group, a previous portfolio company of Lead Capital Partners, offers temporary staffing solutions surrounding medical service professionals within non-clinical settings, consulting, peer review, and physician leadership solutions. Hardenburgh is a premier provider in supporting health systems' governance, risk and compliance (GRC) initiatives, which is attracting significant investor interest in both services and SaaS settings.

Select Transactions

Month	Acquirer	Target	Deal Description
September	Futuris The Future of Human Capital	Recruiter.com	Per SIA, Futuris Co. acquired Recruiter.com Group, an online staffing and recruiting staffing services platform. Terms of the transaction include \$500,000 of Futuris stock and sharing of up to \$2M in gross profit. The transaction will complement Futuris' executive search, staffing, consulting, and technology services.
August	Elite365 HEALTHCARE WORKFORCE SOLUTIONS	KOBOR MedSearch, LLC An Anesthesia Search Company	Kobor MedSearch enhances Elite365's locum tenens and permanent placement presence within anesthesia settings, staffing CRNAs and MDs.
August	Drive Capital	NURSA	Nursa, a nationwide staffing technology platform, completed a Series B capital raise, led by Drive Capital. Headquartered in Salt Lake City and founded in 2019, Nursa serves approximately 1,300 facilities and 95,000 nurses.
July	AYA HEALTHCARE	polaris	Polaris is designed to predict future patient volume and staffing levels. A machine learning platform, this acquisition enhances Aya's AI capabilities and assists health systems with managing labor costs.

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Conferences

Staffing Summit

Provident is attending the Healthcare SIA Staffing Summit in Las Vegas next month, and plans to meet with investors, industry consolidators, and operators

Laboratory & Diagnostics

Q3 2023

Market Update

Despite the more challenging M&A environment from years prior, lab and diagnostic services transaction volume is generally keeping pace to historical levels. Competition amongst large industry competitors is driving the majority of the M&A activity. The largest players in the market continue to absorb market share via acquisition and joint-venture partnerships with hospitals and health systems. This partnership model is becoming commonplace across the lab continuum due to consistent downward pressure on reimbursement rates. For this same reason and the fact that strategic investor competition is so fierce, private equity has continued to monitor the space from a distance. Where investor interest could expand are with businesses that have bespoke testing modalities and specialized capabilities that fill a void in the market and tap into new customer segments.

Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$22B	\$13.4B	\$2.4B	1.7x	9.2x
Quest Diagnostics	DGX	\$19B	\$9.5B	\$1.8B	2.0x	10.0x
Eurofins	ERFSF	\$13B	\$6.8B	\$1.3B	1.9x	10.4x
Hologic	HOLX	\$17B	\$4B	\$1.3B	4.2x	13.1x

As of 9/30/2023

Select Transactions

Month	Acquirer	Target	Deal Description
September	labcorp	Baystate Health <i>Outreach Lab Assets</i>	Labcorp announced it will acquire Baystate Health's outreach laboratory business and select operating assets, including laboratory service centers operated by Baystate Health throughout Massachusetts. The acquisition will augment the pairing's existing reference lab relationship.
August	labcorp	Tufts Medicine <i>Outreach Lab Assets</i>	Labcorp announced an agreement with Tufts Medicine, a leading integrated academic health system in Massachusetts, for Labcorp to acquire the Tufts Medicine outreach laboratory business and select operating assets. The pairing announced this as a first step toward a larger strategic partnership.
August	LabGenomics	QDx Pathology	LabGenomics USA has recently acquired QDx Pathology, a diagnostic service company with a 16-year history of delivering expert pathology consultations and rapid molecular testing services to physicians and their patients. QDx was backed by Hadley Capital, a leading healthcare services investor.
July	Laboratory Services	DE LABORATORY	Avalon GloboCare Corp, a developer of innovative precision diagnostics and provider of clinical laboratory services, announced their Subsidiary Laboratory Services MSO, LLC, has acquired DE Laboratory, which expands its penetration within Texas and provides significant potential growth opportunities for the combined company.

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Publications

Whitepaper

[Investment & Consolidation in the Clinical Diagnostics Industry](#)

Payor Services

Q3 2023

Market Update

Q3-23 saw a steady pace of transactions within the payor services sector. Three companies were acquired this quarter, all by strategic consolidators. The continued theme in target companies is a focus on the self-insured / employee benefits market. All four companies either exclusively or largely serve self-insured plans.

Provident anticipates continued interest by strategic consolidators in acquiring smaller companies that service the employee benefit market. As noted in the previous quarter, employer sponsored health plans are gaining popularity, driving increased interest from a diverse array of strategic companies looking to provide quantifiable ROI to clients.

Notable Transaction

Marathon Health, a leading clinic provider offering onsite, network, and virtual models, acquired Cerner Workforce Health Solutions (WHS), an innovator in the onsite healthcare vertical.

The acquisition expands Marathon's footprint in 15 states by adding about 300 employees, 21 clients, 35 health centers, and 300,000 members. Marathon's self-insured clients will benefit from the improved onsite primary care and pharmacy services resulting from the deal.

Select Transactions

Month	Acquirer	Target	Deal Description
September	Perspecta™	TalisPoint	Perspecta, a leading provider of data management solutions for payors, merged with TalisPoint, a provider of workers' compensation, employer plan, and P&C services including provider networks for IMEs and referrals, on-site compliance, and data validation.
September	Kapnick	MGB	Kapnick Insurance, an insurance provider, announced the acquisition of Michigan Group Benefits, a provider of employee benefit management solutions. Services offered include analytics into underlying costs, compliance, well-being programs, and system automation. This transaction represents a significant milestone in Kapnick Insurance's growth, expanding their capabilities, geographic footprint, and solidifying their position as a leading service provider in the group benefits industry.

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Pharmacy

Trusted Healthcare Advisor

Pharma Services

Q3 2023

Market Update

Despite an uncertain macroeconomic environment, rising interest rates, political headwinds in Washington, and the impact of tightening credit markets, M&A activity in pharma services displayed strong resiliency in Q3-23, fueled by platform investments and dozens of add-on acquisitions. Investors remain attracted to the long-term tailwinds driving growth across outsourced pharma services including cash-rich sponsors and CROs, reducing costs, technological advancements, and access to value-added specialty services. Large pharma services conglomerates continue to diversify their service offerings to de-risk revenue concentration and provide more full-service solutions for their clients and patients.

Provident expects pharma service M&A activity to remain strong in Q4 and in 2024 as companies look to fill the potential growth gap from the \$100B in patents set to expire by 2030, and PE sponsors begin to exit more mature portfolio companies.

Notable Transaction

Syneos Health is a leading fully integrated biopharmaceutical solutions organization that partnered with a consortium of private investment firm affiliates composed of Elliott Investment Management, Patient Square Capital and Veritas Capital. Syneos Health is now a privately held company and stockholders received \$43 in cash for each share of Syneos Health common stock, a total deal value of \$7B. With the support of its new private investors, the Company will be poised to further accelerate its transformation, fuel investments in technology that better differentiate its integrated solutions and expand its commitment to better serve customers.

