



# Healthcare Services M&A Review: A Quarterly Update



Q2 2024  
M&A Update

**Trusted Healthcare Advisor**

# A Quarterly Update

Q2 2024

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## Healthcare M&A Activity: Second Half Positioned for Continued Rebound

Healthcare services deal volume in the second quarter continued to recover to close out the first half of 2024. While financial and strategic investors are evaluating acquisition opportunities through a narrower lens, the market continues to make a rebound from 2023 levels.

Despite increased antitrust concerns and pervasive macroeconomic headwinds, physician practice management and multi-site healthcare operators continue to attract sponsors and strategic acquirers, while outsourced services sectors have garnered increased investor attention. While the 2023 deal downturn generated significant dry powder across active healthcare funds, many sponsor-backed platforms paused or refrained from launching M&A processes, creating a backlog of eventual

private equity-backed exits. Similarly, many strategics postponed divesting assets that misaligned with their respective core competencies, all signaling a more active second half of 2024 into 2025.

Amidst market pressures and building exit backlogs across provider services sectors, investors are shifting focus within healthcare to verticals with minimal reimbursement and labor risk (e.g. healthcare IT, clinical research, pharmaceutical services, biotech / biopharma, etc.). Private equity investors once devoted to building PPM concentrated portfolios are leveraging past experiences to expand into these spaces as part of a broader diversification strategy.

## Notable Transactions in Q2 2024

<b>Autism Services</b>	<b>Infusion</b>	<b>Physical Therapy</b>	<b>Urgent Care</b>
 Has been recapitalized by 	 Has been recapitalized by 	 Has been acquired by 	 Has been recapitalized by 

## Select Provident Q2 2024 Transactions

  
Has affiliated with  
  
a portfolio company of  


### Community Eye Care Specialists

Provident served as the exclusive sell-side advisor to Community Eye Care Specialists (“Community Eye” or “CECS”) in its partnership with EyeSouth Partners, a portfolio company of Olympus Partners. Community Eye, a leading multi-specialty ophthalmology and optical provider, operates five clinics and one surgery center across the rural Pennsylvania and New York regions. Community Eye Care Specialists joins EyeSouth’s network of 40 practices and over 300 physicians across the East Coast and gains access to the collective network’s streamlined practice support services, technologies, and patient engagement offerings. CECS physicians will also have access to the EyeSouth clinical research platform.

  
Has completed a growth capital investment from  

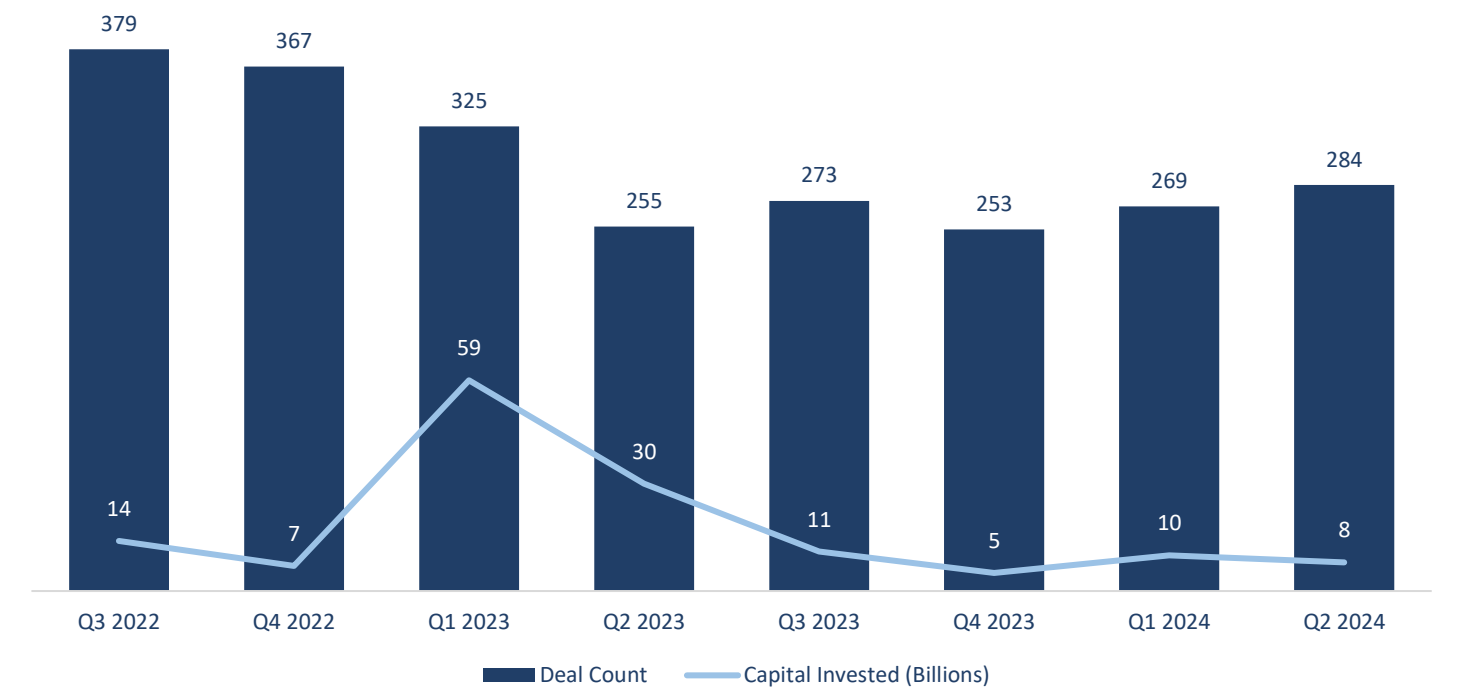

### Quest Health Solutions

Provident served as the exclusive advisor to Quest Health Solutions (“Quest”), a provider of durable medical equipment, in its partnership with Sumitomo Corporation of Americas, a global strategic operator in the industry. Sumitomo will maintain a minority equity position in Quest going forward while providing key capital and advisory resources throughout its forthcoming growth chapters. Quest continues to distinguish itself in an increasingly competitive continuous glucose monitoring (CGM) market through its innovative patient acquisition model and proprietary technology platform. The transaction provides an opportunity for Quest shareholders to capitalize on imminent growth prospects with additive capital and leadership support.

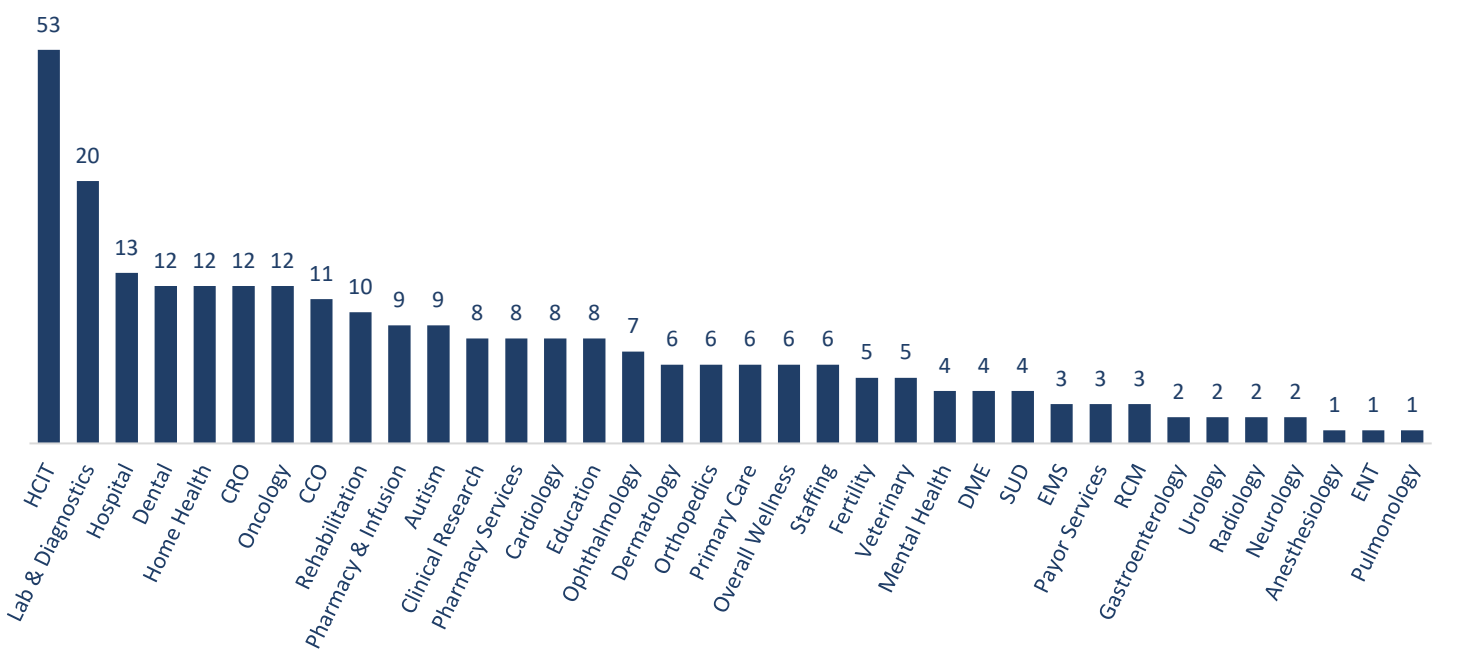
# Healthcare Services M&A Deal Stratification

Q2 2024 continued to support a trend of rebounding investor interest and M&A enthusiasm in healthcare services. Landmark transactions include Tenex Capital Management's recapitalization of Behavioral Innovations and Frazier Healthcare Partners' recapitalization of BioMatrix, occurring in May and June, respectively. Healthcare IT remained to be among the most active sub-sectors in healthcare services in the second quarter with over 50 announced transactions.

Healthcare Services M&A Quarterly Deal Activity (Trailing 24 Months)<sup>(1)</sup>



Healthcare Services Deal Count<sup>(1)</sup>



(1): Data as of July 1, 2024



# Behavioral Health

**Trusted Healthcare Advisor**

## Autism Services

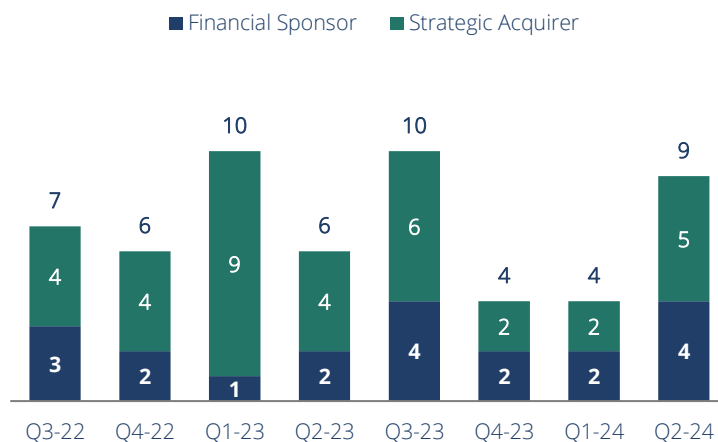
Q2 2024

### Market Update

Autism services transaction activity met Q2-2024's robust expectations with nine transactions closed, led by two secondary buyouts and two platform creations. Most notably, both Caravel Autism Health ("Caravel") and Behavioral Innovations ("BI") moved on to their next round of private equity investment, signaling strong investor sentiment and suggesting an active next 12-18 months from an M&A perspective.

More specifically, GTCR acquired Caravel from Frazier Healthcare Partners, who invested initially back in 2018, and Tenex Capital Management acquired BI from Shore Capital Partners, who initially invested in 2017. Despite stagnant reimbursement and ongoing labor challenges, both deals demonstrate investor confidence in a sector that saw a bottleneck in transaction activity over the past 12-18 months. Looking ahead, Provident expects several private equity-backed platforms to go to market given the successful exits of the two previously mentioned platforms and rebounding market sentiment across industry stakeholders. Notable companies currently out to market include Center for Social Dynamics, Journey ABA, and Gersh Autism.

