

Substance Use Disorder

Q4 2023

Market Update

The broader SUD space continued its sluggish pace into Q4, with only eight deals announced, representing a 33% reduction in deal flow from Q4-22. However, the year ended on a high-note, as Q4 marked the most active quarter of the year, a consistent trend across all sectors. Overall deal flow is down close to 60% since its high in 2021 driven mainly by economic uncertainty, labor shortages, and rising interest rates.

Three notable transactions took place in Q4 that could signal improving investor sentiment in the space. Fulcrum Equity and Renovus Capital both established new platform investments with their respective acquisitions of Mississippi-based Defining Wellness Centers and Minnesota-based Meridian Behavioral Health. Renewed interest from private equity investors in the SUD space is an encouraging sign for M&A within the sector heading into 2024. PHP anticipates a steady rebound from 2023 deal volume lows.

Notable Transaction

Defining Wellness Centers, a Mississippi drug and alcohol addiction treatment facility, was recently acquired by Fulcrum Equity Partners, an Atlanta, Georgia-based private equity firm. The 100% in-network program will be led by industry veteran, Drew Rothermel, who previously serviced as CEO for BRC Recovery. Fulcrum intends to refine and expand the programs currently offered at Defining Wellness and then replicate the model in other geographies outside of Mississippi. The business will leverage a mostly de novo strategy for growth but will also consider M&A opportunistically.









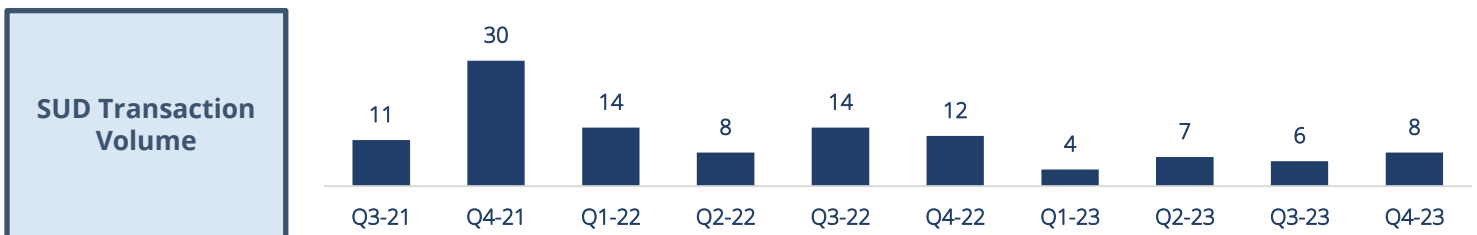
Has been acquired by



November 2023

Select Transactions

Month	Acquirer	Target	Deal Description
December			Nonprofit addiction provider Hanley Foundation (Hanley) announced the acquisition of Origins Behavioral Healthcare. The deal expands Hanley's scope of care to provide residential and outpatient services and specialized programs for men, women, older adults, executives and professionals.
December		 South Haven, MS	Bradford Health Services, a Birmingham, Alabama-based operator of addiction treatment and recovery centers, announced that it acquired Vertava Health of Southaven, Mississippi, expanding Bradford's presence in the Southeast. The deal marks the continued dissolution of Vertava's RTC program.
October			Renvous Capital, a Philadelphia, Pennsylvania-based multi-disciplinary private equity firm, announced that it has acquired Meridian Behavioral Health, based out of Minnesota. The deal represents the most recent private equity investment into the SUD space. Meridian was previously owned by Audax private equity.



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Publications & Podcasts

Whitepaper

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

Podcast

[Building a Comprehensive Behavioral Health Platform: Sanford Behavioral Health Spotlight](#)