Select Transactions

Month	Acquirer	Target	Deal Description
July	NAMSA	Clinical Research Institute	CRI's mission is to provide the European MedTech market complete clinical research solutions to accelerate scientific outcomes to its clients. The acquisition is a significant move for NAMSA as it expands its offerings in Germany as it enhances its access to the European market.
July	Headlands RESEARCH	AMCR INSTITUTE	AMCR is a San Diego-based clinical research site that specializes in metabolic, endocrine, and other chronic conditions such as type 1 and type 2 diabetes and obesity. The acquisition is part of Headland's strategy to prioritize solutions for highly prevalent disorders and find effective treatments.
July	Atlas CLINICAL RESEARCH	Suburban Research Associates	Specializing in psychiatric research, Suburban will seek to expand its research impact and leverage Atlas' site connectivity to better serve trial patients. Atlas launched in April 2023 to build a high-performing clinical research site network through acquisition and organic growth.
August	HAVENCREST	TEKTON RESEARCH	Tekton is a leading clinical trial site network with 23 sites across Texas, Colorado, Georgia, Kansas and Oklahoma. Tekton conducts clinical trials across several therapeutic areas. By partnering with Havencrest, Tekton intends to expand its network of talented investigators, improve clinical trial access for underrepresented patient communities, and continue delivering high-quality data to its CRO and sponsor clients.

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Pharmacy & Infusion Services

Q3 2023

Market Update

In Q3-23, 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.

Pharmacy services are also shifting towards more home and community-based settings as highlighted by the Tabula and ExactCare Pharmacy merger.

Provident anticipates that deal flow will remain resilient as healthcare systems continue to invest in home and community-based infusion and pharmacy service lines.

Notable Transaction

Tabula Rasa HealthCare, (NASDAQ: TRHC), a leading healthcare company advancing personalized, comprehensive care for value-based care organizations, entered into a definitive agreement to be acquired by Nautic Partners for \$10.50 in cash per share and will combine with ExactCare Pharmacy, a portfolio company of Nautic. The all-cash transaction values Tabula Rasa at approximately \$570 million, including net debt of approximately \$262 million, on an enterprise value basis. The combination brings together two preeminent healthcare companies whose pioneering work integrating comprehensive pharmacy services into population health has improved outcomes and reduced total cost of care for people with complex needs allowing them to thrive in home and community-based settings.

Select Transactions

Month	Acquirer	Target	Deal Description
July			Dynamic Access is a leading provider of outsourced vascular access services acquired Priority PICC Solutions, based in Chicago, Illinois. More patients receive peripherally inserted central catheters (PICCs) from Dynamic than from any other outsourced provider in the nation, and the acquisition of Priority expands Dynamic's services throughout the Midwest. RiverGlade Capital became the primary investor in Dynamic in 2021.
July			Revelation acquired Eagle Pharmacy, located in Hoover, Alabama, and Lee Silsby Compounding Pharmacy, located in Beachwood, Ohio. Eagle is a 503B outsourced compounding pharmacy that serves healthcare facilities, medical offices, patients, and prescribers in over 29 U.S. states & territories. Its capabilities will allow Revelation to ensure availability of medication for office use and provide diversification and additional growth levers for the rest of the Revelation platform. Lee Silsby is a 503A compounding pharmacy that serves patients and prescribers in over 45 U.S. states & territories.

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Media Citations & Publications

Media
[What's Happening in the Pharmacy Space? Key thoughts from 2 Provident Healthcare Leaders](#)

Publication
[Trends in Specialty Pharmacy](#)



Physician Practice Management

Trusted Healthcare Advisor

Cardiology

Q3 2023

Market Update

The cardiology specialty has quickly become one of the most active and sought after areas within physician practice management. The third quarter saw six transactions close in the sector with a few sizeable strategic add-on deals, including Provident's representation of a 60+ provider Northeast cardiology practice in a partnership with an undisclosed private equity-backed group. Significant competition in the specialty from new and established groups is driving elevated multiples for clinically strong provider groups.

Provident expects this trend to continue in the coming quarters, with strategic acquirers competing for premium add-on assets to further build regional density and expand into new catchment areas. Additionally, we expect to see strategic acquirers looking for ways to drive strategic value for affiliate practices, exemplified by CVAUSA's recent value-based care partnership with InnoVaCare in Florida.

Notable Transaction

Cardiovascular Associates of America (CVAUSA) acquired the Cardiovascular Center of Florida, Daytona Heart Group, and Cardiovascular Associates this quarter.

This recent activity strengthened CVAUSA's presence in Florida, with its network now including nine Florida-based affiliate practices.

CVAUSA invests in premier cardiovascular practices and allows them to maintain clinical and operational autonomy while also providing them with the resources and centers of support that its vast network of 142+ locations in 8 states offers.



Select Transactions

Month	Acquirer	Target	Physicians	Locations	State
September	CARDIOVASCULAR ASSOCIATES OF AMERICA	THE CARDIOVASCULAR CENTER OF FLORIDA	27	10	Florida
September	CARDIOVASCULAR ASSOCIATES OF AMERICA	Daytona HEART Group	13	6	Illinois
September	CLS HEALTH	Southeast Houston Cardiology	6	2	Texas
August	Undisclosed Investor	Nathan Cardiology Associates	n/a	n/a	Texas
July	CARDIOVASCULAR ASSOCIATES OF AMERICA	Cardiovascular Associates	9	5	Florida
July	Undisclosed Investor	Northeast Cardiology Practice*	36	6	New York

*Provident served as executive financial advisor

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Conferences

Pulse Summit

Provident's Eric Major is speaking on a panel at the Association of Black Cardiologists Policy Pulse Summit on Saturday, October 28th

Dental Services

Q3 2023

Market Update

Following an active Q2 with four platform-level transactions, Q3-23 produced fewer notable partnerships. Large, well-capitalized players such as DCA and Heartland continued normal acquisition activity, while mid-sized DSOs executed on strategic initiatives including expansion into new states, rebranding initiatives, and de novo clinic openings.

In the last 18 months, the dental sector has experienced pressure from increasing labor costs and interest rates, which primarily impacted groups with significant debt utilization operating in competitive labor markets. Despite these factors, investor interest remains strong due to core tailwinds such as fragmentation and increasing patient demand. In Q2, most large transactions were led by new investors, in comparison to recent years in which existing DSOs with strong balance sheets were consistently competitive bidders for premium assets. Given the market momentum established in Q2, Provident's expects many mid-sized DSOs to transact in the near term, primarily with new investors.

Notable Transaction

In Q2-23, The Thurston Group, an investment firm with significant dental experience, formed Modis Dental Partners. The new DSO partnered with Coastal Jaw Surgery and plans to support additional practices focused on implant cases.

This transaction highlights private equity's continued interest in dental consolidation, across all care delivery models including specialty. Modis has strategically chosen to focus on a single specialty at a time where some single-specialty DSOs are diversifying.