### Quarterly Transaction Volume



### Select Transactions

Month	Acquirer	Target	Deal Description
June	 Point Quest	 Nyman Associates	Nyman Associates, a provider of school/home-based behavioral health in Pennsylvania, was acquired by Point Quest, an adolescent behavioral health and special education provider.
June	 FullBloom	 Lexington	FullBloom, a youth-focused education and behavioral health platform, acquired two locations from Lexington Life Academy, an Arizona-based special education services provider.
June	 GTCR	 CARAVEL AUTISM HEALTH	GTCR, a Chicago-based private equity firm, acquired Caravel Autism Health, an autism services provider with 60+ locations across eight states.
June	 TENEX CAPITAL MANAGEMENT	 behavioral INNOVATIONS	Tenex Capital Management, a New York-based private equity firm, acquired Behavioral Innovations, a Texas-based provider of autism services in 75+ locations across three states.
June	 SEVEN SPRINGS PARTNERS	 TALCOTT CENTER	The Talcott Center, a provider of pediatric therapy located in Connecticut, was acquired by Seven Springs Partners, a New York-based private equity firm.
May	 OPTIMAL INVESTMENT GROUP	 SPECTRUM BEHAVIORAL THERAPIES	Optimal Investment Group, a California-based private equity firm, acquired Spectrum Behavioral Therapies, an ABA, speech, and occupational therapy provider in California.
May	 opya bringing hope home	 CAST	Located in California, Opya acquired Center for Autism Spectrum Therapy, a center-based autism services provider located in Southern California.
April	 ILLUMINATE ABA THERAPY	 BEHAVIORAL HEALTH WORKS Treatment for Autism & Related Disorders	Behavioral Health Works, a multi-state provider of behavioral health services, was acquired by Illuminate ABA Therapy, a New York-based ABA therapy provider.
April	 floreo	 AUTISM-EYES™	Floreo, a virtual reality therapy system for autism, ADHD, and anxiety, acquired Autism Eyes, an autism diagnostic and assessment company.

### Provident Industry Coverage Team

**Craig Sager, CPA**  
Managing 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

#### Market Update

[Autism Services Market Update Spring 2024](#)

#### Podcast

[Building a Payor Relations Platform](#)

[Technology Advancement and its Impact on Operations & Care Delivery](#)



# Mental Health

Q2 2024

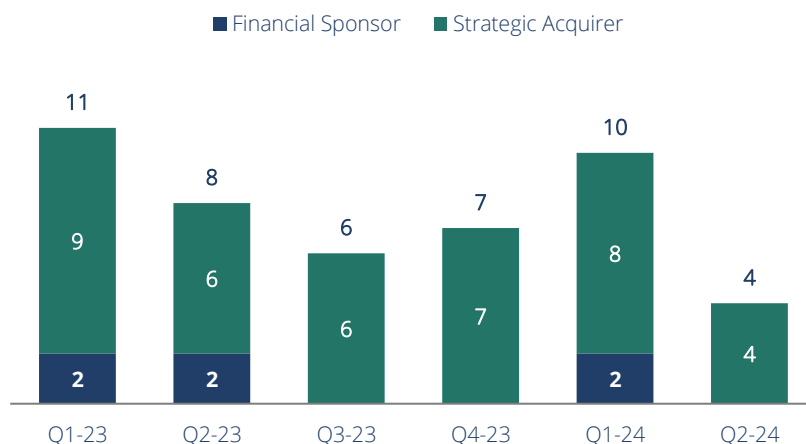
## Market Update

The Mental Health M&A markets cooled moderately in the second quarter, primarily driven by a renewed focus on organic growth as well as a lack of practices exploring sale processes.

The quarter was mostly characterized by strategic add-on partnerships in local markets by acquirors without private equity backing, indicating a current pivot away from the “roll up” strategy that has characterized much of the preceding quarters.

One transaction of note, was Refresh Mental Health’s acquisition of Care Counseling, which represented Optum-backed provider’s first such acquisition in over a year. Provident expects Refresh, among other platforms, to be more acquisitive in the second half of the year as M&A markets start to open up in Q3 and Q4.

## Quarterly Transaction Volume



## Select Transactions

Month	Investor	Target	Deal Description
April	 REFRESH Mental Health Part of Optum	 CARE COUNSELING	Refresh Mental Health, an Optum-backed provider of multi-specialty mental health care, has acquired Care Counseling, a nine-location provider of therapy and medication management
April	 KENTUCKY COUNSELING CENTER COUNSELING & PSYCHIATRY	 COUNSELING NOW COUNSELING & PSYCHIATRY	Kentucky Counseling Center has acquired Ohio-based Flourish Psychotherapy, now rebranded as Counseling Now
May	 MIND BODY OPTIMIZATION	 mind+body wellness	MindBody Optimization, a Texas-based multi-specialty mental health provider, has acquired MindBody Wellness to expand its geographic reach into Tennessee
May	 Your Behavioral Health	 insight	Your Behavioral Health has acquired Insight Treatment Programs to expand its adolescent PHP/IOP treatment offerings

### Provident Industry Coverage Team

**Craig Sager, CPA**  
Managing 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 & Conferences

#### Market Update

[Behavioral Health Market Update](#)

#### Conference

Members of the Provident Mental Health coverage team will be attending the BHB INVEST conference in Dallas in October

# Substance Use Disorder

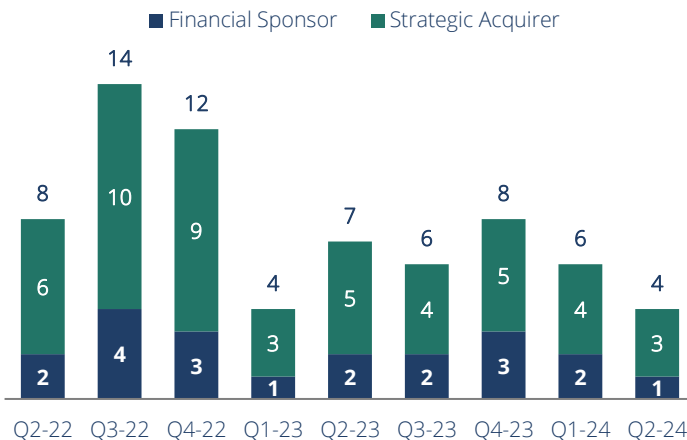
Q2 2024

## Market Update

Deal flow within the substance use disorder (SUD) sector continued its sluggish pace throughout Q2 as the market only saw the completion of four deals. Investor appetite to utilize M&A as a primary growth strategy has waned in 2024 as lending markets and regulatory changes have made deal-making more difficult to execute. Furthermore, the FTC increased review on healthcare deals, due to anti-trust concerns, giving pause to investors across the healthcare ecosystem. Similarly, the Federal Reserve continued its conservative approach to monetary policy has made sourcing debt capital more expensive, leading to lower valuations and longer deal processes.

As private equity investment has slowed in the space, venture capital and growth equity investment has risen. Venture-focused firms are making minority investments in businesses that they believe are highly scalable, looking to take advantage of macro-level tailwinds that persist in the SUD space. This investment approach does not require the same regulatory approval or the amount of capital that traditional private equity buyouts require, making deal execution easier. Provident anticipates seller and buyer valuation expectations to converge over the coming year, leading to increased deal flow.

## Quarterly Transaction Volume



## Select Transactions

Month	Investor	Target	Deal Description
May			Three substance use disorder (SUD) treatment providers (Tulip Hill Recovery, Louisville Addiction Center, and Lexington Addiction Center) have merged to form Tulip Hill Healthcare. The combination forms one of the largest SUD providers in the Appalachian region.
May			T&R Recovery Group, an operator of SUD facilities in Texas and Arizona, has acquired the Texas-based assets of Origins Behavioral Healthcare. The facilities acquired are two residential treatment centers in South Padre Island, Texas, two IOP programs, and a transitional sober living center in Dallas.
April			Avesi Partners, a leading healthcare-focused private equity fund, has made an investment in First Steps Recovery, a full-continuum substance use disorder program located in California's Central Valley. Avesi has plans to expand First Steps' operations throughout California and into neighboring states.

### Provident Industry Coverage Team

**Craig Sager, CPA**  
Managing 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

[Provident Behavioral Healthcare Market Update: Summer 2024](#)

#### Podcast

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





# Healthcare IT

**Trusted Healthcare Advisor**

## Healthcare IT

Q2 2024

### Market Update

The healthcare information technology (HCIT) sector continued to experience significant momentum in Q2 2024 due to several persistent trends gaining prominence. Increased adoption of electronic health records (EHR) systems, driven by ongoing advancements in interoperability standards and government incentives, remained a crucial factor driving the space's investment activity. Additionally, the sustained investment in artificial intelligence and machine learning technologies continued to enhance data analytics capabilities, enabling more efficient patient care and operational management. The Change Healthcare cyberattack in Q1-24 underscored the importance of cybersecurity, leading to increased spending on HCIT solutions through the second quarter.











These combined factors fostered an environment conducive to innovation and growth within the HCIT sector in Q2-24. Provident anticipates these trends will persist, bolstering M&A activity throughout the remainder of 2024.

### Notable Transaction

Model N, a San Mateo-based leader in revenue optimization and compliance for pharmaceutical, medtech, and high-tech innovators, was acquired by Vista Equity Partners in a \$1.25 billion take-private transaction. Model N's platform is used by companies such as Johnson & Johnson, AstraZeneca, and AMD to automate decision related to pricing, incentives, and compliance. The Company's software integrates with various data sources and internal systems to help companies analyze trends, pricing, efficacy, market demand, and more. The acquisition underscores Vista's commitment to nurturing innovative companies and driving digital transformation in the revenue management sector.



### Select Transactions

Month	Investor	Target	Deal Description
June			Arcadia, a leading data platform for healthcare, acquired CareJourney, a preeminent provider of clinically-relevant healthcare data and AI-powered analytics and insights
June			Simulations Plus, a leading provider of modeling and simulation software and services for pharmaceutical safety, acquired Pro-ficiency Holdings, a provider of simulation-enabled performance and intelligence solutions for clinical and commercial drug development
June			Med-Metrix, an A&M Capital-backed provider of technology-enabled RCM solutions, acquired Hospital Billing & Collection Service ("HBCS") to bolster its end-to-end RCM offerings
June			Health Catalyst, a leading provider of data and analytics technology and services to healthcare organizations, acquired Carevive systems, a leading oncology-focused health technology company that focuses on improving care for cancer patients
May			Precision for Medicine, a leader in biomarker-driven clinical R&D acquired Algorics, one of the fastest-growing clinical technologies and biometrics service providers to the biopharma industry

### Provident Industry Coverage Team

**Kevin Palamara**  
Managing Director  
(617) 226-4221  
kpalamara@providenthp.com

**AJ Shekar**  
Director  
(617) 226-4251  
ashekar@providenthp.com

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

# Revenue Cycle Management

Q2 2024

## Market Update

Though RCM transaction volume slowed in Q2, there is a strong possibility the market rebounds in the second half of the year given ongoing processes. Notably, Waystar went through an IPO in early June, and Provident expects Waystar to continue being acquisitive.

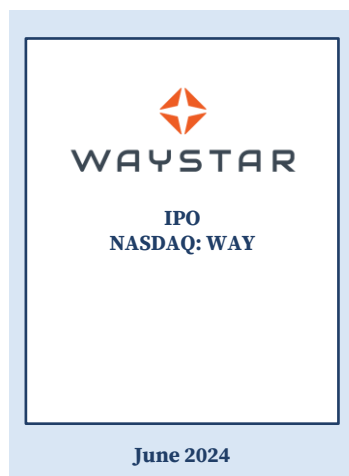
Last quarter, New Mountain Capital was leading a joint deal with TCP-ASC to take R1 RCM private at a \$5.8B valuation. In early July, New Mountain Capital and TCP-ASC announced they are no longer working to a joint buyout. Instead, TCP-ASC intends to offer a higher price than New Mountain Capital's \$13.25 per share. Provident will continue to monitor this situation.

Strategic rational for RCM transactions remains consistent as consolidators look for differentiated solutions or new modules to complement existing technology to bolster cash collection cycles.





## Notable Transaction

Waystar, an end-to-end revenue cycle management platform serving physician practices and hospitals, raised over \$970M in a public offering, implying a \$3.5B market cap. The company serves more than 30,000 clients accounting for approximately 1 million distinct providers. Waystar facilitated more than \$5B in healthcare payments last year, leveraging its in-house AI and proprietary algorithms.

This marks the largest health-tech IPO since 2022 and opens up the possibility for additional M&A activity. Waystar has completed 10 acquisitions since 2017 most notably, its acquisition of eSolutions in 2020. Given its IPO, Provident expects Waystar to pursue further M&A.



