

# Health Care Practice M&A Opportunities and Physician Practice Management Companies (PPMCs)

## What is a Physician Practice Management Company (PPMC) or Management Services Organization (MSO)?

A Physician Practice Management Company (PPMC), also known as a Management Service Organization (MSO), is a corporation developed to manage and administrate the non-clinical responsibilities and services that are usually not optimized at independent practices. These PPMC or MSOs have built up back-office staffing and infrastructure to offload the administrative burdens involved with managing the health records, IT systems/issues, billing and insurance functions, financial reporting, and many other tasks, empowering the partners and other professionals at the practice to focus on the clinical aspect they have a passion for. The goal of one of these organizations is to improve efficiency, reduce costs, and ultimately grow the practices they partner with. A PPMC can centralize the administrative functions of a health care practice to achieve numerous benefits:



**Cost Optimization:** With the standardization of purchasing and reimbursement functions, a new economy of scale, and other cost-saving synergies implemented by the MSO, the practice will be able to improve reimbursement rates and reduce expenses and thereby drive higher margins without eliminating any positions



**Enhanced Network of Doctors & Recruitment Capacity:** Many practices have plateaued because of the struggle to recruit quality providers in their respective fields. The support of a full-time recruiting team, combined with the marketability of an MSO-backed practice, provides an enhanced network of providers to bolster growth in the practice



**Access to Leading Resources & Systems:** Small practices typically don't have access to the top electronic health record software, practice management systems, accounting software, or even clinical equipment. A partnership with a PPMC will provide resources only larger practices obtain through their centralized platform and uniform procedures

## Key Takeaways

- M&A activity in the health care practice space has been robust largely due to PPMC/MSO activity
- PPMCs rely heavily on M&A to grow their respective organizations and their strong interest creates heavy competition driving attractive multiples for owner-physicians to maximize value
- PPMCs manage and optimize the burdensome back-office administrative tasks that typically limit a physician's ability to focus on clinical tasks and drive business growth

## Key Contacts



Glenn S. Bernabeo  
Sr. Managing Director  
610.205.6034  
glenn.bernabeo@griffinfinancialgroup.com



Thomas G. Whalen  
Sr. Managing Director  
610.205.6115  
thomas.whalen@griffinfinancialgroup.com

# Partnering with a PPMC

Most PPMCs or MSOs rely heavily on mergers and acquisitions to grow their respective organizations. These companies have an extensive M&A department that focuses on the sourcing, diligence and integration of health care practices in their respective vertical so they can seamlessly roll up many practices into their centralized model and realize the significant synergies mentioned above to achieve their growth goals. These organizations are often financially backed by private equity firms whose primary goal is to grow the MSO and produce outsized returns for their investors.

Health care practices can reap many financial and operational benefits in a sale to or partnership with a PPMC or MSO:

- ✓ **Realize maximum value of your practice through a combination of:**
  - *Immediate Liquidity:* Cash upon sale for an equity interest in your practice.
  - *Rolled Equity:* Retain a portion of the sale proceeds you receive into an equity interest at the parent company level, within your newly managed practice, or both to maintain a vested interest in the future growth of the practice and take part in the ‘second bite of the apple’ when the new company experiences a liquidity event. As private equity is very active in the space, there can be tremendous value to rolling/retaining equity in your practice or the new parent company.
  - Various other forms of proceeds including, but not limited to, deferred cash or stock options.
- ✓ **Maintain autonomy and brand:**
  - Unlike partnering with a large hospital, a PPMC will provide full clinical autonomy and flexibility for you to provide the best quality patient care. You will often have the option to retain the brand that has been established in your community.
- ✓ **Provider/employee satisfaction and continuity:**
  - The PPMC or MSO does not want to interrupt operations or employee culture. Most times, all employees will be retained under the new partnership with at least the same level of pay and benefits. The larger scale and resources at the larger firm will typically provide better benefits for employees.
  - Often to incentivize junior clinical providers, the PPMC will provide the ability for them to become a partner by enrolling them in an equity purchase plan.
- ✓ **Competitive bids are prevalent in the health care practice M&A market:**
  - With the active presence and success of PPMCs and MSOs in the M&A market, demand for lower-middle market health care practices is extremely high.
  - As these organizations typically rely on M&A and have become experts in the integration of smaller practices, they are making aggressive bids to continue to execute their winning strategy.