Select Transactions

Month	Acquirer	Target	Locations	Geography
September	Various Investors	Dentologie	8	Midwest
September	SAGE DENTAL	LiveHealthy DENTAL	14	Southeast
September	modis DENTAL PARTNERS	COASTAL JAW SURGERY SAME DAY TEETH	6	Southeast
September	Dental365	Group Practice in PA	6	Mid-Atlantic
August	DCA Dental Care Alliance	DENTAL HEALTH ASSOCIATES	5	Southeast
August	ALTURA CAPITAL	RHP ROCKET HEALTH PARTNERS	1	Southeast

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Dermatology

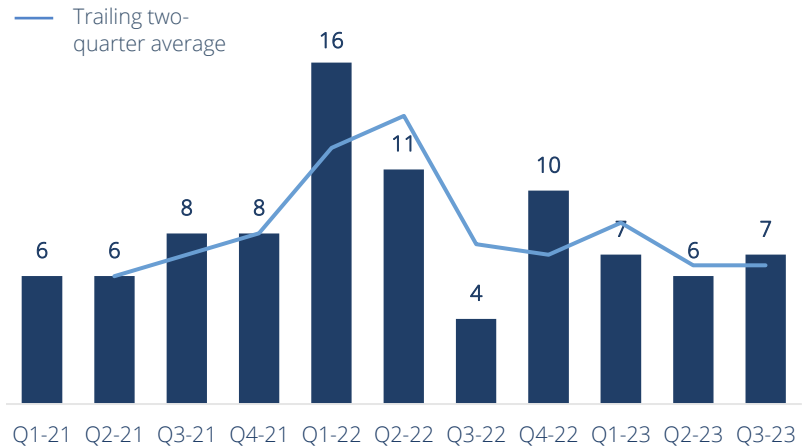
Q3 2023

Market Update

The dermatology market continues to see strong deal flow characterized by strategic add-on activity across multiple markets throughout the country. Buyer appetite for bolt-on acquisitions has primarily been focused on existing markets, as most buyers narrow their focus on building density and aligning with practices with significant synergy potential and value creation opportunity.

As debt markets continue to settle down in Q4 and into 2024, Provident expects some of the larger PE-backed platforms that have delayed processes of their own, to reengage in discussions to approach the market.

Quarterly Transaction Volume



Select Transactions

Month	Acquirer	Target	Physicians	Locations	State
September	PhyNet Dermatology	Academic Dermatology of Nevada	1	1	Nevada
September	The Dermatology Specialists	Dermatology of Delaware	1	1	Delaware
September	QUA Dermatology	Sunrise Dermatology	3	2	Alabama
September	Epiphany Dermatology	Skin MD	1	1	Colorado
September	QUA Dermatology	True Dermatology	1	5	Alabama
August	Tareen Dermatology	Orchard Dermatology	1	1	Missouri
July	Schweiger Dermatology Group	Lake Dermatology	1	2	Indiana
July	Epiphany Dermatology	PDKC	1	1	Kansas

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Emergency Medicine Services

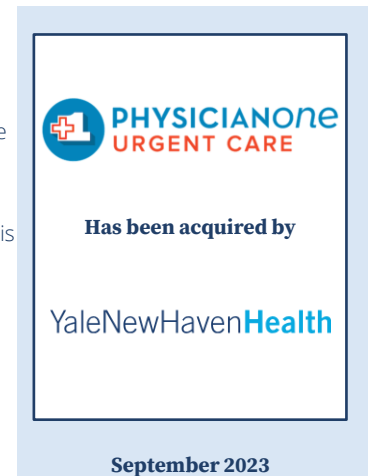
Q3 2023

Market Update








M&A activity within the Emergency Medicine Services (EMS) sector remained robust in the third quarter across all three sub-sectors. Q3-23 presented a few consistent trends which included the hospital systems' willingness to expand convenient access points through stand alone urgent care centers as well as large emergency and urgent care platforms deepening their footprints further into rural markets. Emergency Care Partners ("ECP"), an emergency medicine platform backed by Varsity Healthcare Partners and Regal Healthcare Partners, completed two acquisitions in the Florida and South Carolina markets, marking the ninth and tenth practices to partner with ECP and grow its market share into a new state. The transactions highlight the acquisitive nature of PE-backed platforms. The healthy activity in the sector demonstrates the continued EMS sector interest by the investor and strategic communities following a modest 2022 in terms of deal volume.

Notable Transaction

Yale New Haven Health System ("YNHHS") has acquired PhysicianOne Urgent Care ("PhysicianOne"), which operates 26 urgent care facilities across the New England region including Massachusetts, New York, and Connecticut. PhysicianOne is touted as one of the only providers to offer 24/7 telehealth that is fully integrated with its in-center urgent care facilities. YNHHS' acquisition of PhysicianOne accelerates access to high quality, convenient, and affordable care across the region and bolsters the comprehensive range of health services that YNHHS is currently offering including its current urgent care operations located in Fairfield and Milford, CT.



Select Transactions

Month	Acquirer	Target	Sub-Sector	Deal Description
September	 EMERGENCY CARE PARTNERS	Integrated Emergency Medicine Specialists	Emergency Medicine	Emergency Care Partners has expanded its care model into Naples, FL through the acquisition of Integrated Emergency Medicine Specialists.
August	 AmeriPro Health NEXT GEN MEDICAL TRANSPORT SOLUTIONS	 AMR A Global Medical Response Solution	Ambulance Services	AmeriPro Health has expanded its operations into Kentucky and Indiana through its acquisition of American Medical Response.
July	 Urgent Care Group	 PARKMed Urgent Care	Urgent Care	Urgent Care Group has acquired ParkMed Urgent Care, expanding its care in Tennessee following its partnership with Covenant Health.
July	 EMERGENCY CARE PARTNERS	 ecep EASTERN CAROLINA EMERGENCY PHYSICIANS An Emergency Care Network Group	Emergency Medicine	Emergency Care Partners has merged with Eastern Carolina Emergency Physicians, growing the number of locations and physicians to 49 and 900.
July	 HONORHEALTH	 FastMed	Urgent Care	HonorHealth, a leading healthcare system, has signed an agreement to purchase 26 urgent care centers in Arizona from FastMed.

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Gastroenterology

Q3 2023

Market Update

Gastroenterology continues to be an active M&A sector within physician services as Q3-23 was characterized by continued add-on acquisitions from existing private equity-backed platforms.

The partnership with Blair Gastro and GI Specialists of Delaware by U.S. Digestive Health (USDH) reflects a strategic focus on geographic density that has become a pivotal driver of recent growth for major consolidators across the country. By strengthening its presence in Delaware and Central Pennsylvania, USDH has the ability to deliver meaningful income repair opportunities for its partnered practices. Gastro Health and GI Alliance's Q3 deals reflect a similar strategy as add-ons to larger practices in FL and CT, respectively.

As the industry continues to mature, Provident expects to see private equity-backed platforms continue to double-down on states and regions they are in, versus the initial strategy of planting a flag in various regions.

Provident Transaction

In August 2023, Blair Gastroenterology Associates (BGA) announced its partnership with U.S. Digestive Health, a portfolio company of Amulet Capital Partners. Provident served as Blair's exclusive financial advisor throughout this process.

BGA is a provider of GI services to residents of Central Pennsylvania. With seven physicians and 14 APPs, BGA provides a full range of services to its patients, as well as access to a state-of-the-art ambulatory surgery center, Allegheny Regional Endoscopy.

