



# Healthcare M&A Quarterly Update

## Q2 2023



**MANAGEMENT  
CONSULTANTS**

A Siemens Healthineers Company



# Q2 2023 Healthcare Mergers and Acquisitions (M&A) Highlights

## M&A Quarter Trends and Highlights

- ➔ Q2 2023 saw 464 announced US transactions, compared to 446 in the prior quarter. Significant deals in Q2 included Kaiser Permanente's acquisition of Geisinger Health to launch Risant Health and the acquisition of Block Imaging by CommonSpirit and Siemens Healthineers.
- ➔ Physician medical groups led the way with 145 announced US transactions in the quarter, including National Partners in Healthcare's acquisition of 700-provider Medstream Anesthesia.
- ➔ Hospitals continue to face financial difficulty, with distressed organizations seeking partnerships and violating existing debt covenants.

## Relevant ECG Thought Leadership



- ["Healthcare M&A Quarterly Update: Q1 2023"](#)
- ["Selling Your ASC? 3 Steps to Improve Its Valuation"](#)
- ["Identifying the Most Responsible Moment for Partnerships and Affiliations"](#)
- ["Hospital and Provider M&A: 4 Trends to Watch for in 2023"](#)

Sources: *Becker's Hospital Review*, LevinPro HC, and Fierce Healthcare.

## Notable Q2 2023 Transactions

Kaiser Permanente Acquiring  
Geisinger Health to Launch  
Risant Health



Flagler Health and UF Health  
Sign Definitive Agreement to  
Merge



CommonSpirit and Siemens  
Healthineers to Acquire Block  
Imaging



University of South Alabama  
to Acquire Ascension  
Providence Hospital



# Sector Spotlight: Long-Term Care/Home Health

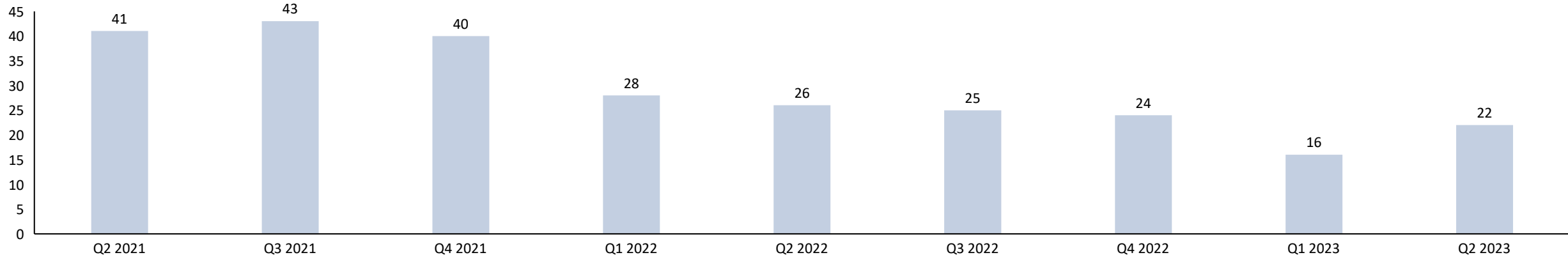
## Long-Term Care/Home Health Sector Quarterly Synopsis

- ➔ In Q2 2023, 22 US long-term care/home health transactions were announced, up from 16 in Q1 2023. The 22 announced transactions include Optum's acquisition of Amedysis and Addus Homecare's acquisition of Tennessee Quality Care.
- ➔ Although transaction volume is down relative to 2021, we expect to see an increased number of large players in the provider space make plays into long-term care/home health, as demonstrated by Optum's recently announced acquisition.

## Notable Transactions: Long-Term Care/Home Health Sector

		
Announces the Acquisition Of:	Announces the Acquisition Of:	Acquires the Hospice Operations Of:
		