## Select Transactions

Month	Investor	Target	Deal Description
June			The Trifecta Group provides revenue cycle management consulting to providers and health systems. They evaluate a client's staffing, process, technology, management, and system implementations. The Wilshire Group is a provider of end-to-end revenue cycle management solutions, offering comprehensive technical and consulting services to healthcare providers. The acquisition will extend The Wilshire Group's reach and reinforce its commitment to providing comprehensive and client-focused revenue cycle consulting and analysis for underpayment and denial remediation
June			HBSC is an end-to-end RCM platform helping its customers achieve sustainable revenue cycle improvements. Med-Metrix, backed by A&M Capital Partners, provides end-to-end RCM and services via the Company's proprietary software platform. The acquisition bolsters Med-Metrix's RCM offerings with HBSC's patient financial engagement solutions coupled with insurance reimbursement capabilities.

## 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



# **Outsourced Services**

**Trusted Healthcare Advisor**

# Durable Medical Equipment

Q2 2024

## Market Update

Market activity across the DME space continued at a steady pace throughout Q2 with a healthy mix of new platform developments and add-on acquisitions. High-growth product categories such as diabetic supplies continue to draw interest both from PE sponsors on a standalone basis and strategic consolidators seeking to diversify product offerings and capitalize on cross-sell opportunities within their existing patient populations.

Provident expects to see continued deal volume across DME throughout the remainder of 2024 as investors target organizations facilitating the shift towards home-based care, defensible market positioning, and an attractive growth profile. Several private equity platforms created in 2019 and 2020 are in the latter stages of their hold period and are likely to come to market within the next 6 – 12 months. This typically spurs additional add-on activity as new sponsors seek to deploy growth capital and take their new platform to the next level.

## Notable Transaction

Provident advised its Quest Health Solutions, a nationwide provider of continuous glucose monitors (CGMs) and other diabetic supplies, on its growth capital investment from Sumitomo Corporation of America ("SCOA") that will provide the resources to help accelerate Quest's expansion initiatives. The transaction marks SCOA's initial entry into the US healthcare market.

Quest has utilized its innovative patient acquisition model and proprietary technology platform to differentiate itself in the growing, competitive CGM market landscape. The transaction provides an opportunity for the shareholders to capitalize on the expanding market opportunity and realize subsequent liquidity events at an increased value.


**QUEST HEALTH SOLUTIONS**

**Has completed a growth capital investment from**


**Sumitomo Corporation of Americas**

**April 2024**

## Select Transactions

Month	Investor	Target	Deal Description
June			Strive Medical, a portfolio company of NMS Capital, has acquired ProMed DME, a CGM-focused supplier. The combination represents a meaningful expansion beyond Strive's historical focus areas of urological, wound care, and other disposable medical supplies into the diabetic supply space. This acquisition positions Strive to capitalize on the cross-sell opportunity created by the combined patient base and become a "one stop shop" for home medical supplies.
June			Platinum Equity announced it has entered a definitive agreement to acquire Sunrise Medical, a leader in assistive mobility solutions, from their prior private equity partners, Nordic Capital. Sunrise, headquartered in Germany, is the global market leader in assistive mobility solutions including power wheelchairs, mobility scooters, and power assist products.
May			SG Homecare, a provider of in-home medical equipment and supplies backed by Sverica Capital, has acquired Western Drug Medical Supply. The transaction creates a leading, scaled home medical supply platform in California with more than \$150M in revenues at close. The partnership creates a diversified platform capable of offering a wide range of products to patients across the state.
April			Castleford Capital, a healthcare and pharma services focused PE firm, completed a growth investment in Rebound Medical. Rebound provides DME to patients recovering from orthopedic and vascular procedures while offloading administrative tasks from physician offices spanning insurance verification, claims processing, and equipment delivery. The partnership will provide a capital infusion to expand Rebound's service offering into new markets and expand its team.

## Provident Industry Coverage Team

**Kevin Palamara**  
**Managing Director**  
 (617) 226-4221  
 kpalamara@providenthp.com

**Brendan Schroeder**  
**Senior Associate**  
 (617) 226-4207  
 bschroeder@providenthp.com

## Healthcare Staffing

Q2 2024

### Market Update

As has been the case in the healthcare staffing sector for the better part of the past 12-24 months, firms placing candidates within niche care settings are the one to continue to receive elevated interest from investors. Meanwhile, the agencies providing more commoditized services such as travel nurse staffing, particularly through the use of either an MSP or VMS, are still viewed as less appealing and with higher levels of diligence.

According to Kaufmann Hall, approximately 60% of hospitals in the US have seen profits improve due to a reduction in contract labor spend. While this could benefit staffing agencies in the long-term, it currently emphasizes the need for differentiation amongst competitors and demand for the highest quality candidates. While travel nursing has declined significantly, home health and personal care aides and nurse practitioners are projected to see the most increased use given an aging population and as site of care continues to transition from the acute to post-acute care setting.

### Notable Transaction

In May, Knox Lane made an investment in All Star Healthcare Solutions, a locum tenens and permanent placement staffing firm. The group places physicians, CRNAs, physician assistants, and nurse practitioners into numerous subspecialties, such as anesthesiology, cardiology, orthopedics, and general surgery settings, among others. The acquisition follows several recent locum tenens transactions, such as MSDR partnering with AMN and Barton Associates partnering with HIG Capital.

Provident expects healthcare staffing transaction activity to persist among the niche, non-travel nursing providers, and groups that have longer and stickier contract arrangements, such as government or school-based settings.







**Has been acquired by**

**KNOX-LANE**

**May 2024**

### Select Transactions

Month	Buyer	Target	Deal Description
June			GHR Healthcare, a workforce solutions and tech-enabled healthcare staffing firm, acquired United Anesthesia. United Anesthesia places anesthesiologists and CRNAs, and has locum tenens, permanent placement, and government service capabilities.
June			Luke Holdings, a healthcare staffing firm serving the federal government, acquired Coastal Clinical Management Services. The transaction is complementary to Luke's existing service offerings and will only bolster their Department of Homeland Security client relationship.

### Comparable Healthcare Staffing Multiples<sup>1</sup>

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
Cross Country	Nasdaq: CCRN	\$466.6M	\$1.8B	\$101.7M	0.3x	4.6x
AMN	Nasdaq: AMN	\$3.1B	\$3.5B	\$488.5M	.89x	6.4x

1. Statistics for Cross Country and AMN sourced from PitchBook as of 7/8/2024

#### Provident Industry Coverage Team

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

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

#### Conferences

##### Executive Forum & Staffing Summit

Provident is attending the Healthcare Staffing Summit in November and plans to meet with investors, industry consolidators, and operators.



## Laboratory & Diagnostics

Q2 2024

### Market Update

The most notable development in the lab and diagnostics space coming out of Q2-24 is the FDA's final ruling on oversight of Laboratory Developed Tests ("LDTs"). In late May, the American Clinical Laboratory Association (ACLA) filed a lawsuit against the FDA, claiming that the FDA never received permission to regulate LDTs as medical devices, as opposed to medical services. With the additional overturning of the Chevron deference, limiting the power of federal agencies to interpret vague descriptions of law, companies await the outcome of the lawsuit as it is expected to have serious implications on how lab business is conducted moving forward.

Previous enthusiasm for technological advancements continued into second quarter activity, with notable activity in digital pathology and lab devices fueled by favorable regulatory conditions. Labcorp, global leader of advanced laboratory services, had the most activity by purchasing substantial assets of bankrupt medical genetics company Invitae and BioReference Health.

### Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$23.1B	\$12.3B	\$2.1B	1.9x	11.0x
Quest Diagnostics	DGX	\$20.6B	\$9.3B	\$1.8B	2.2x	11.4x
Eurofins	ERF	\$12.9B	\$7B	\$1.4B	1.8x	9.2x
Hologic	HOLX	\$17.7B	\$4B	\$1.1B	4.4x	16.1x

### Select Transactions

Month	Investor	Target	Deal Description
June		 <b>Select Assets</b>	Quest Diagnostics, a leader in diagnostic information services, completed the acquisition of PathAI Diagnostics from PathAI. PathAI Diagnostics boasts a unique digitized laboratory in Memphis, providing AI and digital R&D solutions. With the acquisition, Quest Diagnostics seeks to expand its portfolio of deployed AI solutions to its internal pathology offerings.
April		 <b>Select Assets</b>	Labcorp has become the selected bidder in the bankruptcy sale of medical genetics company, Invitae. Labcorp paid \$239 million to acquire Invitae's assets. This transaction bolsters Labcorp's new specialty testing offerings in areas including oncology and rare diseases.
April			StatLab has acquired Chicago-based Scientific Device Laboratory, which manufactures printed diagnostic slides and a variety of consumables and kits for anatomic pathology and microbiology markets. The SDL acquisition creates access to new customer channels for StatLab, while simultaneously reducing internal costs for the broader organization.

### Provident Industry Coverage Team

**Kevin Palamara**  
Managing Director  
(617) 226-4221  
kpalamara@providenthp.com

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

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

## Payor Services

Q2 2024

### Market Update

Transactions in payor services kept pace with the previous quarter as two add-ons were completed and a new platform formed. Council Capital's acquisition of Allegiant should open up the possibility for additional add-on transaction volume. Two of the three acquired companies, Allegiant and SkyView, operate primarily within case management which Provident has noted as one of the primary targets for consolidation given the ability to quickly scale inorganically. Of the two strategic deals, both were driven by the opportunity to experience instant growth. SkyView provided VONA an opportunity to introduce a new service line while Claims Eval bolstered Ethos' network of 5,700+ IME physicians.

Provident anticipates most deals will be strategic in nature as interest rates remain elevated and platforms look to become "one-stop-shops" for payor cost containment solutions.

### Notable Transaction

Allegiant Managed Care is a case management company with over 30 years of experience helping injured workers return to full time employment at a reduced cost to clients. The Company provides vocational and nurse case management services to payors and TPAs across 20 states.

Council Capital is a private equity fund with a focus on growing healthcare services companies.

This acquisition marks the first payor services platform formed in 2024.



### Select Transactions

Month	Investor	Target	Deal Description
June			<p>SkyView is a provider of nurse case management, vocational case management, and accessibility coordination services across Michigan focused on auto and workers' compensation injuries. The Company serves insurers, employers, TPAs, attorneys, and injured individuals.</p> <p>VONA, backed by NMS Capital, is a leading provider of medical case management services that helps injured workers, employers, and insurance adjusters navigate the workers' compensation process.</p> <p>SkyView presented VONA an opportunity to expand its service offering into auto no-fault injury case management as well as deepen presence in the Midwest.</p>
April			<p>Claims Eval is a nationally recognized provider of Peer and Utilization Review Services catering to the Workers' Compensation, Disability, Group Health, and Behavioral Health markets. The Company has a network of over 1,200 board certified physicians across specialties nationwide and offers a proprietary software to ensure seamless interfacing.</p> <p>Ethos, backed by Carousel Capital, is a claims management service offering investigative services as well as claim recovery options.</p> <p>This marks Ethos' 10<sup>th</sup> acquisition since 2019 and provides Ethos with additional capacity to better serve clients.</p>

### 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

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

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



# **Pharma Services & Pharmacy**

**Trusted Healthcare Advisor**

## Pharmacy & Infusion Services

Q2 2024

### Market Update

Q2-24 saw a continuation of the growing interest investors have for the infusion services sector and the services that accompany it, including specialty pharmacy. The underpinnings for the investment model center around the shift in site of care from the once dominate hospital setting to a mix of ambulatory (AIC), office-based (OIC), and home-based infusion services. While each of these outpatient settings has its own unique clinical and operational pros and cons, they all present the common themes of reduced cost to the healthcare system and increased convenience to patients, while maintaining or even improving upon clinical outcomes in certain cases.




To stem the loss in infusion-related revenue, hospitals and health systems have shown an increased willingness to develop joint venture agreements with the outpatient service providers in their markets, not dissimilar to what's been seen in ambulatory surgery centers. This allows for preferred drug pricing to benefit the outpatient provider and is a way for the hospital to retain at least some of the infusion economics.