BGA is the latest practice to join USDH's network of more than 250 GI physicians across 34 offices, 22 ambulatory surgery centers, and 4 clinical research sites.

Has been acquired by

A portfolio company of

August 2023

Select Transactions

Month	Acquirer	Target	Physicians	Locations	State
September		Gastroenterology Consultants Of Polk County	1	1	Florida
September		GI SPECIALISTS Of Delaware	3	3	Delaware
August		Blair Gastro Gastroenterology Associates *	7	2	Pennsylvania
July		COASTAL DIGESTIVE CARE CENTER, LLC	4	2	Connecticut

*Provident served as executive financial advisor

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Oncology

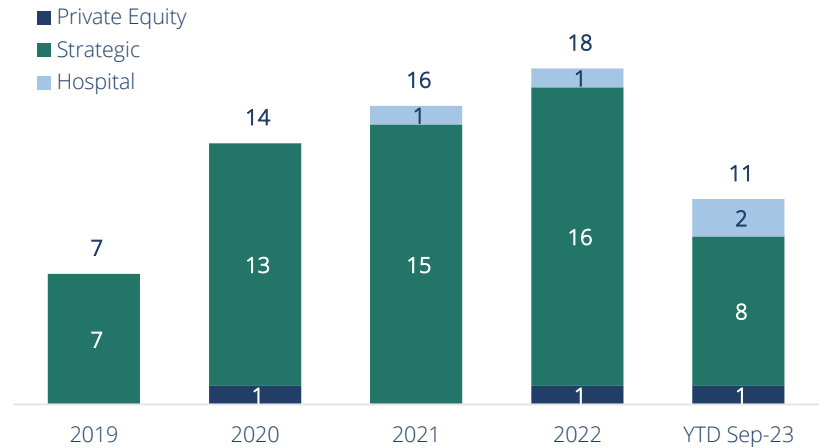
Q3 2023

Market Update





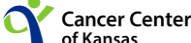
Three transactions closed in Q3-23, representing a decrease from the prior quarter, and bringing the year-to-date total to 11.

The most notable transaction is American Oncology Network's (AONC) SPAC transaction with Digital Transformation Opportunities Corp (DTOC). AONC delivers high-quality patient care across 75 clinics with a fully integrated service line including a specialty pharmacy, lab and pathology, radiation therapy, and imaging. The business combination with DTOC, along with a growth equity investment from AEA Growth, will help AONC unlock future growth initiatives and better serve its patients nationwide. As it currently stands, retail investors hold approximately 74% of AONC, with the remaining shares held by institutions and individual investors. On September 21st, shares began trading at approximately \$20/share, but today the shares trade in the \$6-\$7/share range, implying retail investors will hold more power to influence governance related decisions.

Annual Transaction Volume



Select Transactions

Month	Acquirer	Target	Deal Description
September	 AMERICAN ONCOLOGY NETWORK, LLC	SPAC (NASDAQ: AONC)	American Oncology Network, a network of community-based oncology practices, combined with Digital Transformation Opportunities Corp, a special purpose acquisition company; the common stock of the combined entity commenced trading on the Nasdaq on September 21 st , 2023.
September	 THE UNIVERSITY OF CHICAGO MEDICINE	 MHO	The University of Chicago Medicine, a Chicago-based academic health system, acquired four Northwest Indiana centers of Michiana Hematology Oncology, a Midwest-based provider of community oncology services.
July	 The US Oncology Network	 Cancer Center of Kansas	The US Oncology Network, a provider of community-based oncology services, acquired Cancer Center of Kansas, 13 physician community oncology provider serving rural areas in Kansas.

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Publications

Whitepaper

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

Ophthalmology

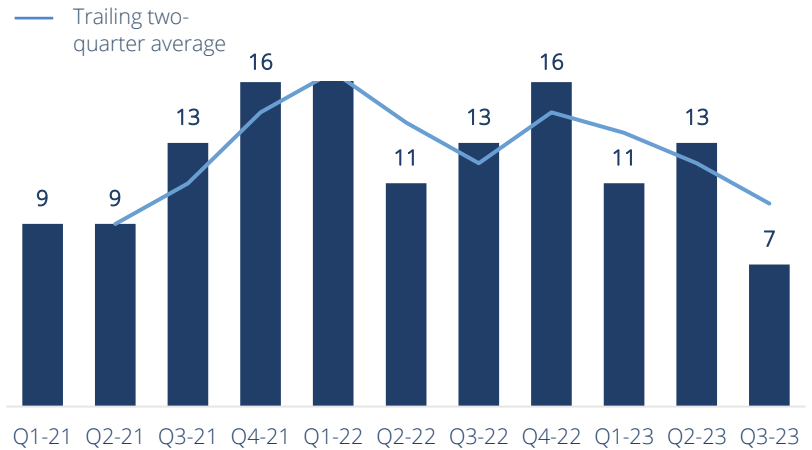
Q3 2023

Market Update

The ophthalmology sector experienced sustained deal flow in the third quarter, although at a slower pace than in previous quarters. Provident attributes the slight slowdown in deal activity to tighter lending markets and more selective M&A strategies from existing platforms. PE-backed consolidators have been more strategic in who they align with, focusing on practices in adjacent markets or with significant geographic overlap.

Provident expects transaction volumes to pick back up in Q4 and in 2024, as lending markets soften, interest rate levels stabilize, and existing PE-backed platforms prepare for transaction processes of their own.

Quarterly Transaction Volume



Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
September	UNIFEYE VISION PARTNERS	INSIGHT VISION GROUP SWEENEY EYE ASSOCIATES	13	Florida Texas	Unifeye Vision Partners (UVP), backed by Waud Capital, aligned with CA-based Insight Vision Group to build density within one of its core markets. UVP also entered into a new state through the acquisition of Sweeney Eye Associates in Texas.
September	EYESOUTH PARTNERS	Retina & Vitreous of Texas	10	Texas	EyeSouth Partners, recently recapitalized by Olympus Partners, acquired Retina & Vitreous of Texas, highlighting an increased appetite for single-specialty retina partnerships.
August	ASCEND VISION PARTNERS	MILLS EYE + FACIAL SURGERY THURMOND EYE ASSOCIATES "A Tradition of Excellence"	14	Florida Texas	Ascend Vision Partners (AVP), Chicago Pacific Founders' second platform in the space, recently partnered with FL-based Mills Eye as well as TX-based Thurmond Eye Associates, which represents the platforms foray into the Texas market.

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Orthopedics

Q3 2023

Market Update

Over the past two years, the pressing demands and staffing challenges within the orthopedic industry have underscored the critical need for more efficient operations and improved clinical effectiveness. In response, practices of all sizes have turned to mergers and acquisitions to enhance their clinical services, obtain supporting capital resources, and gain access to state-of-the-art treatment delivery systems. Furthermore, the ongoing encouragement from payors to embrace value-based care models is intensifying the urgency to invest in infrastructure and data tracking capabilities, ultimately driving further M&A activity.

With several private equity backed orthopedic platforms currently on the market, or forthcoming this quarter, Provident expects to see multiple landmark transactions in Q4-2023 and early 2024. These secondary and tertiary transactions will accelerate the pace of subsequent bolt-on acquisitions, as new investors seek to rapidly expand their portfolios during the early stage of their investment holdings.