## Announced Long-Term Care/Home Health Transactions: Quarterly Trend



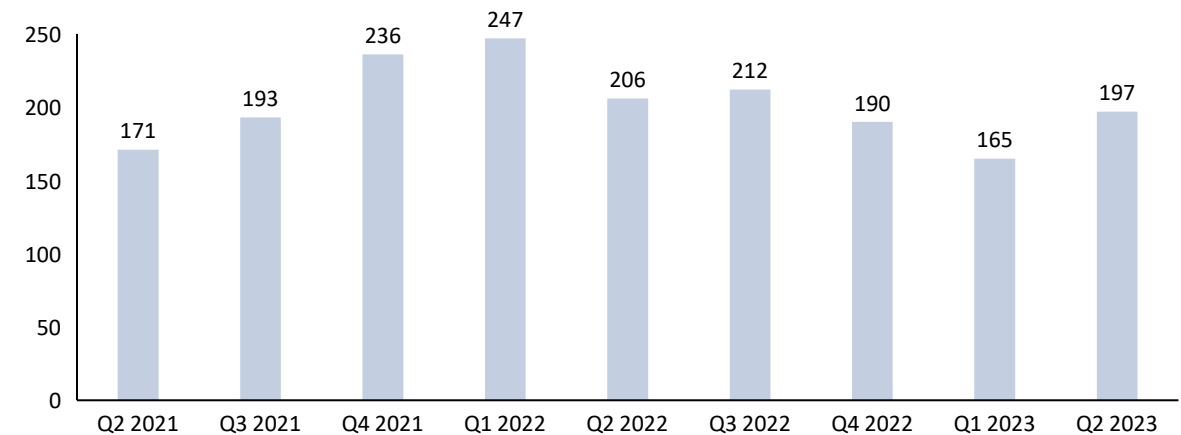
Sources: *Becker's Hospital Review*, *LevinPro HC*, *Yahoo Finance*, *Home Health Care News*, and *Hospice News*.

# Private Equity in Healthcare

## Private Equity Quarterly Synopsis

- ➔ In Q2 of 2023, there were 197 announced US healthcare private equity deals, up from 165 in the prior quarter.
- ➔ The quarter was marked by three transactions worth more than \$1 billion, each of which was a result of private equity firms joining forces.
- ➔ Clinical research organizations (CROs) continue to be a focal point for private equity as technological innovations and access to big data have continued to drive outsourcing of drug development research to these organizations.

## Announced US Healthcare Private Equity Deals by Quarter<sup>1</sup>



## Significant Healthcare Private Equity Transactions: Q2 2023<sup>1</sup>

### TPC Capital and AmerisourceBergen Acquire OneOncology



The deal is valued at \$2.10 billion, with AmerisourceBergen purchasing its stake in the JV for \$685.00 million.

### Elliott Investment Management, Patient Square Capital, and Veritas Capital Acquiring Syneos Health



The three private equity firms are acquiring Syneos for \$7.10 billion.

### Warburg Pincus and Advent International Acquiring Baxter's BioPharma Solutions

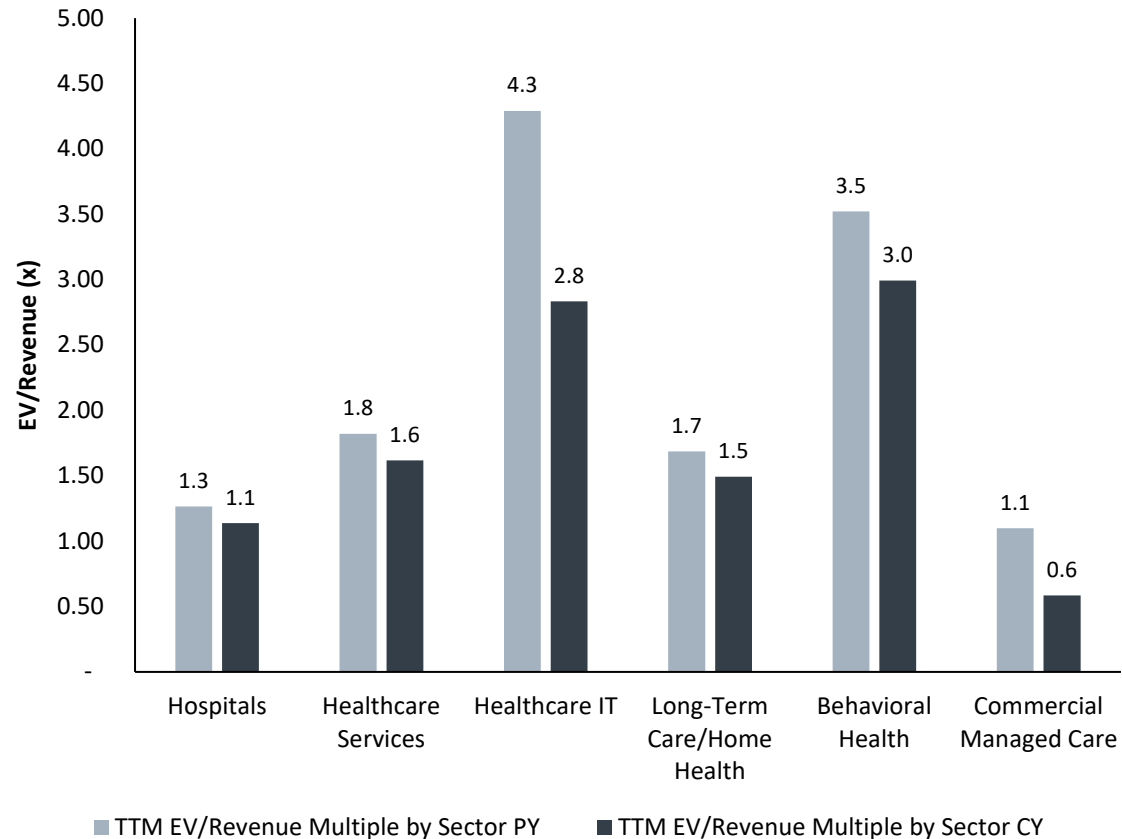


The definitive agreement outlines a purchase price of \$4.25 billion.

