

HEALTHCARE SERVICES MONTHLY FLASH REPORT

NOVEMBER 2024



**SECTOR SPOTLIGHT:
BEHAVIORAL HEALTH**

Behavioral Health

Sector Spotlight: November 2024

The North American behavioral health M&A market has been moderate throughout 2024 with 94 transactions in the first three quarters of the year. Deal volume for the remainder of 2024 is expected to continue to be strong due to cooling inflationary conditions and the first interest rate cut of 2024.

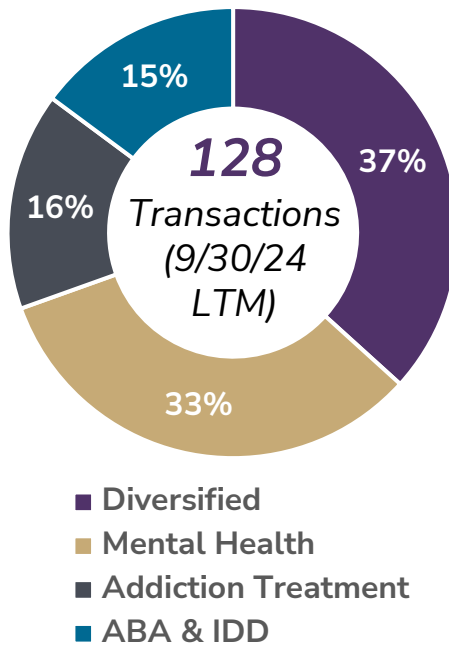
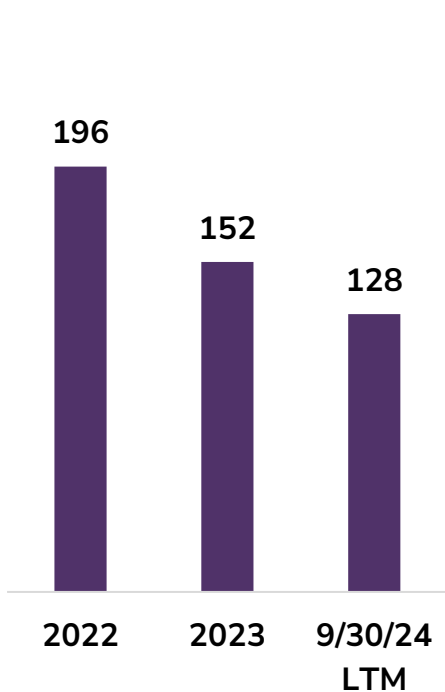
Through Q3 2024, transactions continue to be evenly split between strategic and financial acquirers, representing 47% and 53% of total deal volume, respectively. Beacon Behavioral Hospital (backed by Latticework Capital Management and Resolute Capital Partners) continues to be a repeat acquirer, totally 11 transactions in the first three quarters of 2024.

M&A activity through the end of the year will be driven by the desire for business to expand geographic reach, census expansion, and diversification of core services and capabilities.

Notable Behavioral Health Transactions

 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
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Behavioral Health Transaction Activity (as of Q3:2024)



Key Takeaways

- LTM Transaction activity was down 15.8% vs 2023
- **Mental Health and Addiction Treatment** transactions represented 33% and 16% of total transactions, respectively
- **Diversified providers** represented the largest value of closed/announced transactions (37%)
- **ABA & IDD** had the lowest share of deal volume (15%)

Key September Healthcare Transactions

Diversified Healthcare Services (Staffing)



Acquirer



Target

Triage, a Nebraska-based healthcare staffing firm, acquired fellow NE-based staffing firm **RTG Medical**. Triage is headquartered in Omaha while RTG is based in nearby Fremont. The acquisition helps Triage to get closer to breaking the top 10 largest staffing firms in the U.S. –it is already the 12th-largest. [Press Release](#)

The acquisition showcases an **M&A strategy for tuck-in deals based on strategic fit, brand, and proximity.**

Home-Based Care



Acquirer



Target(s)

Help at Home, a Chicago-based provider of Medicaid and community-based personal care services with 180 branches across 11 states, backed by private equity firms **The Vistria Group** and **Centerbridge**, acquired three companies in Southern Georgia: **Care By Your Side**, **One Care Health** and **AAMedcare**. [Press Release](#)

The acquisitions showcase HaH's **strategy to deepen market penetration in a key geography (sub-state).**