Notable Transaction

InTandem Capital Partners completed its platform acquisition of OrthoNebraska, a 25 specialty-trained physician practice based in Omaha seeking to expand operations throughout the state of Nebraska and Midwest. OrthoNebraska operates as a vertically integrated orthopedic provider serving patients out of multiple outpatient / physical therapy clinics and OrthoNebraska Hospital, a leading ortho focused hospital. The Company excels in the provision of several key ancillary treatment lines, including urgent care, emergency care, physical therapy, advanced imaging, DME, and sports rehabilitation / training. A partnership with InTandem will allow the Company to continue its strong growth trajectory and leverage decades of healthcare operations expertise.



Select Transactions

Month	Acquirer	Target	Deal Description
September	REDEFINE HEALTHCARE ORTHOPEDIC PAIN & SPINE CENTER	Mercer-Bucks Orthopaedics	Redefine Healthcare has partnered with Mercer-Bucks Orthopaedics to expand its Tri-State presence to 19 total clinics operated by a team of over 70 providers. The partnership also marks Redefine's entrance into the PA market.
August	HealthPlus Management	SOMERS ORTHOPAEDIC SURGERY & SPORTS MEDICINE GROUP	Health Plus Management, a Long Island-based musculoskeletal clinic network, announced its partnership with Somers Orthopaedic Surgery & Sports Medicine Group. The transaction builds on HPM's recently formed partnership with Advanced Orthopedics and Sports Medicine Institute to solidify it as a key NJ platform.
July	USOP	OANO ORTHOPAEDIC NEW ORLEANS MID STATE	U.S. Orthopaedic Partners continued its rapid Southeastern United States expansion through its acquisition of Orthopaedic Associates of New Orleans and Mid State Orthopaedic & Sports Medicine Center. The joint acquisition is the 11 th add-on for USOP and adds eight clinical locations to its national network.
July	Virtua Health	RECONSTRUCTIVE ORTHOPEDICS FOCUSED ON YOU	Virtua Health's acquisition of New Jersey-based Reconstructive Orthopedics adds over 300 employees and 90 providers to build the largest ortho presence in Southern New Jersey.

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Primary Care

Q3 2023

Market Update

Primary care has continued to be one of the most active sub-sectors of healthcare services in terms of M&A activity as both private equity sponsors and strategic acquirers position themselves to effectively capitalize on the shift towards value-based contracting. PCP's position as the "quarterback" for care delivery, specialist referrals, and preventative care enables primary care providers to effectively drive shared savings.

It was a quiet quarter for new platform creation, but existing platforms have remained active in pursuing add-on investments to bolster their market footprint and increase the volume of covered patient lives. Optima Medical, backed by Trivest Growth, executed three add-on acquisitions across Arizona, which has emerged as an attractive environment for risk-based payor models. On the other hand, Cano Health's share price has plummeted amidst ongoing concerns of its ability to remain liquid, forcing the platform to divest certain assets. This bears monitoring going forward to understand its impact on the primary care landscape at large.

Provident expects the pace of consolidation to accelerate into Q4 and early 2024, with groups that demonstrated meaningful traction into value-based contracting, ACO membership, or other risk-based arrangements to attract premium valuations. The role of technology for primary care platforms is also expected to grow as the importance of tracking a patient's journey becomes increasingly critical to understand outcomes, return to hospital rates, and other quality metrics.

Provident recently published a comprehensive Sector Update & Outlook presentation (link below) that provides a robust outline of the competitive landscape, emerging trends, and transaction considerations for operators across the primary care landscape.

Select Transactions

Month	Acquirer	Target	Deal Description
September		 BENEZE MEDICAL GROUP ALL WELLNESS MEDICAL CENTER	Optima Medical, an AZ-based primary care platform backed by Trivest, completed three acquisitions of AZ-based primary care practices to bolster its presence in the state. Optima is actively seeking additional deals in the Southwest to build upon its existing 14+ locations and 200,000+ annual patient visits.
September			Cano Health (NYSE: CANO) divested substantially all of its senior-focused primary care centers in Texas and Nevada to CenterWell Senior Primary Care for \$66.7M. The transaction comes amidst Cano's struggles to remain in compliance with its debt covenants, pushing the Company to strengthen its balance sheet.
September			Medical Specialists of the Palm Beaches (MSPB), a primary care-focused, multi-specialty group, has acquired Metzger Comprehensive Care, a concierge medicine practice in Boca Raton, to bolster its concierge medicine offering and diversify its patient panel to encompass a more affluent population.
July			Bright Health Group divested its California Medicare Advantage business, including its Brand New Day and Central Health plans, to Molina Healthcare for an estimated \$600M. The cash proceeds from the divestment will be utilized to fund remaining liabilities towards its discontinued Affordable Care Act business.

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Publications & Podcasts

Sector Update

[Provident published a comprehensive deck outlining our views on emerging trends and competitive landscape in the Primary Care space](#)

Podcast

[Craig Sager joined McGuireWoods "Corner Series" podcast to discuss M&A in primary care](#)

Wellness & Aesthetic Medicine

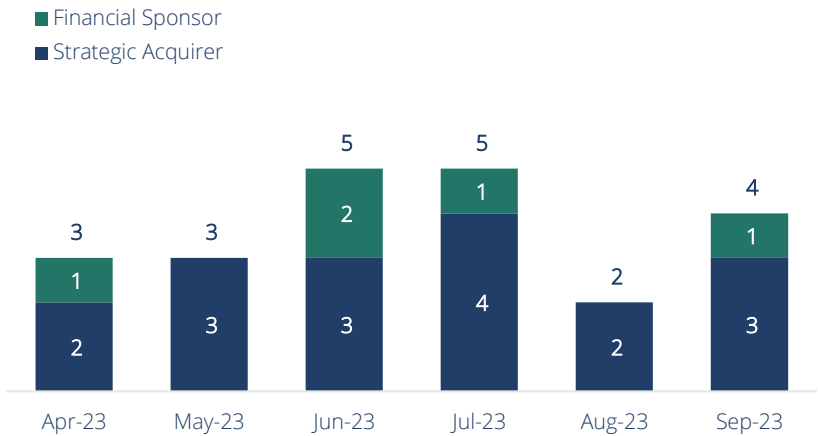
Q3 2023

Market Update

The wellness and aesthetics medicine space continues to see strong deal flow and investment activity as many investors across both retail and healthcare services verticals have developed strong theses for the space. Even with a tight lending environment and macroeconomic pressures, aesthetics medicine has proved to be extremely resilient from a consumer demand as well as an M&A standpoint.

One such subvertical within the broader sector that has garnered a lot of attention is the plastic surgery space. Both platform formations over the course of the quarter were characterized by investments into plastic surgery practices. As more investors enter the space, Provident expects much more strategic bolt-on activity and favorable valuations for sellers.