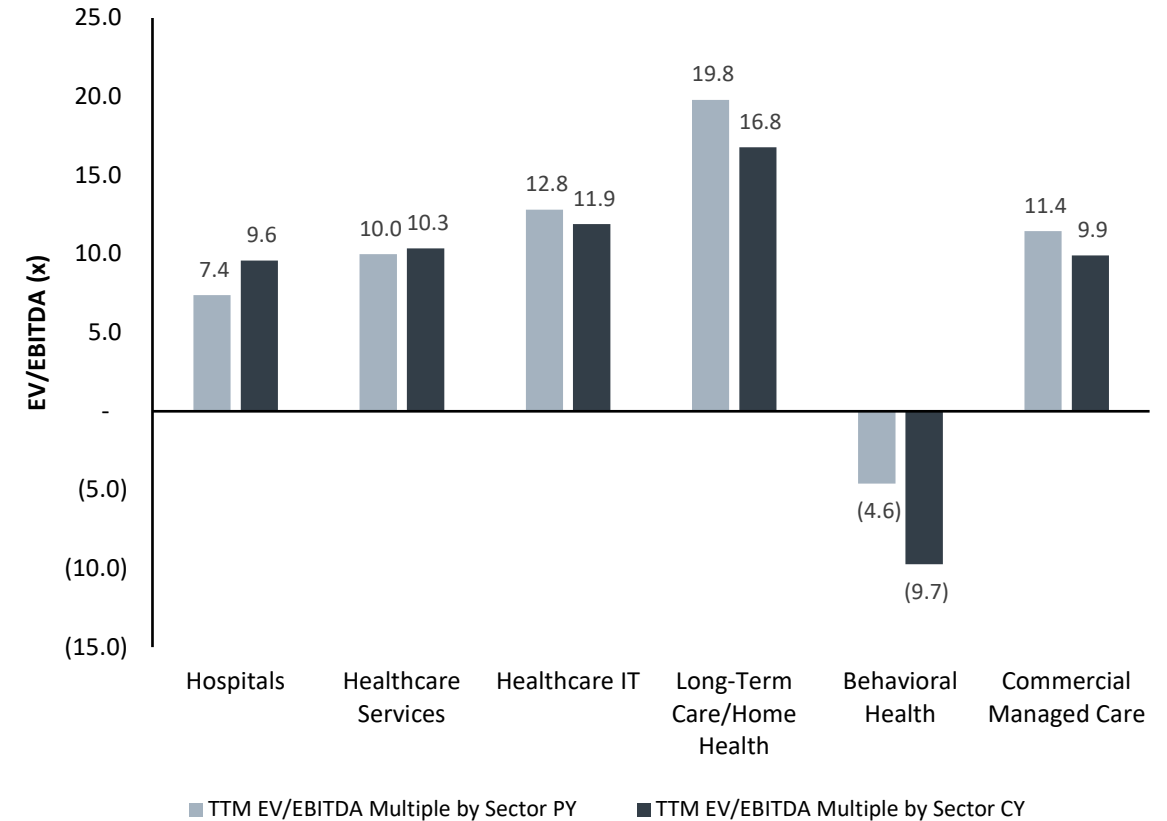
<sup>1</sup> Transaction data and information sourced from LevinPro HC.

# YOY TTM Revenue and EBITDA Medians by Sector

## Q2 2023 TTM versus Q2 2022 TTM EV/Revenue



## Q2 2023 TTM versus Q2 2022 TTM EV/EBITDA



Source: Capital IQ.

Note: PY = prior year. CY = current year. A list of companies included in each sector is shown at the end of this presentation.

ECG notes comparisons reflect publicly available information as of July 17.



