

Substance Use Disorder

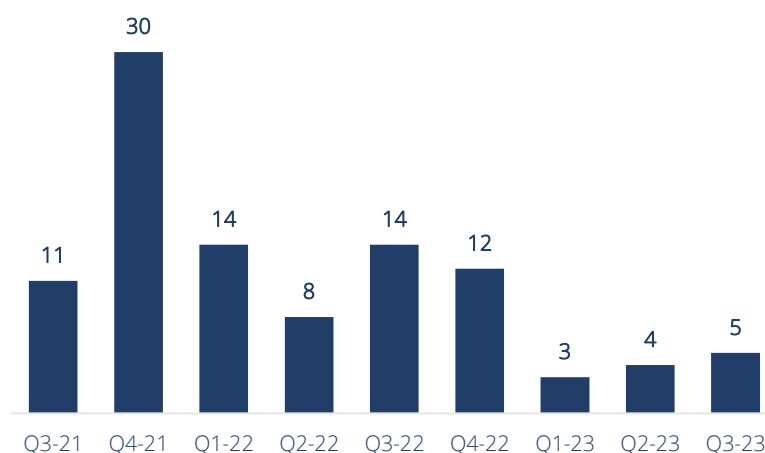
Q3 2023

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		 	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		 	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.

Provident Industry Coverage Team

Craig Sager
Director
(617) 226-4218
csager@providenthp.com

Tommy Spiegel, CFA
Vice President
(617) 226-4216
tspiegel@providenthp.com

Steve Grassa, CFA
Vice President
(617) 226-4213
sgrassa@providenthp.com

Daniel O'Brien
Associate
(617) 226-4292
dobrien@providenthp.com

Publications & Podcasts

Whitepaper

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

Podcast

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