Monthly Transaction Volume



Select Transactions

Month	Acquirer	Target	Deal Description
September	EMPOWER AESTHETICS	THE ARTISTRY OF FACE	The Artistry of Face, a medical aesthetics practice based in Albany, NY, was acquired by Shore Capital Partners-backed Empower Aesthetics.
September	VARSITY HEALTHCARE PARTNERS	EDINA PLASTIC SURGERY	Varsity Healthcare Partners, a healthcare private equity firm, has completed a recapitalization of Edina Plastic Surgery, the initial investment for Varsity's new platform, United Aesthetics Alliance.
August	alpha AESTHETICS PARTNERS	Barbarino SURGICAL ARTS	Barbarino Surgical Arts, a medical aesthetics practice with locations in both Texas and California, has announced a strategic partnership with Thurston Group-backed Alpha Aesthetic Partners.
August	Forum Health	InShape Medical	InShape Medical, a medical aesthetic and weight loss clinic in Cary, NC, was acquired by Forum Health, a national network of functional medicine providers.
July	birch PREMIER GROUP OF MEDICAL SPAS	AMARA MED SPA	Amara, a luxury medical spa with five locations across Northern Florida, has partnered with Birch Premier Group of Medical Spas.
July	AMP	BLUSH MED SPA	Blush Med Spa, based in Hartford, Connecticut, was acquired by Advanced Medaesthetic Partners ("AMP"), which is backed by Leon Capital Group.
July	CORBEL CAPITAL PARTNERS	PREMIER PLASTIC SURGERY PARTNERS	Premier Plastic Surgery, founded in 2023 and based in California, launched the formation of a plastic surgery specialists platform after a significant investment from Corbel Capital Partners.
July	H/K/B COSMETIC SURGERY	PLASTIC SURGERY OF TEXAS	Plastic Surgery of Texas, based in Dallas, has been acquired by H/K/B Cosmetic Surgery through their affiliate, Kortesis Bharti Management Group.

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Broader Physician Services

Q3 2023

Market Update

Broader physician services remained an active sector throughout Q3-23. The majority of completed transactions in Q2 were by strategic acquirers looking to further expand their geographic footprint and diversify their service offerings, a strategy we have seen a continued focus on.

With the ongoing consolidation trend, Provident expects add-on activity to remain elevated. Platform transaction activity has remained subdued over recent quarters as financial sponsors closely monitored macroeconomic conditions. We anticipate a rebound in platform-level transaction activity as markets continue to normalize and Private Equity firms look to deploy high levels of dry powder, likely ramping up in Q4 and into 2024.

Notable Transaction

Aspire Allergy Partners, a provider of Allergy and ENT care found in Colorado, Florida, Texas, New Mexico, and Arizona, which was previously owned by Source Capital, has recently received a significant investment from Centerfield Capital Partners.

Centerfield Capital Partners is a private equity firm based out of Indiana. The firm invests in lower middle market companies and has extensive experience in healthcare and healthcare-related services businesses.

Aspire leverages its network of 58 unique locations to provide high-quality allergy and sinus therapies through 19 certified physicians

Select Transactions

Month	Acquirer	Target	Sub-Sector	Physicians	Locations	State(s)
September			ENT	3	3	New York
September			ENT	1	1	New York
August			ENT	19	58	Arizona, Colorado, Florida, New Mexico, Texas
August			ENT	4	4	Indiana
August			Women's Health	3	3	North Carolina
July			ENT	2	1	Georgia
July			ENT	2	4	Indiana

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Post-Acute Care

Home Health & Hospice

Q3 2023

Market Update

Home health and hospice continues to be a highly sought-after space as evident by Q3-23 deal flow. While most of the transactions were bolt-ons, there were a handful platform creations. International private equity firm, The Halifax Group, has acquired Sodexo's world-wide home-care division which includes U.S. based Comfort Keepers. This transaction highlights the on-going trend of increased investor appetite for non-traditional home care assets that leverage a franchising model. This structure gives investors indirect exposure to industry headwinds and presents an opportunity for significant revenue potential. In addition, deals such as Havencrest's home-based care platform creation, shows continued interest in the space from private equity groups. Havencrest has indicated that Avid is primed for immediate expansion with a robust pipeline of add-on acquisitions in the Midwest region.

Home Health & Hospice Comparable Multiples

Company	Share Price	Revenue	EBITDA	EV/Rev	EV/EBITDA
Addus HomeCare	\$84.93	\$1,000M	\$92M	1.43x	15.51x
Amedisys Inc.	\$93.90	\$2,225M	\$293M	1.57x	25.64x
Pennant Group	\$11.13	\$502M	\$29M	1.31x	22.58x
Enhabit Inc.	\$11.25	\$1,056M	\$121M ⁽¹⁾	1.11x	9.67x

As of 9/30/2023
⁽¹⁾ Adjusted EBITDA

Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
September	Care Options for Kids	Preferred Home Health Care & Nursing Services	12	Delaware, New Jersey, Pennsylvania	Care Options for Kids, a Webster Equity backer platform, has acquired Preferred Home Health Care & Nursing Services a leading provider of private duty nursing for pediatric care patients.
September	THE HALIFAX GROUP	Comfort Keepers a sodexo brand	535	All 50 States	The Halifax Group has acquired the world-wide home care division of Sodexo including the U.S. based group Comfort Keepers which has more than 700 locations across eight countries.
September	PENNANT GROUP	Valor HospiceCare	N/A	Nevada	The Pennant Group, a publicly traded home health, hospice, and senior living organization, has acquired Arizona-based Valor HospiceCare.
August	HAVENCREST	AVID HEALTH AT HOME DEDICATED TO QUALITY CARE	N/A	Illinois	Havencrest Capital Management has announced the formation of its non-medical home care platform, Avid Health at Home, created via the acquisition of For Papa's Sake Home Care based in Chicago.

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Rehabilitation

Q3 2023

Market Update

M&A activity in the rehabilitation sector remained active throughout Q3-23. This quarter witnessed a diverse mix of transactions including continued bolt-on acquisitions, notable private equity exits, and creation of new private equity-backed platforms.

With investor interest at all time highs and a limited number of platform caliber groups remaining, investors are showing flexibility in their investment structure, as exemplified by Clairvest's strategic minority investment in Mountain Land Physical Therapy. Notably, several other transactions currently on the market, or forthcoming, are centered around minority equity partnership options. Provident expects this trend to continue, reflecting owners' aspirations to unlock further growth potential alongside PE partners while maintaining majority ownership and control.

USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV/Rev	EV/ EBITDA
U.S. Physical Therapy	\$78M	2.79x	21.13x
Acadia Healthcare	\$569M	2.88x	14.05x
Encompass Health	\$948M	2.22x	10.68x
HCA	\$13,624M	1.77x	8.04x

As of 9/30/2023

Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
September	PT SOLUTIONS PHYSICAL THERAPY	ACTIVEPRO REHAB PARTNERS	64	Massachusetts New Jersey Pennsylvania	PT Solutions has completed the acquisition of ActivePro Rehab Partners, a former portfolio company of The Beekman Group with over 64 locations. The transaction highlights PT Solution's continued focused on expanding access to quality care for its patients.
September	iVyrehab PHYSICAL THERAPY	PTSIR	4	Illinois	Ivy Rehab, a national leader in outpatient rehabilitative therapy and pediatric services, has acquired one of the nation's oldest physical therapy practices, PTSIR, based in Greater Chicago.
August	USPh ONE PARTNER	Not Disclosed	5	Virginia	USPH acquired a five-clinic physical therapy practice. The purchase price for the 70% equity interest was approximately \$2.1 million. The practice generates \$2.4 million in annual revenue.
July	CLAIRVEST	Mountain Land PHYSICAL THERAPY	41	Idaho Utah Montana	Clairvest Group has made a minority equity investment in Mountain Land, a leading physical therapy practice with 41 clinics located in the western mountain region of the U.S.