### Notable Transaction

Frazier Healthcare Partners, a Seattle-based, healthcare-focused investment firm, completed its acquisition of BioMatrix in June 2024. BioMatrix is a national provider of home-based infusion services with clinical expertise in neurological diseases, immunology deficiencies and transplants, as well as blood disorders. The Company serves a diversified base of patients with over 2,500 physician-referral relationships across all 50 states. Frazier and BioMatrix plan to expand its footprint with via de novo and M&A growth. Additionally, it will work with regional and national payors to increase its managed care penetration and add new therapies to its service offering. BioMatrix' prior investors include ACON Investments and Triton Pacific Capital Partners.



### Select Transactions

Month	Investor	Target	Deal Description
June			Founded in 2006, Apex Infusion is a fast-growing provider of ambulatory infusion therapy services company. The Company provides intravenous immunoglobulin, specialty infusion, total parental nutrition, and other therapeutic services. Apex currently operates 11 locations in California. Apex plans to expand geographically through de novo locations, as well as strategic acquisitions to build scale.
May	 Waud Capital		Coastal Infusion Services provides at-home and alternate-site infusion services throughout the southern U.S. It also cares for patients at six state-of-the-art Ambulatory Infusion Suites (AISs) strategically located throughout Southern Louisiana. As an ACHC-accredited specialty pharmacy, Coastal Infusion Services also provides an extensive portfolio of infusion and injection medications. With the addition of Coastal Infusion Services, PromptCare further expands its national footprint and mission to help patients with rare and chronic medical conditions.
May			Genefic, a wholly-owned subsidiary of Dalrada Corporation, acquired IV Services, LLC, pharmaceutical business and infusion management leader. With IV Services' full pharmacy licenses in Louisiana and Mississippi, Genefic adds more regional U.S. states to its pharmaceutical fold, complementing its existing licenses and operational presence in a growing roster of states, including North Carolina, South Carolina, Tennessee, Georgia, Alabama, and Texas.
May			Linden Capital increased its equity position in IVX Health by acquiring Great Hill's minority equity stake in the business in May-24. Linden is now a majority equity shareholder in IVX, which is a national provider of infusion and injection therapy for those with complex chronic conditions. As a result, the transaction does not reflect a new platform investment for Linden.

### Provident Industry Coverage Team

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

**Michael Patton**  
Managing Director  
(617) 226-4272  
mpatton@providenthp.com

### Media Citations & Publications

#### Provident Whitepaper

#### [Consolidation Trends within Infusion Therapy](#)

*Read Provident's latest infusion services whitepaper which highlights the shift in site of care, and why investment in the sector will continue to be attractive for many private equity investors.*

## Clinical Research Sites

Q2 2024

### Market Update

Clinical research sites remain one of the most active M&A sectors across all of healthcare services. The sector is highly attractive to private equity firms for its strong industry tailwinds (e.g., high margins, cash rich pharma and biotech sponsors) and ability to bolster many operational levers on both the revenue and expense side of the equation (e.g., increased contract values, centralized corporate functions, economies of scale). COVID-19 also accelerated the presence of site management organizations (SMOs) that could complement an accelerated clinical process at speed and scale. Many middle-market private equity firms are willing to come downstream and acquire clinical trial assets that would otherwise be too small from an equity check perspective. It is becoming increasingly common for PE firms to acquire platforms with just a few locations and pursue an aggressive M&A strategy to build density, scale, and diversify their therapeutic mix. The fragmentation of the market coupled with the amount of investment in the last 12-18 months will lead to significant consolidation through 2024 and 2025.

### Notable Transaction

K2 Medical Research, an integrated clinical trial site platform specializing in central nervous system (CNS) trials for leading pharma and biotech sponsors, received a significant growth investment from TPG. The Company specializes in conducting multi-phase clinical trials in complex therapeutic areas including Alzheimer's, psychiatry, and liver disease, among others. K2 has participated in more than 150 studies for over 35 sponsors across Florida.

K2 plans to continue to scale the business via new contracts with pharma and biotech sponsors, coupled with de novo and M&A expansion to become a multi-regional integrated site platform.



### Select Transactions

Month	Investor	Target	Deal Description
June	 <b>NMS   CAPITAL</b>		ENCORE is a leading clinical research organization with eight locations across Northern Florida. With 100+ investigators, ENCORE brings expertise across multiple therapeutic areas including cardiology, metabolic, neuroscience, gastroenterology, orthopedics, autoimmune, pediatrics, early phase and infectious disease. Since its inception, ENCORE has conducted 3,200+ clinical trials across 50+ therapeutic areas.
May			Adams Clinical is clinical trial site network with locations across the Northeast that conducts independent evaluations of drugs to treat psychiatric and neurologic illnesses. With its platform investment in Adams Clinical, InTandem Capital Partners intends to build a nationally recognized, integrated site network across numerous CNS therapeutic areas.
May	 <b>MARTIS CAPITAL</b>		Alcanza Clinical Research acquired Kansas City Research Institute (KCRI), a Phase II-IV clinical research site based in Kansas City, MO, with therapeutic specializations focused in gastroenterology, gastrointestinal oncology, hepatology, and a host of metabolic diseases. The acquisition enables Alcanza to enable more trial participation to patients who are not traditionally represented in clinical research.

### Provident Industry Coverage Team

**Michael Patton**  
Managing Director  
(617) 226-4272  
mpatton@providenthp.com

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

**Conor Duffey**  
Vice President  
(617) 226-4294  
cduffey@providenthp.com

**Kevin McDermott**  
Vice President  
(617) 226-4256  
kmcdermott@providenthp.com

# Pharmaceutical Commercialization

Q2 2024

## Market Update

M&A activity in the Pharma Commercialization services market demonstrated an uptick in transaction count in Q2 of 2024 as compared to the previous three quarters. The increase stems from continued add-on activity from the industry's strategic acquirers and a sustained interest from private equity sponsors seeking a platform investment.

Provident expects M&A activity to remain strong throughout 2024 and beyond as companies continue to adopt data-driven strategies to enhance market access, optimize pricing, and personalize patient engagement. AI-powered platforms are also becoming increasingly important as they can be leveraged to create more efficient marketing and outreach strategies to both healthcare professionals and consumers. Additionally, the shift towards value-based care is influencing drug pricing and reimbursement models, requiring companies to further demonstrate clinical and economic benefits. As a result, both market research and market access firms are in high demand.

## Notable Transaction

In April, Shore Capital Partners ("Shore") announced its partnership with their new platform company PRO-Spectus (the "Company"), a patient-centric healthcare consulting firm specializing in patient support services, market access, reimbursement support, and policy strategy.

The Company works with biopharmaceutical companies, medical device manufacturers, and diagnostic firms around the country to help bridge the gap between products and patients. Founder and CEO, Charmie Chirgwin, will continue to lead the Company moving forward with the help of additional operational capacity provided by Shore and their team of operating executives.



**PROspectus**

Has partnered with



**SHORE**  
Capital Partners

**April 2024**

## Select Transactions

Month	Acquirer	Target	Deal Description
June	 IntegriChain®	 BridgeView LIFE SCIENCES	IntegriChain, a leading data-driven commercialization platform backed by Nordic Capital, acquired BridgeView Data Solutions, the commercial data warehouse and data aggregation assets of BridgeView Life Sciences.
June	 ClinicalMind	 Sensified HEALTH - OPEN COMMUNICATIONS	ClinicalMind, a premier healthcare marketing and communications agency, acquired Sensified, an insights driven medical communications company.
June	 petauri POWERING HEALTH	 Mtech Access Delta Hat Powered by Petauri	Oak Hill Capital Partners platform, Petauri, acquired Mtech Access and Delta Hat to bolster their market access capabilities.
June	 G&L SCIENTIFIC	 SMART STEP®	G&L Scientific, a regulatory affairs strategy consulting firm backed by Armira Partners, acquired German market access consultancy firm, Smartstep Consulting.
May	 MEDISPEND®	 MEDCOMPLI™	MediSpend, backed by Susquehanna Growth Equity, acquired MedCompli, a compliance software solutions provider focused on simplifying life science compliance management.
April	 BIOSCRIPT GROUP	 enzyme communications	The BioScript Group, a medical communications company, acquired Enzyme Communications to enhance medical writing and scientific content creation capabilities.
April	 ClinicalMind	 11TEN INNOVATION PARTNERS	ClinicalMind, a premier healthcare marketing and communications agency, acquired Georgia-based strategic consulting firm 11TEN Innovation Partners.

## Provident Industry Coverage Team

**Michael Patton**  
Managing Director  
(617) 226-4205  
mpatton@providenthp.com

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

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



# Contract Research Organizations

Q2 2024

## Market Update

M&A activity within the Contract Research Organization (CRO) sector remained strong in Q2-2024, marked by nine strategic and three financial transactions. Industry leaders are expanding their geographical footprints, bolstering data capabilities, and building upon existing service offerings to fortify competitive positioning. Concurrently, private equity firms are actively investing in the sector, exemplified by Riverside's recent platform investment in CRIO. Provident anticipates sustained PE interest, fueled by rising demand for services and a rapidly expanding R&D pipeline (6.6% CAGR 2014 – 2024 in drug count), alongside ample opportunities to capitalize on technological enhancements and realize returns.

Increasing drug development and trial costs are driving a continued reliance on the use of outsourced pharma services vendors. As competing CROs strive to provide the most efficient drug discovery and trial solutions, many are turning to M&A to realize operational leverage and tech enhancements.

## Notable Transaction

In June, Swiss private equity fund Partners Group entered into a definitive agreement to acquire FairJourney Biologics (the "Company"), a Portugal-based CRO specializing in the discovery of novel antibody treatments. The agreement values FairJourney at roughly €900M (~\$973M USD), implying a ~10.0x return on GHO Capital's initial investment in January of 2020 at a valuation of just over €50M (~\$54M USD). GHO will retain a minority equity position in the Company alongside Founder and CEO António Parada. The transaction would mark the largest exit in GHO's history if executed in the second half of 2024.



**Entered into a definitive agreement to acquire**



**June 2024**

## Select Transactions

Month	Investor	Target	Deal Description
June			Harvest Integrated Research Organization (HiRO), a global CRO based in Minnesota, acquired DeltaMed Solutions, an emerging United States CRO with specialized data management and RWE solutions.
June	Public Market		Nordic Capital and Astorg-backed Clario confidentially filed for an IPO in the United States. The Company provides clinical trial software solutions throughout 100+ countries.
June			ToxStrategies, backed by Renovus Capital Partners, announced its acquisition of Clintrex Research Corporation, a leading United States CRO with a unique specialization in neurodegenerative diseases.
May			The Riverside Company announced its investment in CRIO, a leading eSource / eClinical technology provider headquartered in Boston. With additional support for expansion, CRIO will continue to optimize clinical trial data capture and management.
May			Ephicity Consulting Group, a biometrics-focused CRO, announced its acquisition of Advance Research Associates. ARA's data management and biostatistical specialization will further enhance the Ephicity service offering.

## Provident Industry Coverage Team

**Michael Patton**  
Managing Director  
(617) 226-4205  
mpatton@providenthp.com

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

**Will Murtagh**  
Senior Analyst  
(617) 226-4297  
wmurtagh@providenthp.com



# Physician Practice Management

**Trusted Healthcare Advisor**

## Cardiology

Q2 2024

### Market Update

The cardiology sector has seen continued consolidation in the second quarter of 2024, driven by strategic partnerships which expand service offerings and geographies. While a slowdown in notable transactions from recent quarters, multiple deals are in process across the country with incremental deal closings expected in Q3 and Q4. Provident expects this trend of strategic-led consolidation to continue as groups compete to partner with premier cardiology practices throughout the country.

The second quarter also continued with the more recent theme of platforms focusing predominantly on existing regional acquisitions vs. the "land grab" that characterized the first wave of deal activity in the cardiology sector. States with more limited Certificate of Need barriers have been among the more active.

### Notable Transaction

Cardiovascular Associates of America (CVAUSA), a cardiology platform backed by Webster Equity Partners, partnered with Arizona-based Atria Heart, in May of 2024.

With the acquisition, CVAUSA adds 14 physicians and four new locations in Phoenix, Arizona. The transaction expands CVAUSA's presence in Arizona, a market they moved into in November 2022. The platform is now in eight states, making the platform one of the largest cardiology groups in the United States. CVAUSA's elevated M&A activity serves as a testament to broader industry observations about heightened platform activity and consolidation within the cardiology space.








