

## 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.

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