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Professional Services

Trusted Healthcare Advisor

Healthcare Education

Q3 2023

Market Update

The healthcare education space saw seven closed transactions in Q3-23. While we have seen traditional test preparation and CME organizations lead the way in transactions, closed deals this quarter were dominated by healthcare training companies. Investor appetite for these businesses is created through both high growth rate and labor shortage surrounding allied and ancillary healthcare positions. Additionally, consolidators of varying size continue to be active in add-on acquisitions. Large transactions involving established groups, including HMP's acquisition of Neuroscience Education Institute and HCPro's sale to AHIMA, are accompanied by smaller deals with newer players, such as Eden Capital's platform investment in Phlebotomy Training Specialists and HCP's investment into Teaching Transitions. Provident expects similar deal performance in the coming months as new sponsors enter the space and existing strategics seek incremental market share.

Notable Transaction

HCPro, a leader in education and training for healthcare compliance and revenue cycle management, was acquired by non-profit American Health Information Management Association ("AHIMA") in late Q3 2023. The companies are highly synergistic with both focusing on health information in an evolving healthcare landscape. AHIMA views its partnership with HCPro as a complementary expansion of service offerings to its over 67,000 members. AHIMA is HCPro's fourth partner, following The Riverside Company in 2002, Ares Capital in 2008, and Simplify Compliance in 2013. The transaction demonstrates HCPro's strong performance and sustainable success in healthcare education investing.



Select Transactions

Month	Acquirer	Target	Deal Description
September	EDEN CAPITAL	PHLEBOTOMY TRAINING SPECIALISTS	Eden Capital, a private equity firm based out of New York, acquired Phlebotomy Training Specialists in September 2023. Phlebotomy Training Specialists has graduated over 100,000 professionals out of its 90 centers throughout 33 states. Eden Capital plans to leverage its professional training expertise to combat the healthcare labor shortage in its partnership with Phlebotomy Training Specialists.
July	HMP Global	NEI Neuroscience Education Institute	Neuroscience Education Institute ("NEI"), a leading mental health and central nervous system ("CNS") education provider, was acquired by HMP Global, a leading omnichannel healthcare education company in July 2023. NEI's services include conferences, online CME activities, news and research, and other tools. The significantly expands HMP's footprint in the behavioral health education space.
July	Home Care Pulse	Teaching Transitions <small>Doing Death Differently</small>	Teaching Transitions, a provider of online hospice volunteer training, was acquired by Home Care Pulse in July 2023. The acquisition extends Home Care Pulse's services to include CMS volunteer training requirements and further solidifies Home Care Pulse's position as a leading source for hospice provider education.

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Publications

Whitepaper

[Transformative Landscape within Healthcare Education](#)



Private Equity

Healthcare Services Private Equity

Q3 2023

Market Update

Healthcare PE activity continued to display resiliency in Q3-23, but investor sentiment was mixed as Q1-23 saw the aftermath of the first bank failures in years and with heightened geopolitical tensions across the globe. Macroeconomic pessimism remains considerable, and investors expect conditions to weaken further through the remainder of 2023. Investors are also coming to the realization that interest rates in the U.S. will remain elevated (above 4%) well into 2024, if not beyond that. Despite these headwinds, many investors expect to increase their dealmaking as funds still have elevated amounts of capital that must be deployed.

Valuations have also softened compared to the highs seen in 2021, but many investors have taken the attitude that this is more of a reset back to historical valuations prior to the COVID-19 pandemic. Broadly speaking, 60% of investors expect to offer valuations consistent with H1-23. PE exits have also continued to decline off 2021 highs and even 2022, owing part to fruitful 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 and Provident anticipates heightened exit volume over the next 12-24 months. 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.

Select Transactions

Month	Acquirer	Target	Deal Description
September	 HAVENCREST		Havencrest Capital Management, a healthcare private equity firm, announced its majority investment in Tekton Research, a leading clinical trial site network with 23 sites across TX, CO, GA, KS, and OK. Tekton conducts clinical trials across vaccines and infectious disease, neurology, endocrinology, and immunology. Through this partnership, Tekton intends to expand its investigator network and improve clinical trial access to underrepresented patient communities.
July	LINDSAY GOLDBERG		Lightwave Dental is a leading management services partner for high-quality dentists in the Mid-Atlantic region. By partnering with Lindsay Goldberg, Lightwave will continue to build the platform for entrepreneurial dentists and their support teams so they can continue to provide high quality patient care in its communities. The company currently supports more than 200 dentists and 1,800 active employees in 86 dental offices across VA, NC, SC, and AL.
July	 BLUESIGHT THE MEDICATION INTELLIGENCE COMPANY  THOMABRAVO		⁽¹⁾ Thoma Bravo strategically invested in Bluesight, The Medication Intelligence Company, and acquired Medacis simultaneously. The investment is expected to further enhance Bluesight's drug diversion prevention offerings through its acquisition of Medacis, a pioneer in drug diversion monitoring, and continue to grow Bluesight's inventory management and spend optimization offerings.
August			Worldwide Clinical Trials is a full-service global CRO that works in partnership with biotechnology and pharmaceutical companies to create customized solutions that advance new medications. Kohlberg's partnership will continue to add to Worldwide's capital base and resources to help achieve its growth goals. ⁽²⁾

⁽¹⁾ Provident served as executive financial advisor. ⁽²⁾ The transaction was announced in August 2023 and is expected to close in Q4-23.

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Media Citations and Podcasts

Media

[Has Private Equity Reached a Plateau in Healthcare M&A Activity?](#)

Podcast

[Craig Sager joined McGuireWoods "Corner Series" podcast to discuss M&A in primary care](#)

Healthcare Services Private Equity

Q3 2023

Healthcare Private Equity Snapshot

Transactions
143

Healthcare transaction volume increased from the prior quarter, from 110 in Q2-23 to 143 in Q3-23. Valuations have largely reset and are consistent with H1-23 multiples, and overall M&A activity remains robust. Private equity continues to turn to healthcare services given the perceived acyclical nature of the business models.

PE Exits
24

Despite the slump in exit activity over the last several quarters, there was an uptick in activity compared to Q2-23. PE exits that occurred in Q2-23. Notably, General Atlantic exited OneOncology and sold the asset to TPG in Sept-23, and Alpine Investors exited Lightwave Dental to Lindsay Goldberg in Jul-23.

Investors
179

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 2021, and investors are mandated to deploy that capital, regardless of the macroeconomic conditions and credit markets.

Capital Invested
\$9.3B+

Total capital invested and deal volume in Q3-23 faced challenges but displayed resiliency regardless of headwinds in the broader economy. Overall deal volume and capital invested increased from previous quarters, with many more investors focusing on platform acquisitions by partnering with premium assets which have hit the market.