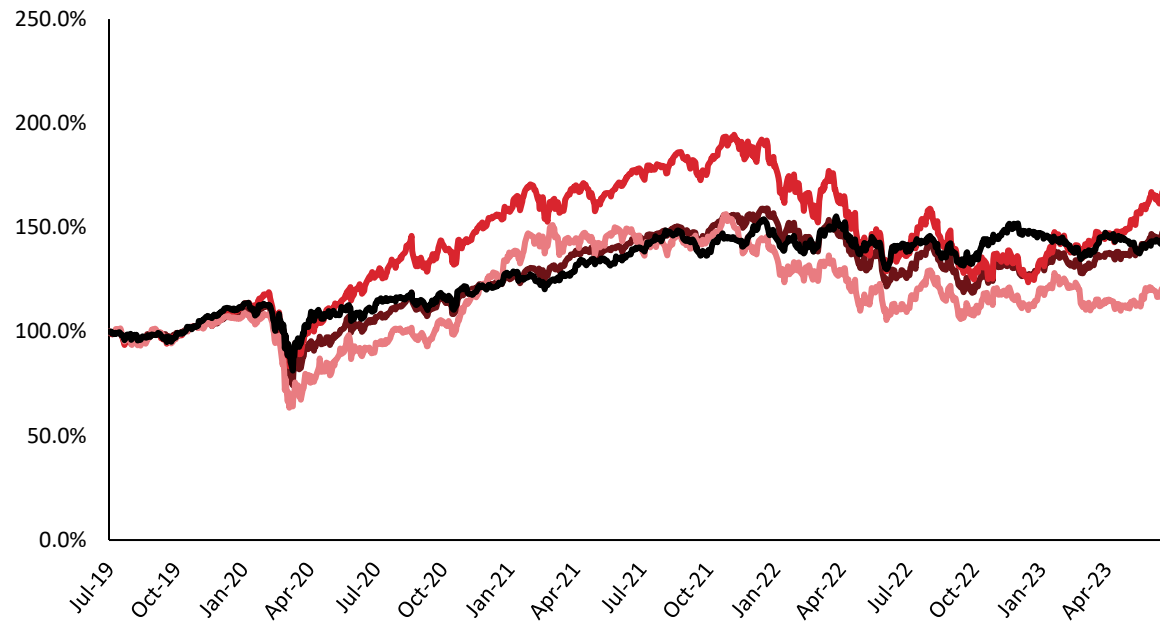
# Equity and Bond Index Comparison

Nasdaq continues to outperform the S&P Healthcare sector, while the broader S&P 500 has remained flat compared to the healthcare index.

## Equity Index Trend

Market Performance – Equity Indexes

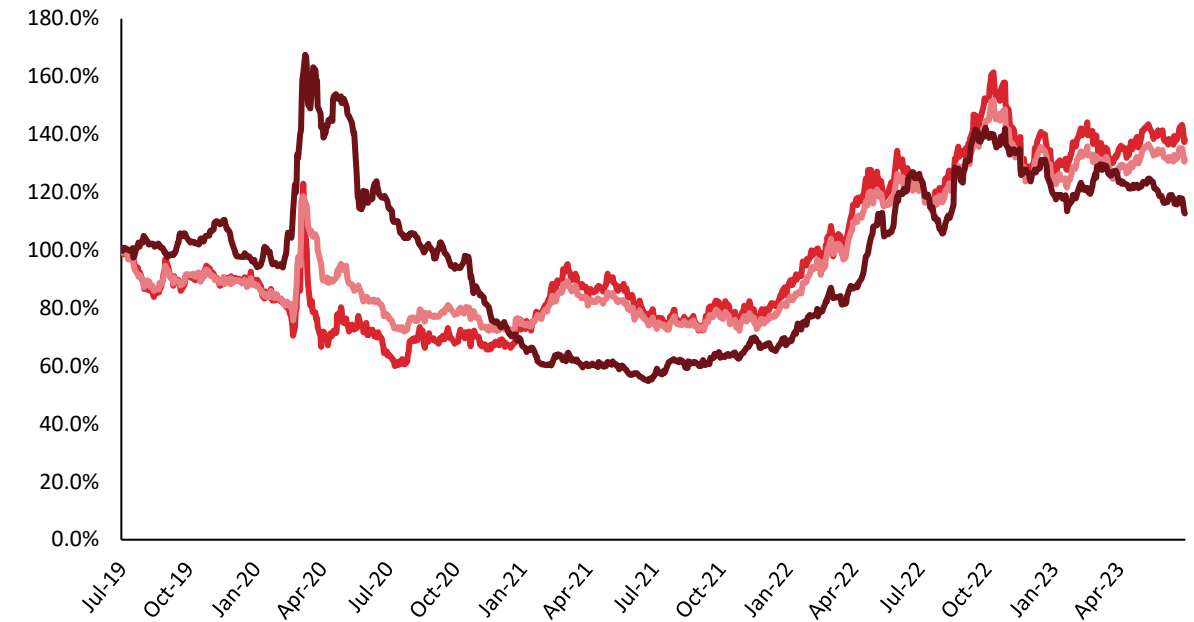
— S&P 500 — Nasdaq — Russell 2000 — S&P Healthcare



