

Primary Care

Q3 2024

Market Update

M&A activity in the Primary Care sector in Q3 maintained a steady pace with prior periods. Despite growing challenges encountered by several Medicare Advantage insurers, market sentiment towards risk-based payment structures amidst the shift away from fee-for-service model has continued to attract investor interest. Industry consolidators, both private equity and strategic alike, maintain an active thesis in aggregating patient lives to effectively take risk and succeed in a value-driven universe by effectively managing care and deploying preventative medical practices.

CVS made headlines with its reported consideration to splitting up its struggling retail pharmacy stores from its more lucrative insurance business, Aetna. It is evident CVS' vertically integrated strategy has not gone to plan and all eyes will be on how this plays out, particularly with Signify Health, Oak Street Health, and Carbon Health as their core healthcare delivery arms.

Notable Partnership

Fulcrum Equity Partners has completed an investment in Physician Services Group of South Carolina (PSG), a leading provider of transitional and geriatric care for patients residing in skilled nursing and assisted living facilities. PSG has grown into a leading provider of facility-based primary care geared towards high acuity patients. The Company attracted investor interest due to its focus on quality of care and patient outcomes, achieving a 25% lower patient re-hospitalization rate in the first 30 days.

The partnership demonstrates the continued appetite in the private equity universe for care inventive care models well-suited to succeed in a value-based environment.



Select Transactions

Month	Investor	Target	Deal Description
September	 MEDICAL SPECIALISTS OF THE PALM BEACHES, INC.	Schlein & Shinder PLLC	Medical Specialists of the Palm Beaches (MSPB), a primary care and multi-specialty platform backed by Ascend Partners, announced its acquisition of Schlein & Shinder PLLC in Palm Beach County, FL. The transaction represents MSPB's second acquisition in 2024 and its seventh acquisition since its recap with Ascend. MSPB's has remained steadfast in its strategy to gain market share via M&A in the attractive Florida Medicare Advantage marketplace.
August		 Care Connectors	Epilog Partners, a healthcare-focused private equity platform has acquired Care Connectors Medical Group (CCMG). CCMG provides a national, on-demand platform for value-based care enablement, partnering with health plans and risk-bearing providers to manage prospective risk adjustment, quality improvement, and care coordination.
July			PM Pediatric Care, the nation's largest provider of specialized pediatric urgent care and behavioral health, has added 10 Florida locations to its pediatric network. The new offices, formerly known as Night Lite Pediatrics prior to their 2022 acquisition by Pediatrix Medical Group, will now be called PM Pediatric Urgent Care.
July			Southeast Primary Care Partners (SPCP), a BPOC-backed primary care platform focused on value-based care initiatives, expanded into Tennessee via its acquisition of Restore Health & Wellness in Chattanooga. The partnership provides SPCP with a pathway into a new market, expanding upon its existing regional presence, while providing Restore with the administrative support and resources to focus on providing quality patient care.

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