Largest Deal
\$7.0B

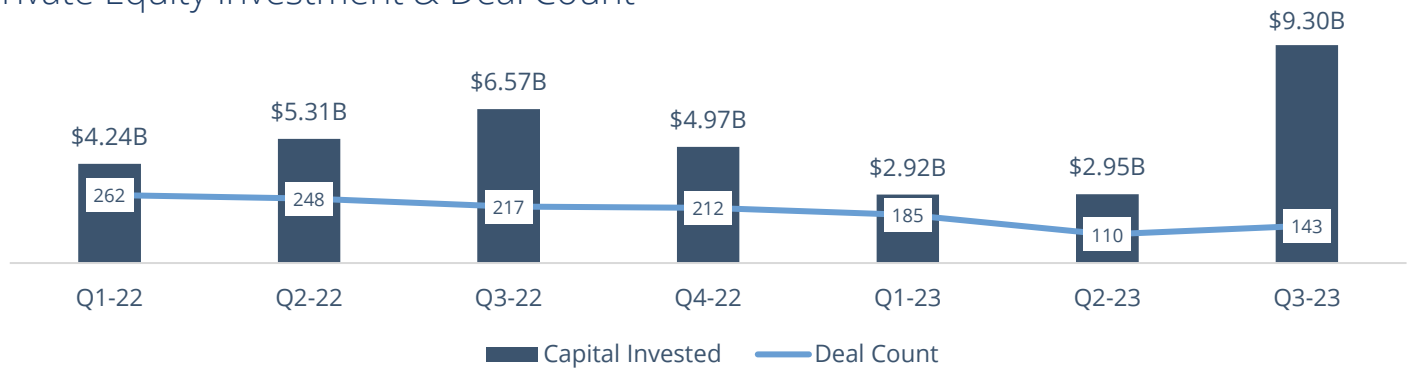
Syneos Health, a Morrisville-based fully integrated biopharmaceutical solutions organization was acquired by Elliott Investment Management, Patient Square Capital, and Veritas Capital for \$7 billion.



Top Investors by Deal Count



Private Equity Investment & Deal Count



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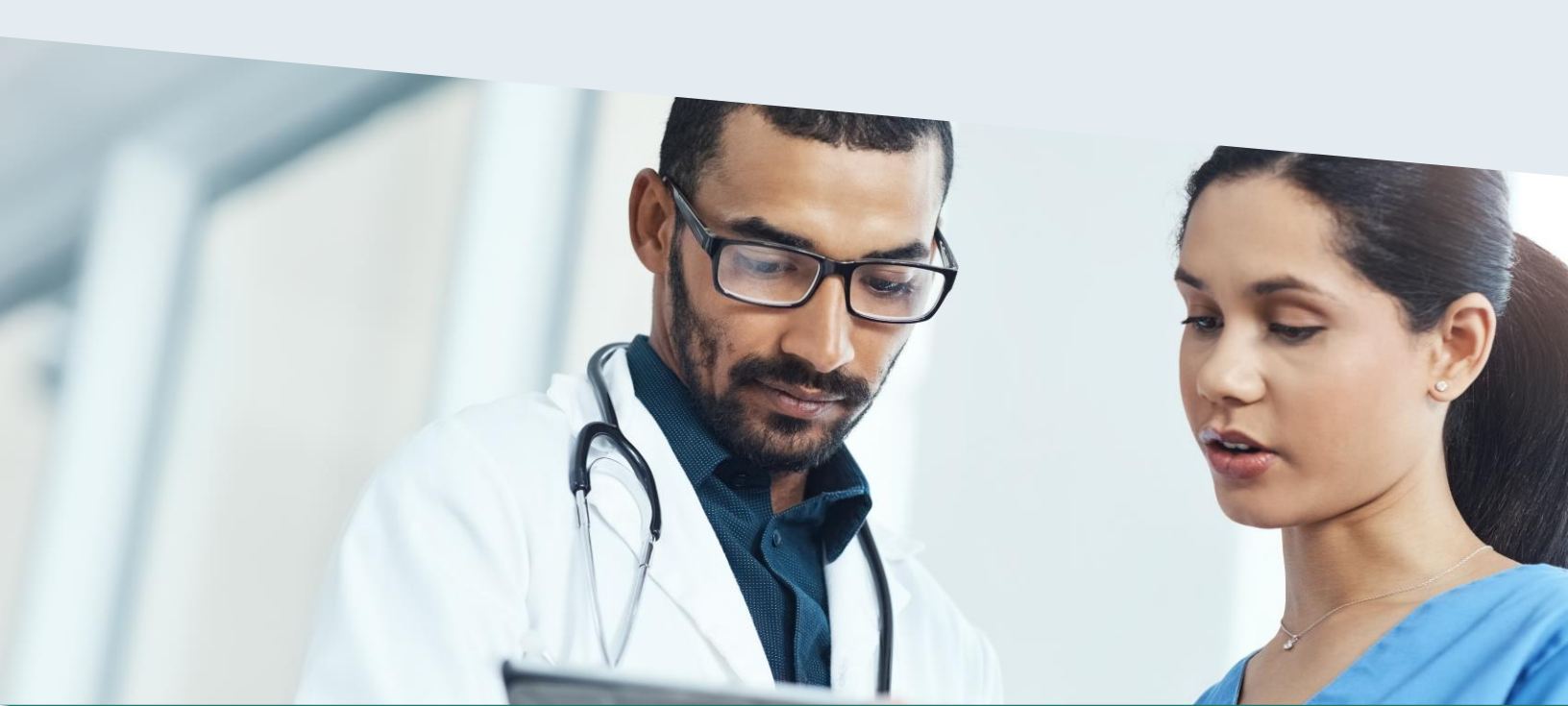
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Concluding Thoughts

The third quarter of 2023 witnessed lower transaction volumes than the same quarters in 2021 and 2022. Nonetheless, deal flow increased from the previous quarter, indicating a sustained upward trajectory in the coming months. Amidst prevailing macroeconomic uncertainty, the healthcare services sector exhibits resilience, remaining at the forefront of overall deal flow compared to other industries. High quality healthcare assets that are poised to drive payor or pharma efficiencies and/or are positioned well for value-based care continue to attract investor attention at low double digits to teens valuation multiples. Meanwhile, less differentiated add-on opportunities have seen multiples return to pre-pandemic norms.

Strategic acquirers aimed to generate value for their stakeholders by targeting a diverse end-user market within existing operational regions, alongside diversifying service offerings through technological advancements, aligning with industry trends such as cost reductions and improved patient outcomes. Private equity firms and their portfolio companies prominently favored M&A and de novo growth strategies focused on established operational regions instead of entering unfamiliar markets given current economic conditions.

Provident anticipates M&A activity will continue to bounce back in Q4 2023, paving the way for a robust start to an active 2024 as lending markets ease and gradually return to a normalized state. 2023 has been a slow year for platform exits due to macroeconomic headwinds, with private equity firms preparing for secondary and tertiary transactions in 2024. New investors will be looking to expand their portfolios in the early stages of the holding period, boosting deal flow. Moreover, strategic consolidators will continue to prioritize acquisitions that drive diversification and scale.





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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