

Revenue Cycle Management

Q3 2024

Market Update

In Q3 2024, M&A activity in RCM remained robust, attracting considerable interest from private equity and strategic buyers. Increasing labor and supply costs, along with complex billing procedures and a heightened emphasis on patient experience, have amplified the demand for RCM services so far this year. This has allowed established RCM platforms to leverage their existing technologies and client bases to enhance operational efficiencies of potential acquisition targets.

Although the RCM market has experienced some consolidation, it remains largely fragmented, providing ample opportunities for private equity and strategic operators to invest. As these players look to increase their market share, they may pursue additional technology acquisitions or expand into new specialties. Provident anticipates that as more platforms explore M&A options in the coming months, the demand for differentiated RCM providers will lead to higher valuations and a focus on innovative growth strategies.

Notable Transaction

In August, R1 RCM announced its entry into a definitive agreement to be acquired by TowerBrook Capital Partners and Clayton, Dubilier & Rice in a cash transaction valued at approximately \$8.9 billion, a 29% premium to the Company's closing price prior to the first offer made by New Mountain Capital preceding TowerBrook & CDR's successful bid.

Following the deal's completion, R1 will transition to a private company, with its shares ceasing to trade on Nasdaq. The acquisition is expected to close by the end of the year, pending shareholder and regulatory approvals.

TowerBrook and CDR plan to continue R1's vision as the premier RCM automation platform.



Select Transactions

| Month | Acquirer | Target | Deal Description |
|-----------|---|---|--|
| September |  |  | New Mountain Capital has announced the merger of The Rawlings Group, Apixio's Payment Integrity business, and VARIS to create a new back-end RCM platform. This new entity will harness each company's expertise in AI and analytics to improve payment accuracy and address inefficiencies in claims management. By streamlining the payment process and reducing administrative hurdles, the platform aims to save costs and enhance efficiency. |
| September |  |  | Arsenal Capital Partners signed a definitive agreement to acquire Knowtion Health, a leading provider of revenue cycle insurance claim resolution services driven by AI technology, from Sunstone Partners. Knowtion Health offers cutting-edge solutions that assist hospitals in resolving complex insurance claims, recovering low-balance accounts, and maximizing revenue. Knowtion improves the efficiency of claim denial management with an AI-powered platform, ClaimBRAIN. |

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Publications & Podcasts

Market Update

[RCM Whitepaper \(as of October 2024\)](#)