Behavioral Healthcare



Acquirer



Target

CentralReach, a leading provider of Autism and IDD care software acquired **Behavior Science Technology Inc. (BST)**, a research-backed treatment fidelity platform designed to collect, measure, and track treatment fidelity for Applied Behavior Analysis (ABA) therapy in a standardized way. [Press Release](#)

The acquisition highlights Central's **strategy to expand the scope of its AI-care management platform.**

Healthcare IT



Acquirer



Target

Kipu Health, a leading provider of technology solutions for behavioral health, announced the acquisition of **Hatch Compliance**, a leading compliance and risk management software provider of EMR, CRM, and RCM solutions tailored to behavioral health organizations. [Press Release](#)

The deal illustrates a **strategy to enhance platform governance, risk, and compliance (GRC) capabilities.**




Sentari Minor
COS / Head of Investor Relations
evolvedMD




Melvyn Peters
Director,
Healthcare Services

In a recent episode of The Healthcare Mid-Market Maximized Podcast, host **Melvyn Peters** welcomed **Sentari Minor, Chief of Staff and Head of Investor Relations at EvolvedMD**, for a deep dive into the evolution of the behavioral health industry and how EvolvedMD has successfully scaled its business, with a particular focus on in-person and integrated models of care.

Introduction and Sentari's Journey to EvolvedMD

Sentari explained his background in leadership development, running a CEO consortium in Phoenix before transitioning into the healthcare space. He shared how a conversation with EvolvedMD's CEO, Eric Oslin, led to his role in rebranding the company and helping to shape its strategic plan. Since joining, he has seen the company grow from a team of 8 to over 200 employees in just four years.

Sentari described the core of the Company: integrating behavioral health into primary care. Their model embeds therapists directly into primary care clinics, allowing for real-time collaboration between healthcare providers and mental health professionals. This integrated approach ensures patients receive care in a familiar environment, which reduces stigma and makes access to mental health services more seamless.

The Importance of Integrated Care: The Collaborative Care Model (CoCM)

Sentari unpacked the company's model further, particularly how it differs from traditional mental health services, highlighting a common gap in traditional care: when a primary care provider identifies a need for mental health support, patients are often referred to an external therapist, with no guarantee that they will follow through. EvolvedMD closes this gap by embedding mental health professionals directly in the primary care office, making it convenient for patients to access therapy without needing to visit a separate facility.

As Sentari explained, "Instead of giving a patient a number to call, they can walk down the hallway and see a therapist in the same clinic." This proximity increases the likelihood that patients will follow through with mental health care, while also enabling the therapist to collaborate with the primary care provider to deliver holistic care. Sentari also noted that EvolvedMD's model is short-term and highly impactful, designed to provide patients with the skills and tools they need to improve their mental health and then transition out of care.

In-Person vs Digital Care

Sentari acknowledged the value of digital therapeutics, pointing out that virtual mental health care has become a useful tool for many, especially during the pandemic. However, he stressed that for patients with more complex mental health needs, in-person care remains vital. He explained that EvolvedMD leans heavily toward in-person care, particularly in their initial patient interactions. "In-person care works better for higher acuity patients," Sentari said, emphasizing that patients benefit from face-to-face interactions, which help build trust and enable therapists to pick up on non-verbal cues that might be missed in virtual settings.

He further noted that, while about 25% of their visits are conducted virtually, EvolvedMD's commitment to in-person care has helped them secure partnerships with health systems. "When we sign a clinic or health system, we always start in-person first," Sentari explained, highlighting the importance of embedding mental health professionals physically in

the primary care environment. This approach has not only improved patient outcomes but also helped the company differentiate itself in the market.

Crisis Management and the Growing Role of Mental Health in Primary Care

The conversation then turned to crisis management, with Melvyn asking how EvolvedMD handles patients in mental health crises. Sentari revealed that mental health issues often present first in primary care settings, meaning that primary care providers are already on the frontlines of mental health care. EvolvedMD's model allows their embedded therapists to be the "release valve" for primary care providers, stepping in to de-escalate situations when patients are in crisis.

This hands-on, in-person approach to crisis management has become a weekly occurrence in some of the clinics where EvolvedMD operates. Sentari noted that it would be challenging to manage these crises through virtual care, underscoring the need for in-person mental health professionals in these critical moments.