**CARDIOVASCULAR ASSOCIATES OF AMERICA**

**Partnered with**


**ATRIA HEART**  
CARDIAC CLINIC & WELLNESS CENTER

**May 2024**

### Select Transactions

Month	Acquirer	Target	Physicians	Locations	States
June	 <b>Interventional Cardiology Medical Group</b>	 <b>VENTURA HEART INSTITUTE</b>	1	1	CA
May	 <b>CARDIOVASCULAR ASSOCIATES OF AMERICA</b>	 <b>ATRIA HEART</b> <small>CARDIAC CLINIC &amp; WELLNESS CENTER</small>	14	4	AZ
May	 <b>CLS HEALTH</b>	 <b>CARDIAC RHYTHM CENTER</b>	2	1	TX

### Provident Industry Coverage Team

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

**AJ Shekar**  
**Director**  
 (617) 226-4251  
 ashekar@providenthp.com

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

## Dental Services

Q2 2024

### Market Update

While M&A activity in the dental services market remained at below-average levels for large transactions, well-capitalized DSOs continued to be extremely active partnering with small group and single-office practices. The most notable M&A transactions in Q2-2024 included The Smilist Dental's acquisition of Simply Beautiful Smiles, a 23 location DSO with a history of private equity ownership, and multiple regional general and specialty DSO acquisitions of <10 location group practices. Large DSOs such as Heartland Dental and MB2 Dental continue to average 10+ monthly add-on affiliations.

Despite reduced deal volume in the dental M&A market, the credit market for established dental platforms performed well in Q2. More than five PE sponsor-backed DSOs raised or expanded debt facilities, including Allied OMS, Endodontic Practice Partners, Gen4 Dental Partners, Guardian Dentistry Partners, Oral Surgery Partners, and Smilist. As operating margins normalize, many direct and commercial lenders are increasing their focus on dental services and becoming more accommodating on leverage ratios. Scrutiny remains however, on significant maturity-related pro forma EBITDA adjustments.

Outside of the M&A and credit markets, DSOs have widely focused on improving operations and organic growth. Some DSOs, including Heartland Dental and Sage Dental, have continued investing heavily in de novo office openings. Many others have dedicated resources to same-clinic revenue and margin initiatives. Provident has also seen more DSOs rebrand and expand their service offering, including both specialized DSOs adding additional specialties, such as Spark Dental (now Chord Specialty Dental Partners), and traditional DSOs expanding into primary medical care, such as Pacific Dental Services (now PDS Health).

Provident expects a resurgence of transaction activity in the second half of 2024, driven by the increase in available debt financing, integration at DSOs that shifted their focus to operations, and improving macroeconomic conditions.

### Select Transactions

Month	Investor	Target	Location(s)	State(s)
April			7	Northwest
April		9 Individual Practices	9	Midwest & Mid-Atlantic
April			4	Midwest
May		3 Practices in CT	3	Northeast
May			2	Northwest
June			23	Mid-Atlantic

### Provident Industry Coverage Team

**Michael Patton**  
Managing Director  
(617) 226-4205  
mpatton@providenthp.com

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

**Ajeya Shekar**  
Director  
(617) 226-4251  
ashekar@providenthp.com

**Chris Schlesinger**  
Vice President  
(617) 226-4254  
cschlesinger@providenthp.com

## Dermatology

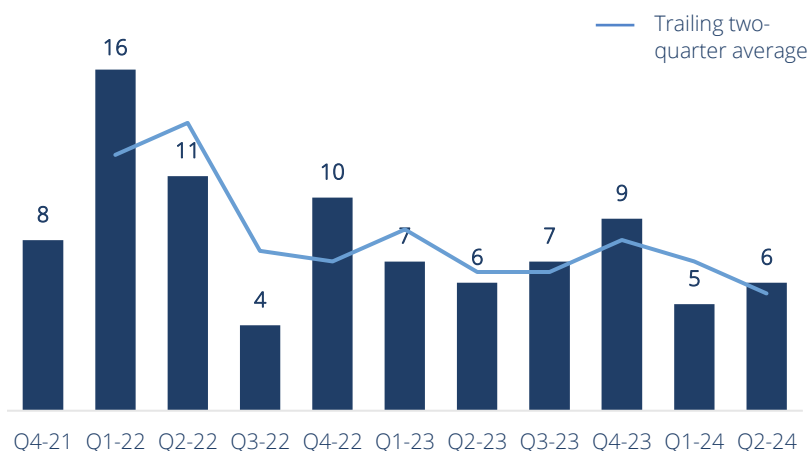
Q2 2024

### Market Update











The Dermatology sector continue to see strong deal flow, even in the face of some of the macro headwinds that have softened the broader M&A landscape. Recent transaction activity has been primarily characterized by strategic add-on acquisitions by platforms looking to build density and gain market share in existing and adjacent markets. Provident expects this theme to continue to play out throughout the rest of the year as PE-backed MSOs position for eventual sale processes of their own.

Provident anticipates multiple private equity-backed exits in Q3 and Q4, given the elongated hold periods by many private equity firms that have a platform in the space. This confluence of private equity and strategic activity should make for an active back half of the year.

### Quarterly Transaction Volume



### Select Transactions

Month	Investor	Target	Physician(s)	Location(s)	State(s)
April			2	1	SC
May		<i>Practice of Rollin Green, M.D.</i>	3	1	CA
May			2	1	TX
May			1	1	MO
May			1	1	CA
May		<i>Practice of Christine Brown M.D., and Kim Werner Billet, M.D.</i>	2	2	TX

### Provident Industry Coverage Team

**AJ Shekar**  
**Director**  
 (617) 226-4251  
[ashekar@providenthp.com](mailto:ashekar@providenthp.com)

**Steve Grassa, CFA**  
**Vice President**  
 (617) 226-4213  
[sgrassa@providenthp.com](mailto:sgrassa@providenthp.com)

## Emergency Medicine Services

Q2 2024

### Market Update

M&A activity within the Emergency Medicine Services (EMS) sector was modest this quarter with urgent care as a continued focal area. A potential factor for the decrease in transaction volume could be attributed to the upstart Senate investigation into the operations of PE-backed emergency departments. A Senate committee has asked three PE firms, Apollo Global Management, the Blackstone Group, and KKR for information on operations of their platforms due to concerns regarding quality of patient care.

With increased regulatory scrutiny, PE groups are interested in gaining exposure to the segment through urgent care rather than ER. The urgent care space is continuing to experience calculated investments in suburban and rural providers that enhance care availability in medically underserved communities. Xpress Wellness, an urgent care provider in rural communities, was especially active this quarter, emphasizing the focus on secondary and tertiary markets.

### Notable Transaction

Goldman Sachs Alternatives has announced the acquisition of Xpress Wellness, an urgent care provider operating 58 locations across Kansas, Oklahoma, and Texas. The Company focuses on secondary and tertiary markets that have a lack of care options and need for comprehensive convenient care services.

Xpress provides a range of healthcare services in addition to urgent care to medically underserved communities. Since partnering with LatticeWork in 2018, the Company has opened 30 de novos and closed seven acquisitions. The Company plans to utilize Goldman Sachs' global network and resources to further expand in new and existing markets and continue to develop additional, adjacent healthcare services.



**Has been acquired by**

**Goldman  
Sachs  
Alternatives**

**January 2024**

### Select Transactions

Month	Investor	Target	Sub-Sector	Deal Description
April			Urgent Care	Xpress Wellness recently acquired Affordacare Urgent Care, a network of three urgent care clinics in Texas. This acquisition marks a strategic investment in suburban healthcare that expands Xpress' footprint beyond Kansas and Oklahoma to North Texas. These locations provide occupational medicine services alongside traditional urgent care offerings.
April			Urgent Care	Saint Alphonsus Regional Medical Center has acquired Saltzer Health. Trinity Health-owned Saint Alphonsus Health System purchased two urgent care centers and an ambulatory surgery center. The clinics are based in Idaho and provide necessary medical care in an area with a shortage of primary care providers.

### Provident Industry Coverage Team

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

**AJ Shekar**  
Director  
(617) 226-4251  
ashekar@providenthp.com



## Gastroenterology

Q2 2024

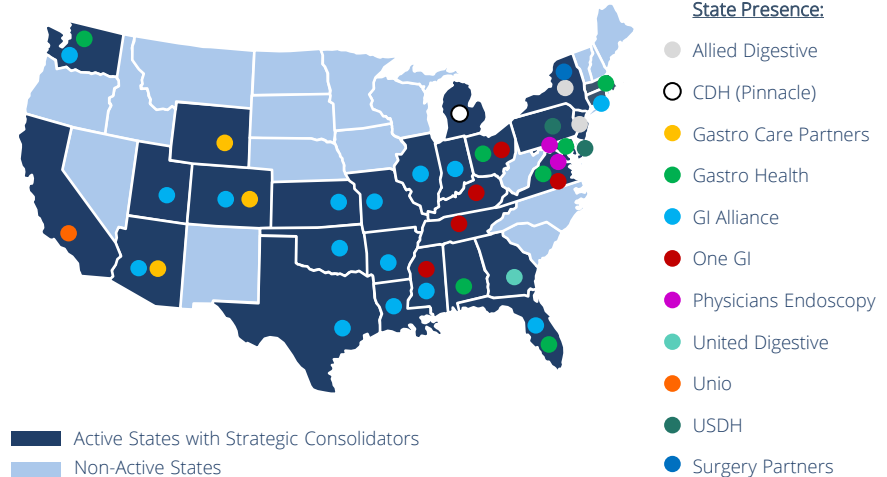
### Market Update

In the second quarter of 2024, the pace of M&A activity within gastroenterology slowed from the level of volume we have seen over the past few quarters. For private equity-backed acquirers, interest remains high for add-on opportunities, but there are simply less opportunities in the market than there were a few years ago as the sector matures and becomes less fragmented. Some of the more established platforms are also focused on internal initiatives including their own sale processes.

The two transactions that did occur this quarter were led by nontraditional buyers of GI practices and endoscopy centers, Surgery Partners and Trinity Health. Surgery Partners has been very active recently in joint venture transactions across the U.S. and will be an active partner for several physician specialties including orthopedics and gastroenterology. Health systems such as Trinity Health have also shown increased interest in adding local physician specialties and will be active within GI in the future.

For the remainder of the year, Provident expects continued add-on activity and one or two secondary transactions where existing platforms complete a recapitalization. Provident is aware of two northeast based transactions in market scheduled to close in Q3 and a southern based transaction due to close in Q3/Q4.

### Current GI Landscape – June 2024



### Select Transactions

Month	Acquirer	Target	Physicians	Locations	State
May	 SURGERY PARTNERS	 GPDDC	11	2	New York
May	 Trinity Health	 Grand River MEDICAL GROUP	8	2	Michigan

### Provident Industry Coverage Team

**Kevin Palamara**  
Managing Director  
(617) 226-4221  
kpalamara@providenthp.com

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

**Conor Duffey**  
Vice President  
(617) 226-4294  
cduffey@providenthp.com

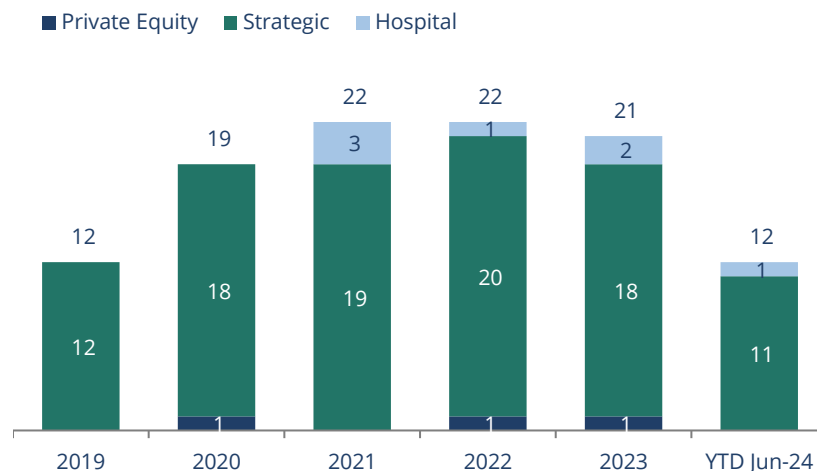
# Oncology

Q2 2024

## Market Update

Oncology practice management continues to be one of the most active spaces in healthcare M&A, represented by 12 transactions closed through Jun-24 and marking a pace for a record year. Interest remains strong among the investor community as strategic consolidators such as American Oncology Network, OneOncology, and US Oncology Network continue to look to partner with independent physician-owned practices. Provident expects that there will be at least one new oncology platform established in 2024, which will further drive competition for add-on acquisitions. For groups that may not be platform caliber, the larger buyer pool will also provide the opportunity to explore additional partner options. Additionally, there are several groups who, historically, were adamant about remaining independent, but are now exploring the possibility of a strategic partnership, and as a result have created excitement among the investor community. As the most active investment bank within oncology, please reach out and we would welcome further discussion.