## Bond Index Trend

Market Performance – Bond Indexes

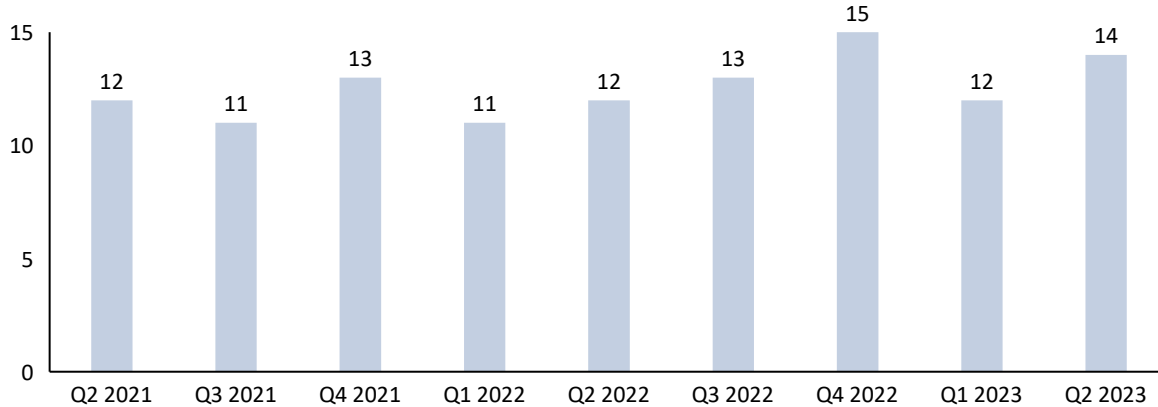
— AAA — BAA — CCC



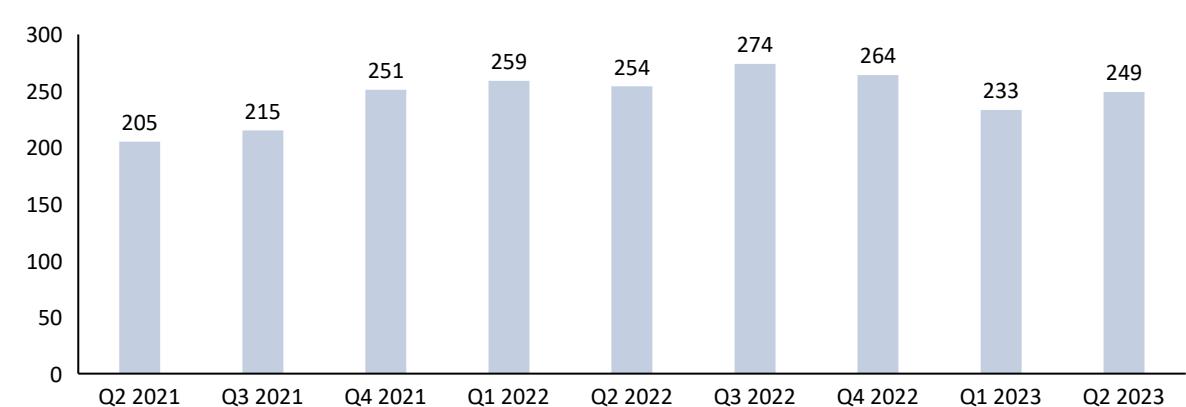
Source: Capital IQ.

# Q2 2023 Announced Transactions by Sector<sup>1</sup>

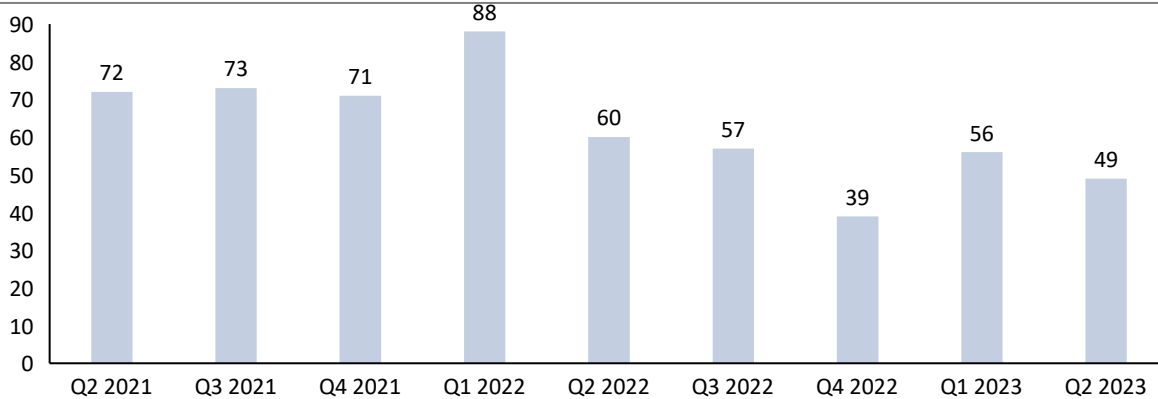
## Hospitals Quarterly Transaction Trend