Growth, Scalability, and Lessons for Other Mental Health Providers

Melvyn praised EvolvedMD's growth, asking Sentari how they've managed to scale so quickly and what advice he would give to smaller mental health companies looking to expand. Sentari shared three key lessons:

1. Invest in Your People: Sentari emphasized the importance of building a strong company culture and being intentional about investing in staff. EvolvedMD has prioritized its employees from the beginning, ensuring that they are well-supported and valued. "The most important part of our work is our people," Sentari said, explaining that this focus on culture has been a cornerstone of their growth.

2. Leverage Thought Leadership: Without a large marketing budget in its early days, EvolvedMD leaned into thought leadership to establish itself as an expert in integrated care. Sentari suggested that other companies do the same, especially when resources are limited. "We didn't have a big marketing budget, so we focused on proving

ourselves as thought leaders in the space," he shared.

3. Be Deliberate About Hiring: Sentari stressed the importance of hiring the right people, particularly in the early stages of growth. "The first 10 or 20 hires are critical," he advised, noting that these employees will set the tone for the company's culture and values as it scales.

Closing Thoughts

As the conversation drew to a close, Melvyn reflected on the value of intentional leadership and how it can drive a company's success. He drew parallels between EvolvedMD's focus on people and culture and other industries, noting how important it is to have a strong leadership team that can guide the company through growth and how the inverse can cause declining consumer trust, market share, and financial results.

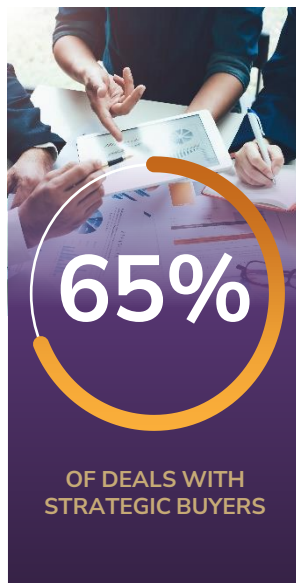
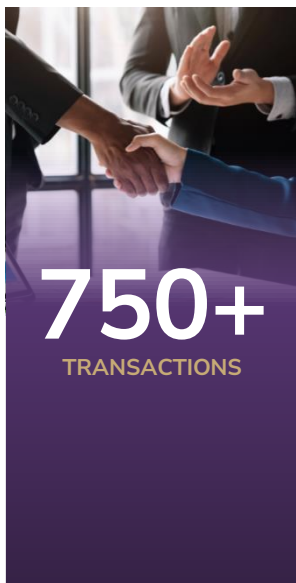
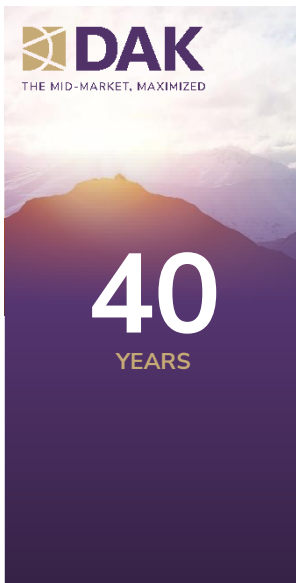
Sentari agreed, attributed EvolvedMD's success to the strength of its leadership and the alignment of its values. "It's easier to make decisions when everyone around you is aligned," he said, highlighting how the company's culture of trust has contributed to its rapid growth and efficiency.



Sentari Minor
COS / Head of Investor Relations
evolvedMD

"While about 25% of our visits are conducted virtually, EvolvedMD's commitment to in-person care, which has helped secure partnerships with health systems".

For more information on evolvedMD please visit www.equinoxlifecare.com or watch the full interview [here](#)



Transaction Characteristics

Private Businesses Closely held, entrepreneurial, family owned and multi-generational

Financial Sponsors Committed funds, independent sponsors, and family offices

\$2-40 MM EBITDA

\$10-400 MM enterprise value

\$10-300 MM annual revenue

Advisory Focused Investment Banking

M&A Advisory

Buy and sell-side domestic and cross-border transactions including sales, divestitures, mergers, acquisitions

Strategic Advisory & Valuation

Preparation of strategic advisory & planning, business plan, pre-transaction planning, valuation, fairness opinion, and market feasibility analysis

Focused Middle Market Coverage

Healthcare Services



Generalist Coverage



Diversified Industrials



Pro Audio Visual



DAK's Healthcare Services Team



Alan Scharfstein
Chief Executive Officer
201.478.5275



Melvyn Peters
Director,
Healthcare Services
917.887.2099



Jonathan Roth
Director
201.478.5267



Jesse Del Buono
Senior Analyst,
Healthcare Services
201.478.5269