## Annual Transaction Volumes



## Select Transactions

Month	Investor	Target	Deal Description
June	 OneOncology	 Anderson Area Cancer Center <i>Survive. Thrive. Rejoice.</i>	OneOncology partnered with Anderson Area Cancer Center, a South Carolina-based oncology practice with four medical oncologist and three advanced practice providers.
June	 OneOncology	 Connecticut Oncology Group	OneOncology partnered with Connecticut Oncology Group, a four medical oncologist and three advanced practitioner provider practice with two locations in Connecticut.
May	 Integrated Oncology Network	 Urology Partners	Integrated Oncology Network acquired Urology Partners, a urology practice serving Cleveland, Ohio with three physicians and three locations.
April	 AON AMERICAN ONCOLOGY NETWORK, LLC	 Central Georgia Cancer Care	Central Georgia Cancer Care, a Georgia-based oncology practice with five physicians and 11 advanced practice providers, has joined American Oncology Network.
April	 AON AMERICAN ONCOLOGY NETWORK, LLC	 Hawaii Cancer Care	American Oncology Network partnered with Hawaii Cancer Care, a two-clinic practice based in Hawaii with four medical oncologist and three advanced practice providers.

## Provident Industry Coverage Team

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

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

**Dustin Thompson**  
Director  
(617) 226-4267  
dthompsonr@providenthp.com

## Publications

### Whitepaper

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

### Press Releases

- [Cornerstone Specialty Network](#)
- [Coastal Cancer Center](#)
- [Mid Florida Cancer Centers](#)
- [Verdi Oncology](#)

## Ophthalmology

Q2 2024

### Market Update

The ophthalmology M&A market continued its tepid pace in the second quarter as sizeable transactions have been limited in the year-to-date period. The market has slowed in recent quarters given a lack of practices exploring sale processes coupled with an increased focus from existing platforms on organic growth ahead of exploring sale processes of their own in the next 12 to 18 months.

Although the volume of market activity has slowed, Provident expects the “log jam” to break in the back half of the year given the number of practices that are rumored to be out to market or that are starting to explore their options. Even in the face of some macro headwinds, the market remains particularly seller-friendly for high caliber, scaled practices in good markets with young and expansive physician rosters.

### Notable Transaction

In April 2024, Provident advised Community Eye Care Specialists and its associated surgery center in a partnership with EyeSouth Partners, a portfolio company of Olympus Partners.

The transaction represented EyeSouth Partners’ 40<sup>th</sup> affiliation as well as its foray into New York state and third partnership in Pennsylvania.

CECS is the latest practice to join EyeSouth’s vast network of practices and providers across 13 states as the platform continues to build density in the Northeast region.



**Has partnered with**


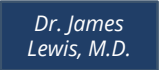








**a portfolio company of**



**April 2024**

### Select Transactions

Month	Investor	Target	Provider(s)	Location(s)	State(s)
April			1	1	PA
April			7	6	NY, PA
April			3	1	NY
April			3	1	IL

### Provident Industry Coverage Team

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

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

#### Conference

Members of the Provident Ophthalmology coverage team will be attending the AAO conference in Chicago in October

## Orthopedics

Q2 2024

### Market Update

From a deal count perspective, orthopedic M&A activity slowed in Q2 2024 despite the momentum seen in 2023 and Q1 2024. However, the industry remains highly fragmented and ripe for consolidation, with strong investor appetite continuing to drive interest. Traditional PE platforms and health systems are now facing increased competition for acquisitions due to the rise in activity from historically ASC-focused operators like SCA, Surgery Partners, and USPI, who are becoming more active in the orthopedic practice management space. These strategic acquirers can offer an attractive alternative to traditional buyers like health systems or PE-backed platforms, while providing similar levels of autonomy to that of private equity, but a more certain path to a second liquidity event.

Provident expects robust M&A activity through the remainder of 2024 and throughout 2025, with several sponsors nearing the end of their typical investment hold periods and several large orthopedic mandates on the market progressing towards a close.

### Notable Transaction

Spire Orthopedic Partners ("Spire"), one of the largest orthopedic platforms, has acquired Ortho Rhode Island ("Ortho RI") and its affiliated ASC. Ortho RI was established from the merger of four practices in Rhode Island, providing care across six locations and one ASC. Ortho RI has 35 physicians across a variety of specialties, including elbow, foot and ankle, hand and wrist, hip, joint replacement, knee, pediatric orthopedics, rheumatology, shoulder, spine, and sports medicine. Ortho RI will continue to operate under its current brand while gaining access to Spire and their PE partner's, Kohlberg & Company, expertise in orthopedic practice management.

This transaction positions Spire as the largest orthopedic platform in the Northeast.


**Ortho Rhode Island**

**Has been partnered with**


**SPIRE**  
ORTHOPEDIC PARTNERS

**June 2024**

### Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
June	 <b>HOPCo</b> <small>Healthcare Outcomes Performance</small>	 <b>WATERTOWN</b> <small>REGIONAL MEDICAL CENTER</small> <small>Empowered by SciencHealth</small>	9	WI	<p>Watertown Regional Medical Center ("WRMC") and Healthcare Outcomes Performance Company ("HOPCo") have partnered to enhance orthopedic and spine services for WRMC patients. WRMC will leverage HOPCo's musculoskeletal platform, which includes evidence-based care protocols, advanced data analytics, and a robust digital patient engagement infrastructure, to improve both patient care and the patient experience.</p> <p>This partnership reinforces HOPCo's strategic initiative to collaborate with large health systems to advance orthopedic specialty care and develop new care modalities.</p>
April	 <b>SOUTH FLORIDA</b> <b>ORTHOPAEDICS</b> <small>&amp; SPORTS MEDICINE</small>	 <b>atlantis</b> <small>ORTHOPAEDICS</small>	6	FL	<p>Atlantis Orthopedics and South Florida Orthopaedics &amp; Sports Medicine have merged, bringing together over 50 providers to create one of the largest independent orthopedic groups in South Florida. The unified entity includes specialists in orthopedics, pain management, podiatry, and spinal care, aiming to expand access to specialized services.</p>

### Provident Industry Coverage Team

**Scott Davis**  
**Managing Director**  
 (617) 226-4259  
 sdavis@providenthp.com

**Jake Vesely**  
**Vice President**  
 (617) 226-4293  
 jvesely@providenthp.com

## Primary Care

Q2 2024

### Market Update

Market activity across Primary Care continued at a steady pace throughout Q2 as macro tailwinds encouraging value-based and efficient care delivery models have drawn consistent investor interest. The shift from fee-for-service (FFS) to value-based care (VBC) in the sector has demonstrated continued momentum, as CMS has indicated a 25% increase in provider participation in VBC models in 2024 vs. 2023 levels. That said, recent headlines highlighting challenges across the Medicare Advantage space may lead to increased scrutiny across these plans and introduce new challenges to participating providers.

Investment dollars flowing into the primary care space have followed suit, with PE sponsors and strategic providers alike deploying capital into opportunities that are poised to deliver improved outcomes in a value-based environment. Elevance Health's partnership with Clayton, Dubilier & Rice (CD&R) was the most notable example of this trend in recent months.







### Provident Transaction

Elevance Health, Inc. (NYSE: ELV) and CD&R announced a strategic partnership aimed at innovating primary care delivery and improving patient outcomes by integrating Elevance's care enablement platform across CD&Rs primary care portfolio companies, apree health and Millennium Physician Group.

The partnership represents an inventive approach to creating value across risk-based primary care models. This combination is poised to equip CD&Rs 900+ providers across its portfolio with the tools to address patients physical, social, and behavioral health and leverage those insights to create shared savings under various VBC arrangements.



### Select Transactions

Month	Investor	Target	Deal Description
June	 MEDICAL SPECIALISTS OF THE PALM BEACHES, INC.	Family Medical Center	Medical Specialists of the Palm Beaches (MSPB), a primary care and multi-specialty platform backed by Ascend Partners, announced its acquisition of Family Medical Center in Palm Beach Gardens, FL. The transaction represents MSPB's first acquisition in Palm Beach Gardens and its sixth acquisition since its recap with Ascend, as it has pursued a "buy and build" strategy to continue establishing regional dominance in the competitive Florida primary care market.
May			Kadlec has acquired Three Rivers Family Medicine, one of the largest primary care practices in the Tri-Cities region of Washington. The acquisition enables Kadlec to continue building density and market share in its core regions while enabling Three Rivers to directly access its network of specialty services and advanced technology to streamline patient care.
May		Four AZ-based add-on acquisitions	Optima Medical, a primary care platform backed by PE-sponsor Trivest, completed four add-on acquisitions across Arizona – Accredited Family Healthcare (Gilbert), Dewy Medical Center (Dewey-Humboldt), Innovative Family Health (Mesa), and Options Medical (Mesa). These acquisitions have increased Optima's scale to 18+ locations and 200+ annual patient visits across its Arizona footprint.
April			Eventus, a PE-backed provider of primary care services to patients residing in SNFs and ALFs, has acquired Premier Geriatric Solutions, a leader in value based medical directorships, primary care and behavioral health services in Virginia, West Virginia, and North Carolina. The combined practice will boast 800+ clinicians and 44,000+ patients across its footprint, making it the largest provider of integrated value-based care services.

### Provident Industry Coverage Team

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

**Dustin Thompson**  
Director  
(617) 226-4267  
dthompson@providenthp.com

**Brendan Schroeder**  
Senior Associate  
(617) 226-4207  
bschroeder@providenthp.com

# Wellness & Aesthetic Medicine

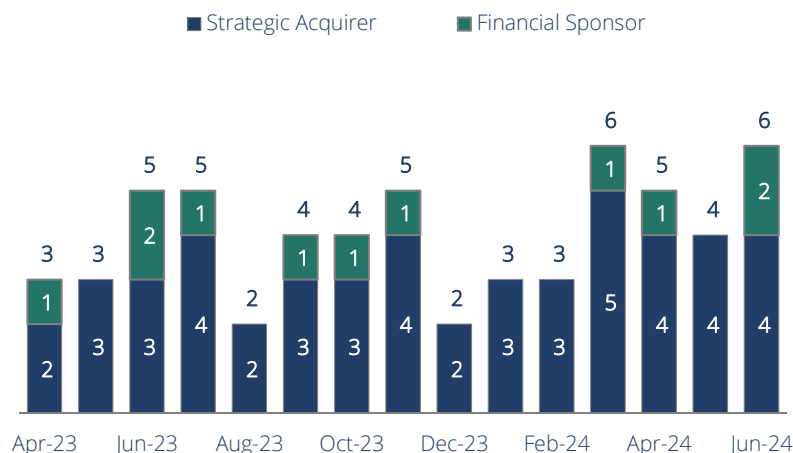
Q2 2024

## Market Update

With the announcement of fifteen closed transactions, deal activity remains robust within the wellness and aesthetic medicine sector throughout Q2 2024. M&A was largely driven by strategic add-ons as platforms established in recent years continue to focus on geographic expansion.

Injectable treatments continue to be a meaningful value driver and complementary service to surgical and broader aesthetic providers. In one instance, Olympus Cosmetic Group, backed by VSS Capital Partners, partnered with Artisan Plastic Surgery and Artisan Beaute medspa. The ability to cross-sell services and increase the long-term value of customer relationships will likely contribute to the convergence of surgical and non-invasive services. Provident anticipates the vertical to remain active for the second half of 2024 as existing platforms prioritize growth via M&A and investors continue to seek new platforms.

