

# Revenue Cycle Management

Q1 2024

## Market Update

RCM investors and strategic consolidators have been busy this quarter, as the sector remains one of the hottest opportunities. Two new platforms were formed, and five strategic companies were acquired.

Economic headwinds are forcing provider organizations to grow revenue as labor expenses remain high and patient volumes stabilize, forcing providers to work with outsourced RCM vendors who can provide a quantifiable ROI. Increased demand from providers paired with continued technology development makes the RCM sector attractive to PE investors, highlighted by the two platforms formed as well as New Mountain Capital's offer to take R1 RCM private, a deal just under \$5.8B representing a 24% premium over that Friday's closing price despite underwhelming growth. A buyout of R1 RCM would certainly change the M&A landscape and open the possibility of additional transactions.

## Notable Transaction

Health Prime International, a front and mid-cycle RCM provider, was acquired by Aquiline Capital Partners for \$190M. Health Prime serves over 800 clients across 50 specialties and boasts an impressive 98% success rate of claims being paid on the first submission and reduction of the AR cycle by 19 days. Health Prime has completed four acquisitions since 2019, setting the new platform up for continued success executing on M&A growth.

Aquiline will leverage Health Prime's unique tech-enabled delivery model to continue producing successful outcomes for its clients.

GPB Capital fully exited its position in the transaction.



**Has been acquired by**



**February 2024**

## Select Transactions

Month	Investor	Target	Deal Description
January			Elevate Patient Financial Solutions, a portfolio company of Frazier Healthcare Partners, acquired Professional Medical Services, a technology-enabled RCM solution for the collection of outstanding low-balance A/R on behalf of hospitals and health systems.
January			R1 RCM acquired Acclara for \$675 million in cash and expects the acquisition to contribute more than \$625 million in revenue and approximately \$185 million to Adjusted EBITDA by year five of the partnership.
January			ClinicMind, a comprehensive healthcare SaaS provider, acquired Billing Dynamix, an end-to-end physical therapy RCM service that has handled over 19.6M patient visits.
January			EqualizeRCM, a portfolio company of Pilot Wall Group, acquired TrilogyRCS, a full service RCM provider serving critical access and rural prospective payment system hospitals.
January			Peloton Equity made a majority growth investment in OnPoint Healthcare Partners, a fast-growing tech-enabled service provider striving to optimize the efficiency of provider organizations.
January			Harris, an active consolidator of SaaS businesses, acquired Whittier Medical Management Associates and Pacific Medical Management, two front-end RCM providers serving the ambulatory surgery center industry.

## Provident Industry Coverage Team

**Eric Major**  
Managing Director  
(617) 226-4212  
emajor@providenthp.com

**Rich Sciretta**  
Vice President  
(617) 226-4215  
rsciretta@providenthp.com

**Ankit Amin**  
Associate  
(617) 226-4253  
aamin@providenthp.com

**Henry Nimey**  
Senior Analyst  
(617) 226-4296  
hnimey@providenthp.com