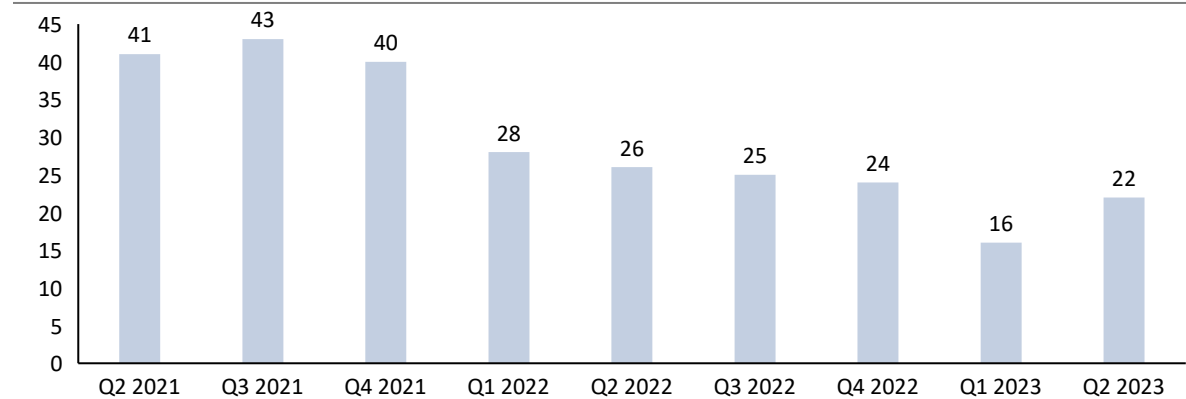
## Health Services Quarterly Transaction Trend



## Health Tech Quarterly Transaction Trend



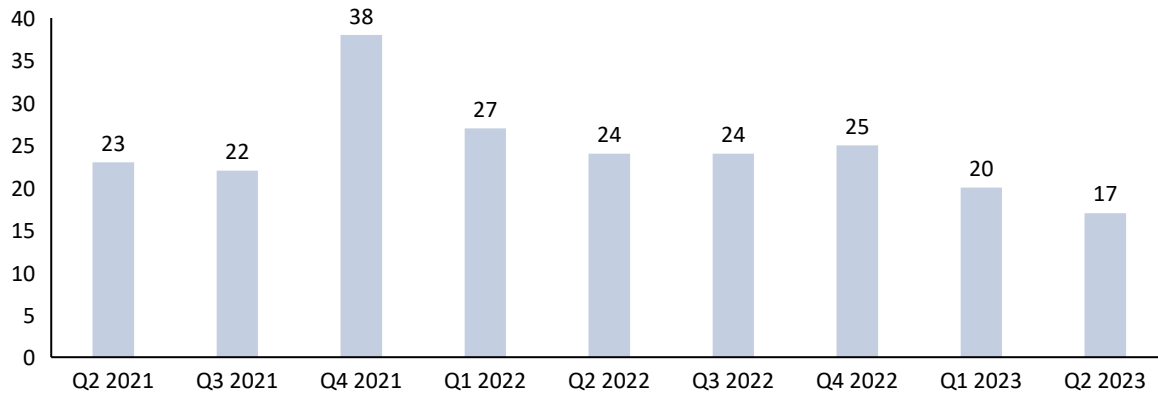
## Long-Term Care/Home Health Quarterly Transaction Trend



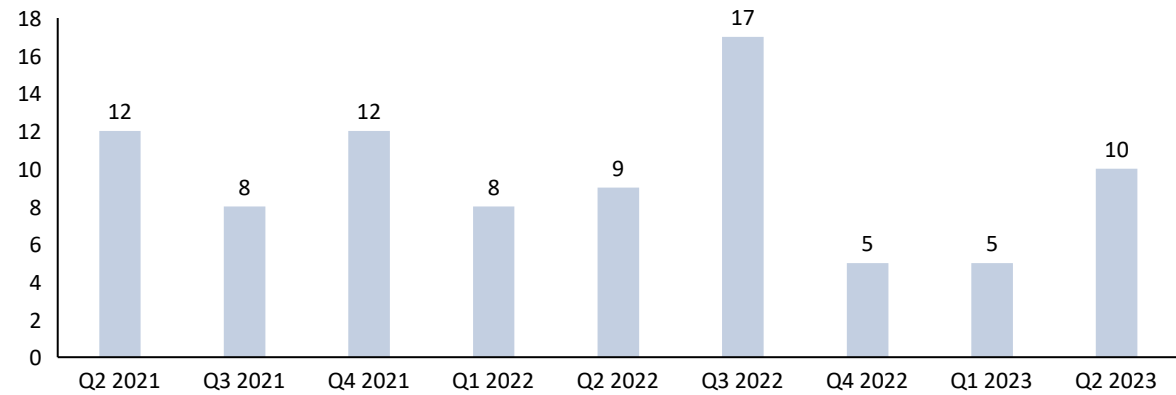
<sup>1</sup> Health services include deals in biotechnology, laboratories, MRA and dialysis, ACOs, ASCs, chiropractic, CROs, GPOs, health clinics, payments and billing, home equipment, infusion, occupational health, organ transplant, outpatient clinics, population health, primary and value-based care, specialty pharmacy, urgent care, pharmaceuticals, physician medical groups, and rehabilitation. All transaction counts sourced from LevinPro HC.

