

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.

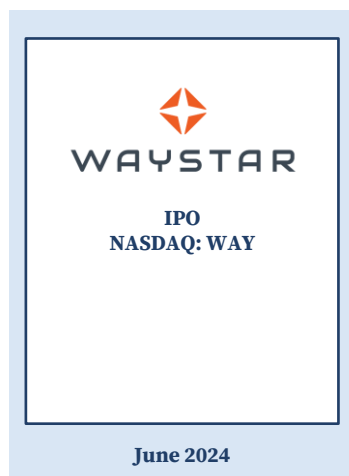
Last quarter, New Mountain Capital was leading a joint deal with TCP-ASC to take R1 RCM private at a \$5.8B valuation. In early July, New Mountain Capital and TCP-ASC announced they are no longer working to a joint buyout. Instead, TCP-ASC intends to offer a higher price than New Mountain Capital's \$13.25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

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