## Transaction Activity



## Select Transactions

Month	Investor	Target	Deal Description
June	 PRINCETON MEDSPA PARTNERS	 Mirabelle BEAUTY, HEALTH & WELLNESS	Princeton Medspa Partners partnered with Mirabelle Beauty, Health, & Wellness, a leading medspa, in the Overland Park, Kansas region
June	 AMP ADVANCED MEDAESTHETIC PARTNERS	 CURATE MEDAESTHETICS	Advanced Medaesthetic Partners partnered with Curate MedAesthetics, a leading medical spa in Chattanooga, Tennessee
June	 Lineage	 AESTHETIX	Lineage LLC, the only evergreen capital group in medical aesthetics, partnered with Aesthetix, a Silicon Valley-based plastic surgery, dermatology, and aesthetic medicine practice
May	 ASCEND PLASTIC SURGERY	 Tallahassee Plastic Surgery Clinic	Ascend Plastic Surgery Partners, a network of plastic surgeons and aesthetic centers, added on the Florida-based Tallahassee Plastic Surgery Clinic
May	 CPOP COSMETIC PHYSICIAN PARTNERS	 MISpa NON-SURGICAL AESTHETICS	Cosmetic Physician Partners, a network of 38 leading aesthetics clinics across the US, partnered with McCormack Plastic surgery, a cosmetic surgery practice in Dallas, Texas
May	 OLYMPUS	 ARTISAN PLASTIC SURGERY ARTISAN BEAUTE	VSS Capital Partners-backed Olympus Cosmetic Group acquired Artisan Plastic Surgery and Artisan Beaute, a cosmetic and reconstructive plastic surgery and luxury medspa enterprise
April	 SKIN & SPIRIT	 SKINTOLOGY MED SPA	Palo Alto-based medical aesthetics and skincare group SkinSpirit partnered with Skintology MedSpa Tribeca, SkinSpirit's third New York location
April	 Elase	 IMAGES MED SPA	Elase Medical Spas, formerly known as Birch Medical Spas, partnered with Images Med Spa, a premier Chicago-based Medspa platform

## Provident Industry Coverage Team

**AJ Shekar**  
Director  
(617) 226-4251  
ashekar@providenthp.com

**Alyssa Hough**  
Associate  
(617) 226-4211  
ahough@providenthp.com

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

## Publications & Podcasts

### Podcast

[Examining Investor Interest in Aesthetic Medicine](#)

### Whitepaper

[Investment & Consolidation in the Aesthetic Medicine Sector](#)



## Other Physician Services

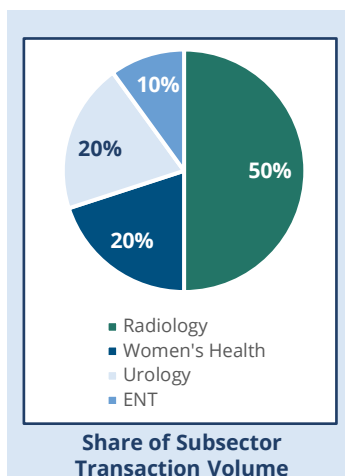
Q2 2024

### Market Update

The second quarter of 2024 displayed robust and diverse transaction activity across the other physician services sub-sectors. The majority of second quarter M&A deals were completed by established platforms and pure strategic partners such as health systems. The elevated transaction activity reflects sustained competition and activity across the broader PPM industry.

Radiology witnessed the most second quarter activity, with five deals announced. American Shared Hospital Systems, a publicly traded equipment company, completed two deals that expand its oncology & radiology clinic portfolio in Rhode Island through the acquisitions of New England Regional Cancer Center and Roger Williams Cancer Center.

Many of the specialties within other physician services have been experiencing strong transaction activity for a number of years, resulting in several consolidated sub-verticals that have few independently-owned assets of the size and scale required for a platform investment. Due to this, Provident expects continued smaller add-on transaction activity as well as secondary transactions where established platforms will trade hands to larger financial sponsors or seek mergers with other specialty platforms to drive diversification and synergies.



### Select Transactions

Month	Sub-Sector	Acquirer	Target	Physicians	Locations	State(s)
June	Women's Health	 OhioHealth	 Marion Women's Health Center	1	1	Ohio
June	Radiology	 SOLIS Mammography	 M·U·S·I·C Mammography & UltraSound Imaging Center, PLLC	2	1	FL
May	Urology	 SGMC HEALTH	 Urological Clinic of Valdosta, P.C.	3	1	GA
May	Radiology	 RadNet	 Antelope Valley Outpatient Imaging Center	1	5	CA

### Provident Industry Coverage Team

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

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

**Ajeya Shekar**  
Director  
(617) 226-4251  
ashekar@providenthp.com

**Jake Vesely**  
Vice President  
(617) 226-4293  
jvesely@providenthp.com

## Other Physician Services *Continued*

Q2 2024

Month	Sub-Sector	Acquirer	Target	Physicians	Locations	States
May	Urology	 INTEGRATED ONCOLOGY NETWORK	 Urology Partners, LLC	3	3	OH
May	Radiology		 Grossman Imaging Centers	3	4	CA
May	Oncology & Radiology		 Regional Cancer Center	5	1	RI
May	Oncology & Radiology		 Roger Williams Cancer Center	15	2	RI
April	Women's Health	 SANFORD HEALTH	 Great Plains Women's Health Center	3	1	ND
April	ENT		 THE ENT CENTER	4	2	PA

### Provident Industry Coverage Team

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

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

**Ajeya Shekar**  
Director  
(617) 226-4251  
ashekar@providenthp.com

**Jake Vesely**  
Vice President  
(617) 226-4293  
jvesely@providenthp.com



# Post-Acute Care

**Trusted Healthcare Advisor**

# Home Health & Hospice

Q2 2024

## Market Update

The home health and hospice sector is currently experiencing a trend of asset carve-outs from larger strategic and public operators. Notable examples include: (1) Addus HomeCare's acquisition of Gentiva's personal care assets, (2) HCS Girling's purchase of Addus' New York personal care business, and (3) VitalCaring's acquisition of several Amedisys locations. These structural changes reflect a shift in each operator's focus toward core competencies, aiming to enhance care quality while divesting non-core or underperforming assets.

Additionally, the U.S. Centers for Medicare & Medicaid Services (CMS) has released its proposed rule for fiscal year 2025, which includes a 4% cut to home health Medicare payments. Investors are closely monitoring these proposals, and Provident anticipates home health M&A activity to remain suppressed until the full impact is known.

## Home Health & Hospice Comparable Multiples

Company	Share Price	Revenue	Adj. EBITDA	EV/Rev	EV/EBITDA
Addus HomeCare	\$117.67	\$1,088	\$126	2.0x	19.9x
Amedisys Inc.	\$96.72	\$2,251	\$282	1.6x	29.2x
BrightSpring Health Services	\$11.46	\$9,374	\$352	0.5x	16.1x
Pennant Group	\$23.40	\$575	\$44	1.9x	30.9x
Enhabit Inc.	\$9.10	\$1,044	\$90	1.0x	11.1x

Share price as of 7/1/2024

Revenue / EBITDA in millions

## Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
June			13	FL	BrightSpring Health Services (NASDAQ: BTSG) announced a definitive agreement to acquire nonprofit, Haven Hospice, for \$60 million. Haven Hospice holds a CON for hospice care in 18 counties in FL.
June		<i>Personal Care Assets of</i> 	N/A	AZ, AR, CA, MO, NC, TN, TX	Addus HomeCare announced it intends to acquire the personal care assets of Gentiva, currently serving over 16,000 patients per day at a valuation of \$350M.
May		<i>NY State Personal Care Business of</i> 	N/A	NY	Addus HomeCare announced it is divesting its New York personal care business for up to \$23M. Addus will utilize the proceeds to reduce the outstanding balance of its revolving credit facility.
April			N/A	N/A	Ahead of its anticipated deal with Optum, Amedisys divested an undisclosed number of home health locations to VitalCaring to address antitrust concerns.

## Provident Industry Coverage Team

**Kevin Palamara**  
Managing Director  
(617) 226-4221  
kpalaamra@providenthp.com

**Jake Vesely**  
Vice President  
(617) 226-4293  
jvesely@providenthp.com

## Rehabilitation

Q2 2024

### Market Update

Physical therapy M&A activity maintained a strong pace throughout the second quarter of 2024, primarily consisting of strategic bolt-on transactions. Despite more than two decades of consolidation, the industry remains highly fragmented, presenting significant opportunities for strategic operators to enhance market share through M&A and for new private equity groups to enter the market.

Following its 2023 acquisition of Motion PT, Confluent Health announced two additional acquisitions in Q2. Most notably, Confluent acquired Access PT, a provider with 66 outpatient clinics across CT, NY, NC, and PA. As groups look to leverage existing contracts for rate lifts, Provident expects PE-backed platforms to remain highly active with in-state add-on acquisitions. Valuations should remain elevated for scaled groups as competitions remains fierce among strategic players.

### USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV / Rev	EV / EBITDA
U.S. Physical Therapy	\$89	2.4x	16.8x
Acadia Healthcare	\$667	2.6x	11.8x
Encompass Health	\$1,072	2.3x	10.6x
HCA	\$12,908	1.8x	9.6x

As of 7/1/2024 (\$ in millions)

### Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
May		Not Disclosed	n/a	n/a	USPH acquired an industrial injury prevention (IIP) business for \$24.0M through its primary IIP subsidiary, Briotix Health Limited Partnership. The target generates roughly \$11.0M in annual revenue.
April	 		10	MT, ND	Confluent Health announced its acquisition of Lone Peak Physical Therapy, a 10-clinic outpatient PT operator specializing in occupational, pelvic health, and hand therapy.
April	  		6	NC, TX	H2 Health acquired North Texas Physical Therapy and Physio Physical Therapy, expanding its footprint to 215 locations across 11 states.
April	 		66	CT, NY, NC, PA	Confluent Health acquired Access Physical Therapy & Wellness, adding 66 outpatient locations to its national network.

### Provident Industry Coverage Team

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

**Jake Vesely**  
Vice President  
(617) 226-4293  
jvesely@providenthp.com



# **Other Healthcare Services**

## Healthcare Education

Q2 2024

### Market Update

In an active Q2 2024, the healthcare education vertical announced eight closed transactions. A flurry of strategic add-on activity was accompanied by two notable PE exits: 1) Greybull Stewardship's exit of Summit Professional Education and 2) QHP Capital's exit of Pro-ficiency. Additionally, Achieve Partners invested in a new healthcare edtech platform, Elentra, via its merger with Da Vinci Education.

Simulations and virtual scenario sub-verticals continue to be a theme in consolidation. As organizations seek ways to keep customers engaged, it is becoming an increasingly common service to offer in conjunction with traditional learning methods.

Evidenced by strong deal activity this quarter, investors remain bullish on healthcare education. Provident anticipates sponsors and strategics in all sectors of healthcare to maintain interest in the space throughout 2024.

### Notable Transaction

In June 2024, QHP Capital announced the sale of its portfolio company Pro-ficiency to Simulations Plus for \$100 million. Pro-ficiency, a leading training and compliance solutions provider to clinical trial investigators received its initial investment from QHP Capital in 2021. Since then, the company completed several add-on acquisitions including Fugitive Labs and Compass Group Partners.

With its new Simulations Plus partnership, Pro-ficiency plans to leverage business development opportunities and expertise of established leadership to further its growth plans. The strong exit from QHP Capital signals sustainable performance expectations and strong valuations in the healthcare education space.



Has been acquired by



June 2024

### Select Transactions

Month	Investor	Target	Deal Description
June			Lecturio, a medical test prep and learning platform, acquired NEJM Healer from the New England Journal of Medicine Group. NEJM Healer offers virtual patient visits to develop clinical reasoning skills for medical students and professionals. The acquisition enhances Lecturio's assessment capabilities and complements its AI-powered learning technology.
May			Med Learning Group (MLG), a portfolio company of DW Healthcare Partners, acquired Talem Health. The transaction expands the MLG platform to rural and underserved communities while the educational scope of the separate programs. Talem Health's "Talem MedEd" and "Rural Medical Education" divisions will drive value in MLG's programming of free CME activities, addressing gaps in medical education.
May			Greybull Stewardship sold its portfolio company Summit Professional Education to Avathon Capital. Since its investment in 2014, Greybull Stewardship expanded Summit's product mix, shifted revenue from 0% to 90% recurring revenue, and increased EBITDA by 600%. Avathon plans to continue Summit's impressive strategy in serving allied health professionals.
April			Immuware, a provider of health and safety compliance technology, has been acquired by leading CE management platform, CE Broker. Immuware will be added to the comprehensive suite of services hosted by CE Broker. Together, the synergistic companies will address important needs such as automation and streamlining of compliance functions for its customers.