# Q2 2023 Announced Transactions by Sector *(continued)*

## Behavioral Health Quarterly Transaction Trend



## Managed Care Quarterly Transaction Trend



➔ All analyzed sectors have experienced an increase in transactions from the prior quarter, aside from healthcare technology and behavioral health.

➔ Despite the continued rise in interest rates, deal volumes are showing signs of improvement.

Source: LevinPro HC.



# ECG Mergers, Acquisitions, and Partnerships Team Leadership

Through five decades of experience, we've learned that successful problem-solving requires deep industry knowledge and expertise, rigorous data and analytics, strategic foresight, political and organizational savvy, and, most importantly, practical solutions that get implemented.



**Jared Langus**

Partner

[jslangus@ecgmc.com](mailto:jslangus@ecgmc.com)



**Jeff Hoffman**

Partner

[jrhoffman@ecgmc.com](mailto:jrhoffman@ecgmc.com)



**Mark Johnston**

Principal

[mjohnston@ecgmc.com](mailto:mjohnston@ecgmc.com)



**Brian Barnthouse**

Principal

[bpbarnthouse@ecgmc.com](mailto:bpbarnthouse@ecgmc.com)



**Karen Kole**

Principal

[kkole@ecgmc.com](mailto:kkole@ecgmc.com)

## Additional MAP Team Members

James Woods, Associate Principal: [jpwoods@ecgmc.com](mailto:jpwoods@ecgmc.com)

Sean O'Donovan, Senior Manager: [smodonovan@ecgmc.com](mailto:smodonovan@ecgmc.com)

Ed Moran, Senior Manager: [edmoran@ecgmc.com](mailto:edmoran@ecgmc.com)

Jake Poklop, Manager: [jgpoklop@ecgmc.com](mailto:jgpoklop@ecgmc.com)

Henry Strull, Consultant: [hsstrull@ecgmc.com](mailto:hsstrull@ecgmc.com)

Drew Schroeder, Consultant: [apschroeder@ecgmc.com](mailto:apschroeder@ecgmc.com)

Lucas Hein, Analyst: [lwhein@ecgmc.com](mailto:lwhein@ecgmc.com)

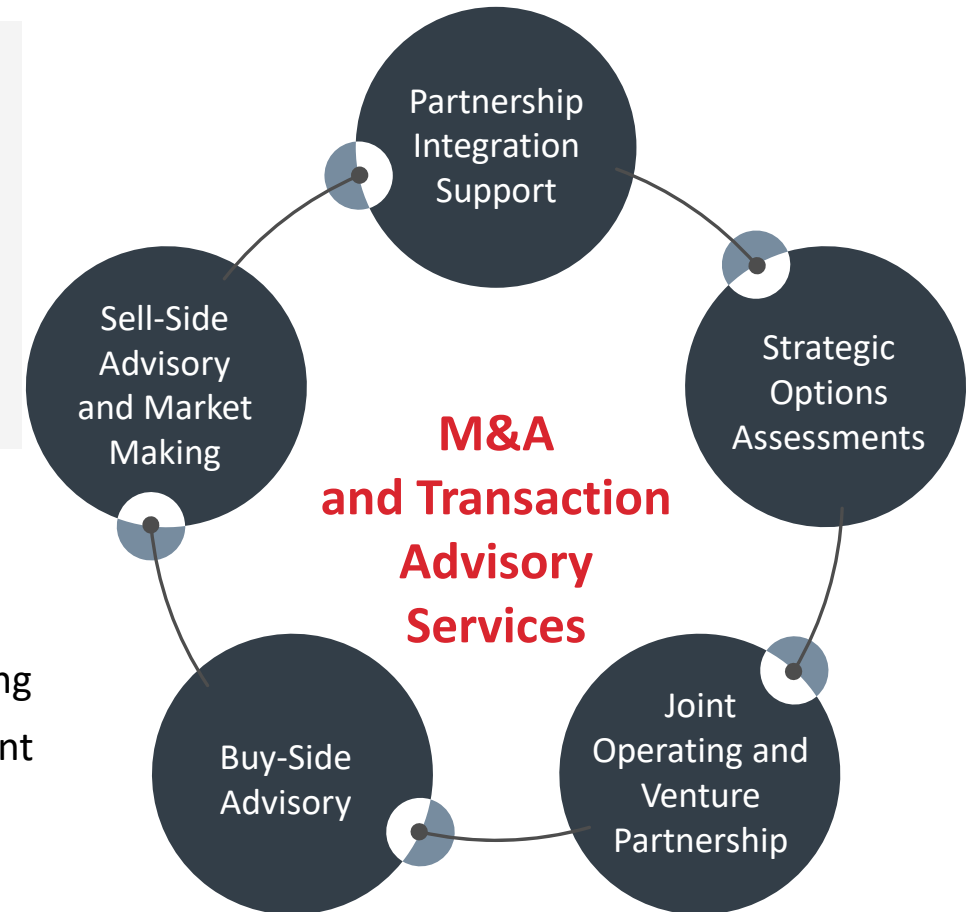
# ECG's M&A and Transaction Advisory Practice

