



PHYSICIAN SERVICES UPDATE

Fourth Quarter 2020

Physician Practice Management Sector Shows Strong Rebound in Q4 2020

After a challenging Q2 2020 and a relatively quiet Q3 2020, the physician practice management (PPM) sector rebounded in Q4 with several high-profile transactions and numerous add-on practice acquisitions. According to figures from Irving Levin Associates, there were 29 M&A transactions in December alone and all but seven were led by private equity buyers.

Key Observations:

- Several large women's health PPMs traded at full multiples
- Leading Dental Service Organizations (DSO) platforms have resumed actively acquiring practices
- Primary care continues to attract significant interest from the investment community
- Lender commitments to the sector are returning to pre-COVID levels

Q4 of 2020 delivered three sizable Women's Health practice acquisitions, including the formation of a new national platform. In November, Atlas Partners acquired Unified Women's Healthcare, one of the country's largest Ob-Gyn PPMs, at a deal estimated to be valued at over \$1.5 billion with a mid-teens EBITDA multiple. Shortly after, BC Partners acquired Women's Care Enterprises in a \$900 million transaction, and Shore Capital formed a new national platform, acquiring the Women's Health Group in Denver, Colorado.

Despite dental patient volumes hovering at approximately 80% of pre-COVID levels, DSOs remain attractive to investors given the sector's solid fundamentals and long-term growth dynamics. There were several high-profile acquisitions from some of the largest DSOs in the country during Q4 2020 including Smile Brand's acquisition of Midwest Dental, Heartland Dental's acquisition of Tru Family Dental and Aspen Dental's acquisition of ClearChoice Dental, a deal valued at over \$1.1 billion.

Primary care platforms also continue to attract attention from both PE firms and managed care firms. Sun Capital acquired Miami Beach Medical Group at a valuation of approximately \$500 million, reflecting the attractiveness of its capitated, risk-bearing model of reimbursement paired with a growing senior population and Medicare Advantage market. In November, Cano Health, a 70-clinic primary care platform for seniors, announced it will be publicly traded via a merger with Jaws Acquisition Corp., a special purpose acquisition company, with an enterprise value of \$4.4 billion.

With almost 75% of all PPM transactions in Q4 2020 involving private equity firms, the lender community has demonstrated it has become sufficiently comfortable with market dynamics to fund deals. With more insight into the timetable of vaccine distribution and eventual end of lockdowns, lenders are able to fund deals with better foresight. We anticipate PPM investment to continue to accelerate into 2021, building on Q4 2020 momentum, continued government aid, increases in Medicare reimbursement rates, and recovering patient volumes.

Notable Physician Practice Transactions

Date Closed	Target	Buyer / Investor	Sector	Description
12/18/2020	Unified Women's Healthcare	Atlas Partners	Women's Health	Largest Ob-Gyn PPM in the U.S.
12/10/2020	ImageSouth	Welsh, Carson, Anderson & Stowe	Radiology	Largest OP imaging provider in Birmingham, AL
12/7/2020	Women's Healthcare Enterprises	BC Partners	Women's Health	Leading Ob-Gyn with 250+ physicians
12/1/2020	Windsong Radiology Group	Welsh, Carson, Anderson & Stowe	Radiology	Largest OP imaging provider in Western NY
11/19/2020	Miami Beach Medical Group	Sun Capital Partners	Primary Care	19 medical centers in South FL
11/17/2020	6 Orthopedic Practices	OrthoLoneStar	Orthopedic	Largest independent orthopedic practice in TX
10/20/2020	Anne Arundel Dermatology	Ridgmont Equity Partners	Dermatology	74 locations and 181 providers



Over two decades of experience providing restructuring and investment banking solutions to Physician Practice Management companies and Dental Service Organizations

- ✓ Demonstrated expertise successfully restructuring PPMs, DSOs, multi-specialty clinics and ASCs
- ✓ Proven track record of using “sum-of-parts” to position multi-site providers for strategic valuations with maximized recoveries

Recent engagements include:

- **Restructuring and sale of distressed DSO with over 60 clinics in the Northeast and Midwest**
- **Sale of Physician Practice Management Company with over 200 physicians**
- **Capital restructurings for specialty PPMs in anesthesia, dermatology, and wellness sectors**



Extensive Physician Practice Advisory Capabilities

RESTRUCTURING AND TURNAROUND SOLUTIONS

- ✓ **Strategic Assessment**
 - Market share
 - Competitive positioning
 - Industry trends and emerging risks
 - Regulatory risks
 - Valuation and market activity
- ✓ **Operational Review**
 - Physician productivity
 - Provider compensation
 - Clinical staff benchmarking
 - Payor contracting
 - Regulatory compliance
- ✓ **Performance Improvement**
 - Turnaround plan development
 - Implementation and oversight
 - Staff augmentation and support
- ✓ **Interim Management**
 - Chief Restructuring Officer
 - Interim CFO and COO
 - Director and Trustee roles
 - HR compliance
- ✓ **Capital Restructuring**
 - Debt restructuring
 - Debt to equity conversions
 - Bankruptcy advisory
 - Creditor representation



INVESTMENT BANKING SOLUTIONS

- ✓ **Merger & Acquisition Advisory**
 - Exclusive sale
 - Buy-side
 - Due diligence
 - Integration planning
- ✓ **Capital Placements**
 - Institutional debt and equity
 - Rescue financings
- ✓ **Distressed Sales**
 - Sum-of-the-parts sales
 - Section §363 bankruptcy sales
 - UCC-9 and ABC sales
 - Asset liquidations
- ✓ **Valuation**
 - Fairness opinions
 - Complex asset valuations
 - Litigation support

Contact a member of our Leadership Team for a confidential consultation

847.583.1618 | www.soliccapi.com

Edward R. Casas
Chairman and CEO
Senior Managing Partner

Neil F. Luria
Head of Restructuring
Senior Managing Director

Gregory F. Hagood
Head of Investment Banking
Senior Managing Director

Robert E. Annas
Senior Managing Director

Matthew E. Rubin
Senior Managing Director

Matthew M. Caine
Managing Director

Meg Finnegan
Managing Director

George N. Koutsonicolis
Managing Director

Raoul Nowitz
Managing Director

S. Waite Popejoy
Managing Director

Jeremy Stillings
Managing Director

Mary Missbach Dressler
Director