#### Provident Industry Coverage Team

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

**Alyssa Hough**  
Associate  
(617) 226-4211  
ahough@providenthp.com

#### Publications

##### Whitepaper

[Transformative Landscape within Healthcare Education](#)



## Veterinary Services

Q1 - Q2 2024

### Market Update

Veterinary Services market activity throughout the first half of 2024 largely continued at a similar pace as the latter stages of 2023. M&A activity has been largely limited to smaller add-on acquisitions and follow-on investments vs. nine-figure PE exits and new platform deals. The lack of activity at the high-end of the market remains largely attributable to the challenging, although stabilizing, interest rate environment coupled with anticipated scrutiny of larger consolidations as seen in the FTC's ruling following the attempted JAB / NVA merger in 2022.

That said, Provident expects to see a modest pickup in M&A volume in Q3 / Q4 2024. Sellers have begun to recalibrate valuation expectations to mid-teens multiples for premium, platform-caliber assets and slightly lower multiples for sizeable add-ons. This should spur consolidation activity across the sector as the macro growth tailwinds in the space remain strong and position the market for continued expansion.

### Notable Transaction

L Catterton, a consumer-focused PE firm, completed a strategic investment in Sploot Veterinary Care ("Sploot"), a technology-driven veterinary care platform aiming to provide an unmatched experience to patients and providers alike. This transaction demonstrates the continued interest from the private equity investor universe in the veterinary services space.

Sploot has built a comprehensive model spanning general veterinary care, urgent care, and specialty services (e.g., surgeries and dental treatments) under a single platform. The Company operates seven clinics across Denver and Chicago and plans to leverage its capital infusion received from L Catterton to scale its model across those regions.



### Select Transactions

Month	Investor	Target	Deal Description
May			Main Street Capital ("Main Street") completed a \$25.9M follow-on investment in Heritage Vet Partners ("Heritage") to support its acquisitions of Muleshoe Animal Clinic, Muleshoe Vet Labs and Muleshoe Vet Supply, a diversified, TX-based practice, as part of Heritage's ongoing acquisition growth strategy.
April			Pieper Veterinary, a Northeastern-based specialty and emergency veterinary platform backed by Chicago Pacific Founders, has partnered with Lebanon Veterinary Hospital in Lebanon CT. This partnership continues Pieper's strategy to consolidate privately-owned specialty and emergency hospitals to build a consolidated care platform across the region.
March			Independence Pet Holdings ("IPH"), a multi-channel pet insurance provider, has acquired Pets Best Insurance ("Pets Best") from Synchrony. Synchrony received a portion of the consideration as an equity investment in IPH and has entered into a commercial agreement with IPH to help expand IPH's activities in the pet industry.
January			Animal Dermatology Group ("ADG") acquired Golden Gate Veterinary Specialists ("GGVS"), a leading outpatient specialty veterinary practice across Northern California. Following this acquisition, ADG's provider base has expanded to 80+ specialists across dermatology, oncology and internal medicine. The partnership will enable GGVS to benefit from the scale and infrastructure ADG provides to continue its focus on providing high-quality clinical care.

### Provident Industry Coverage Team

**Dustin Thompson**  
**Director**  
 (617) 226-4267  
 dthompson@providenthp.com

**Brendan Schroeder**  
**Associate**  
 (617) 226-4207  
 bschroeder@providenthp.com



# Private Equity

**Trusted Healthcare Advisor**

# Healthcare Services Private Equity

Q2 2024

## Market Update

**General:** Transaction activity across healthcare services remained strong in Q2 2024 and exceeded deal volume in Q2 2023 but remained below the peaks the market experienced in 2021 and 2022. Pockets of healthcare services are performing better than others, for example, outsourced pharmaceutical services and life sciences deals continue to lead transaction volume as competition for innovative and unique assets remains strong. While multi-site and PPM volumes have dipped from prior quarters, dozens of deals are still closing every month despite the FTC and other regulators closely watching roll-ups. Additionally, the upcoming presidential election does not appear to be impacting M&A activity, however, potential changes to capital gains tax represent significant uncertainty for investors and sellers across the ecosystem. If there is a threat to increase long-term capital gains, we could see many sellers explore the market to transact before any such change takes place. That said, investors seem to be more focused on macroeconomic conditions such as inflation, interest rates, and negative economic growth. Lastly, many PE-backed platforms have pumped the brakes on M&A for a host of reasons, opening the door for other PE funds to opportunistically enter the sector and over-equitize a deal.

**Valuations:** In the face of the macroeconomic and regulatory battles, valuations have remained fairly stagnant the last few quarters, and Q2 2024 was no different. The sectors that have seen the biggest retreats are behavioral health, home health, and value-based care assets. High-quality assets are still demanding premium multiples, including pharmaceutical and life sciences services, as the market is experiencing a supply and demand imbalance for highly unique, A+ assets.

**Exit Activity:** Although PE exit activity is not as robust in 2024 as some anticipated, there has been more confidence in the market, as illustrated by the three transactions below. The traditional LMM exit playbook comprises passing platforms upmarket to larger PE firms, however, the bid-ask spread for these assets is slightly more apparent at this level than founder and entrepreneur backed businesses looking to transact.

## Select Transactions

Month	Investor	Target	Deal Description
May			Previously backed by Latticework Capital, Xpress Wellness is a physician-led rural healthcare platform that provides a range of high-quality, affordable, and convenient healthcare services to medically underserved communities and residents of nursing homes across Oklahoma, Kansas, and Texas. Xpress will utilize the global network and resources of Goldman Sachs to further the development of new and existing markets, and to build out additional, adjacent healthcare services.
May			Behavioral Innovations is among the largest autism therapy companies in the U.S. with 70+ locations throughout Colorado, Oklahoma, and Texas. Behavioral Innovations was previously backed by Shore Capital, marking the transaction as one of the more notable PE-backed exits of 2024. Tenex and Behavioral Innovations will expand its footprint to more states and add new centers both via de novo and acquisition expansion.
April			VMG Health helps healthcare providers and professional services businesses navigate compliance risk and develop strategic initiatives across a myriad of transactions, joint ventures and partnerships involving hospitals, physician enterprises, post-acute care, outpatient services, health plans, and value-based care arrangements. Incline Equity acquired the equity interest in VMG from Northlane Capital. VMG will continue to expand its client base and diversify its service offerings across functions and sectors.

### Provident Industry Coverage Team

**Scott Davis**  
Managing Director  
(617) 226-4259  
sdavis@providenthp.com

**Michael Patton**  
Managing Director  
(617) 226-4205  
mpatton@providenthp.com

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

**Kevin McDermott**  
Vice President  
(617) 226-4256  
kmcdermott@providenthp.com

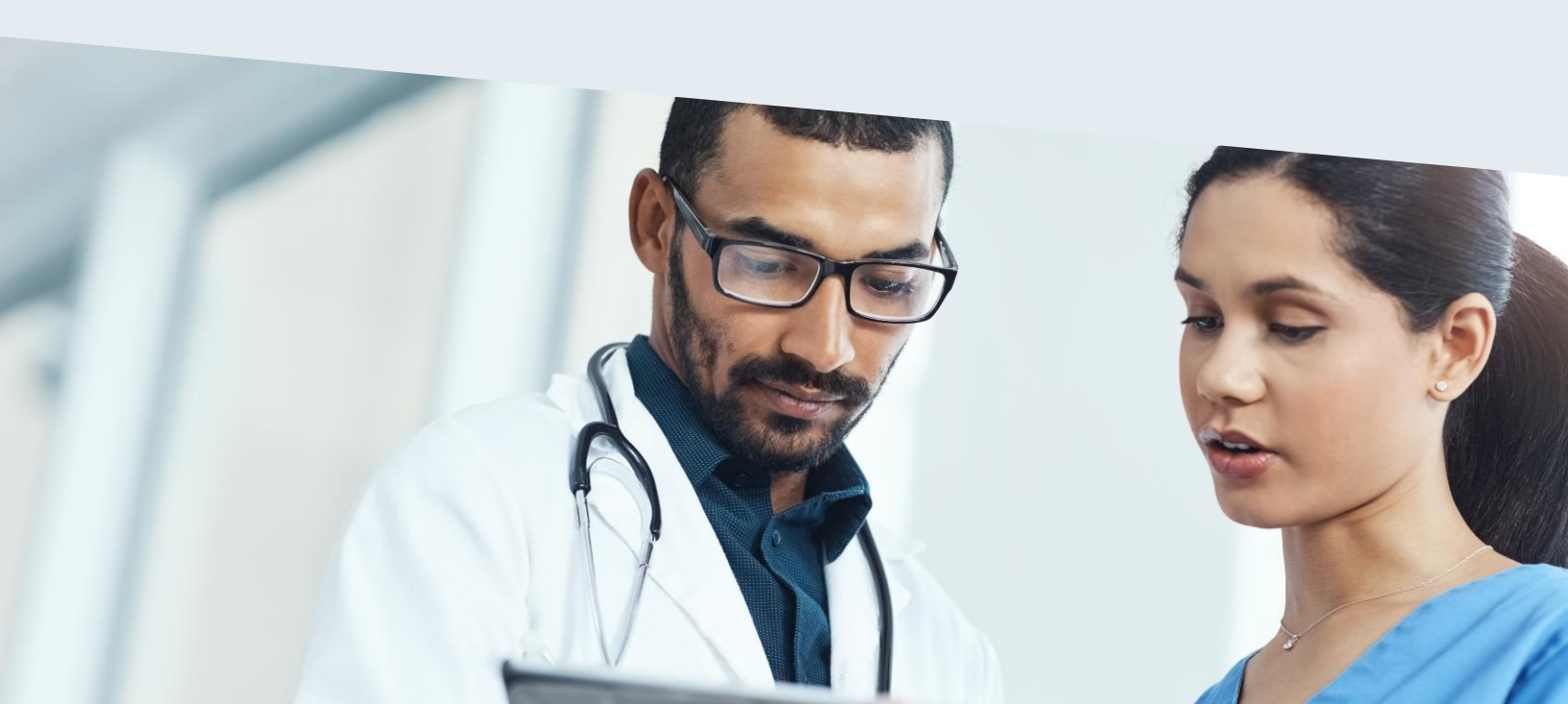
### Media Citations and Podcasts

#### Media

[Private Equity Interest in Pain Management 'Starting to Heat Up'](#)

#### Podcast

[It's Not Just a Private Equity Game – Traditional Health Systems Are Consolidating, Too](#)



## Concluding Thoughts

The healthcare M&A landscape continues to undergo significant change as investors weigh imminent regulatory and macroeconomic headwinds in the context of the upcoming election. Despite more rigorous underwriting standards, private equity-backed platforms and strategic operators, alike, continue to leverage the M&A market to build market share. Dealmaking activity is making a climb from mid / late 2023 levels, with transaction volume expected to continue its resurgence fueled by elevated dry powder levels and a growing private equity-backed platform exit backlog.

As many sponsor-backed platforms prepare for marketing processes over the coming two years, the Provident team expects to see portfolio companies emphasize inorganic growth initiatives ahead of their own transactions, driving robust M&A activity across the broader healthcare services space. Additionally, a rising regulatory focus on the industry will impel stakeholders to navigate heightened M&A publicity and scrutiny when considering exits to larger strategic operators or private equity funds.

While overall valuations across the healthcare services industry remain

relatively stable, multiple subsectors fall outside the standard deviation. Behavioral health and home health assets continue to show depressed valuations while outsourced pharma services and other non-reimbursement driven sectors continue to yield premium multiples and increased investor attention. Although provider business valuations today have retreated from previous record highs, those with demonstrated scale and growth strategies continue to earn premium valuations, underscoring strong fundamentals within the space.





Provident is one of 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.

#### **Boston**

260 Franklin Street, 16th Floor  
Boston, Massachusetts 02110  
**617-742-9800**

#### **Minneapolis**

601 Carlson Parkway #1050  
Minnetonka, Minnesota 55305  
**617-742-9800**

#### **New York**

800 Third Avenue, 27th Floor  
New York, New York 10022  
**212-580-4500**

**[providenthp.com](http://providenthp.com)**