ECG offers a broad range of M&A and partnership transaction advisory services to healthcare providers. As a leader in the industry, ECG provides specialized expertise to community hospitals, academic medical centers, health systems, medical groups, and physician enterprises as they seek strategic partners. Professionals at ECG can provide guidance from the commencement of the transaction through integration.

## Specific Areas of Expertise

- ➔ Transaction planning and coordination
- ➔ Transaction structuring and governance
- ➔ Letter of Intent development and negotiation
- ➔ Definitive agreement negotiation
- ➔ Business, asset, and contract valuation
- ➔ RFP development and response
- ➔ Partner solicitation and market making
- ➔ Due diligence and financial assessment
- ➔ Post-transaction integration
- ➔ Fair market value and fair value opinions

Note: Select experience represents both legacy ECG and ECG M&A professionals' advisory experience.



# Selected Companies by Sector

## Hospitals

HCA Healthcare (HCA), Tenet Healthcare Corporation (THC), Community Health Systems (CYH), Universal Health Services (UHS)

## Healthcare Services

Enzo Biochem (ENZ), Exact Sciences Corporation (EXAS), Laboratory Corporation of America Holdings (LH), Myriad Genetics (MYGN), NeoGenomics (NEO), Quest Diagnostics (DGX), CareCloud (CCLD), Ontrak (OTRK), SHL Telemedicine (SHLTN), Teladoc Health (TDOC), Veradigm (MDRX), Welltower (WELL), Acadia Healthcare Company (ACHC), Amedisys (AMED), Community Health Systems (CYH), DaVita (DVA), Encompass Health Corporation (EHC), Fresenius Medical Care AG & Co. KGaA (FME), HCA Healthcare (HCA), Pediatrix Medical Group (MD), National HealthCare Corporation (NHC), Oak Street Health (OSH), RadNet (RDNT), Select Medical Holdings Corporation (SEM), Surgery Partners (SGRY), Tenet Healthcare Corporation (THC), The Ensign Group (ENSG), GoodRx Holdings (GDRX), Universal Health Services (UHS)

## Healthcare IT

Accolade (ACCD), Veradigm (MDRX), CareCloud (MTBC), Certata (CERT), Computer Programs and Systems Inc. (CPSI), Craneware (CRW), Definitive Healthcare Corp. (DH), Doximity (DOCS), Evolent Health (EVH), Health Catalyst (HCAT), Healthcare Triangle Inc. (HCTI), HealthStream (HSTM), NantHealth (NH), National Research Corporation (NRC), NextGen Healthcare (NXGN), Omnicell (OMCL), OptimizeRx Corporation (OPRX), Phreesia (PHR), Premier (PINC), R1 RC (RCM), Science 37 Holdings (SNCE), Streamline Health Solutions (STRM), Tabula Rasa HealthCare (TRHC)

## Long-Term Care/Home Health

Addus HomeCare Corporation (ADUS), Amedisys (AMED), Aveanna Healthcare Holdings (AVAH), Brookdale Senior Living (BKD), Chemed Corporation (CHE), InnovAge Holding Corp. (INNV), LHC Group (LHCG), ModivCare (MODV), Option Care Health (OPCH), The Pennant Group (PNTG), Sonida Senior Living (SNDA)

## Behavioral Health

Acadia Healthcare Company (ACHC), LifeStance Health Group (LFST), Accolade (ACCD)

## Commercial Managed Care

Humana (HUM), The Cigna Group (CI), UnitedHealth Group (UNH), Progyny (PGNY), Alignment Healthcare (ALHC), Elevance Health (ELV)