Sources: IbisWorld, Pitchbook, Griffin Financial Group Research

# Select Transactions

There have been nearly 1,000 PPMC / MSO transactions since January 2022

Transaction Date	Practice	Practice Description	Partner (PE Backing)
3/1/2023	<b>Retina Associates of Greater Philadelphia</b>	<b>Provider of specialty ophthalmology services with a focus on the retina in the Mid-Atlantic region</b>	<b>ReFocus Eye Health (Zenyth Partners)</b>
2/23/2023	Bethel Foot and Ankle	Provider of podiatric care services focused on the treatment of foot problems and pain that limit work and recreational activity	Foot & Ankle Specialists of the Mid-Atlantic (New MainStream Capital)
2/22/2023	North Star Counseling	Provider of mental health counseling services intended to restore skills and abilities essential for independent living	Health Connect America (Palladium Equity Partners)
2/10/2023	Cohn Eye Center	Provider of eye care and surgery services intended to serve individual clients	Ascend Vision Partners (Chicago Pacific Founders)
2/9/2023	All-Star Orthopedics	Provider of orthopedics services intended to treat the patient based on their unique needs and lifestyle	United Musculoskeletal Partners (A&M Capital)
2/2/2023	UroPartners	Provider of health care services intended to provide integrated urologic services	Solaris Health (Lee Equity Partners)
2/1/2023	Motion PT Group	Provider of physical and occupational therapy services across Northeast America	Confluent Health (Partners Group)
1/27/2023	Nashville Aesthetic Dentistry	Operator of a dental clinic based in Brentwood, Tennessee	Gen4 Dental Partners (Five Points Capital)
1/25/2023	Early Autism Services	Provider of clinic and home-based applied behavior analysis therapy services to children	Apara Autism Center (Havencrest Capital Management)
1/24/2023	Women's Health Consulting	Operator of a women's health clinic	Together Women's Health (Shore Capital Partners)
1/13/2023	Rogers Family Dentistry	Provider of dental care services based in Cincinnati, Ohio	Cordental Group (New MainStream Capital)
1/12/2023	Immediate Medical Center (Occupational Health)	Operator of an occupational health care provider firm intended to serve individual clients	Akeso Occupational Health (Kain Capital)
1/1/2023	Boston Center for Facial Rejuvenation	Provider of plastic surgery and cosmetic dermatology services located in Boston, Massachusetts	Adult & Pediatric Dermatology (Waud Capital Partners)
12/30/2022	Hematology Oncology Consultants (Michigan)	Provider of cancer and blood care services throughout the United States	Integrated Oncology Network (BPEA Private Equity)
12/13/2022	Reproductive Endocrinology Associates of Charlotte	Operator of infertility clinics across the Southeast region of the United States	CARE Fertility Group (Nordic Capital)
12/6/2022	Londenderry Veterinary	Operator of an animal hospital intended to cure pets' health care needs across Middletown, PA	Veterinary Practice Partners (Audax Group)
11/29/2022	<b>Cross, Lavinder, Quinn, &amp; Park Family Dentistry</b>	<b>Operator of dentistry care clinics across the Roanoke Valley Region</b>	<b>Dental Care Alliance (Harvest Partners)</b>
11/23/2022	Colon, Stomach & Liver Center	Provider of outpatient services intended for treating diseases related to gastroenterology and hepatology	One GI (Webster Equity Partners)
11/18/2022	Heart and Vascular Care	Operator of a health care practice intended for cardiology treatments	Cardiovascular Associates of America (MedEquity Capital)

**Note:** Transactions in bold indicate that Griffin acted as sell-side advisor to the Practice

*The transactions shown above highlight a very small sample of health care practice acquisitions that were selected to demonstrate the range of health care verticals that are being targeted by PPMCs/MSOs*

Sources: S&P Capital IQ, Pitchbook, Griffin Financial Group Research

# Griffin Financial Overview

Griffin provides a wide range of investment banking services to middle-market companies and health care practices



## M&A Advisory Services

- With over 40 investment banking professionals, Griffin is the largest investment bank headquartered in Pennsylvania and one of the largest in the Northeast and Mid-Atlantic states outside of New York City



## Private Placement Services

- Griffin is a FINRA licensed merger and acquisition advisory, capital advisory and strategic consulting services provider to companies and practices in the health care, business and financial services, consumer, distribution and manufacturing industries, as well as private equity sponsors

- Principals are among the leading investment bankers in their industries and have a proven track record of success, having closed hundreds of transactions



## Consulting Services

- Part of The Stevens & Lee Companies, a multidisciplinary professional services platform of 250+ professionals. Together, we provide a full range of investment banking, legal, business and government consulting services to assist clients in solving their most complicated problems. This platform gives our clients access to a full range of services that, when needed, enhance our investment banking services

- We specialize in closely held private practices, including founder- and partner-led business across the health care spectrum, with deep understanding of issues of clinical autonomy, employee and provider buy-in, and partner compensation

*Multidisciplinary members of The Stevens & Lee Companies include:*

Stevens & Lee

**Griffin** Financial Group  
A STEVENS & LEE COMPANY

**SES** ESOP Strategies  
A STEVENS & LEE COMPANY

**FSL** Public Finance  
A STEVENS & LEE COMPANY

**GSL** Public Strategies Group  
A STEVENS & LEE COMPANY

Stevens & Lee  
**Public Affairs**

**Pinnacle** Risk Services  
A STEVENS & LEE COMPANY

**Reliance** Search and Settlement  
A STEVENS & LEE COMPANY

# Griffin Health Care Experience

## Recent Case Studies

RETINA ASSOCIATES  
OF GREATER PHILADELPHIA, LTD.

has been acquired by

ReFocus

a portfolio company of

ZENYTH  
PARTNERS

March 2023

– Retina Associates of Greater Philadelphia (RAGP) is a premier ophthalmological practice that specializes in medical and surgical diseases of the retina and vitreous as well as ocular inflammation and infection

- RAGP is the leader in the region with two locations, two providers and 24 employees
- After more than three decades of operating their successful operation, the Partners felt it was a good time to maximize the value of their business and seek a partner to help grow the Practice
- RAGP selected Griffin as its exclusive investment banker to help the Partners reach their goals in achieving liquidity, remaining with the Practice post-transaction, and participating in the future growth of the business
- RAGP partnered with Refocus Eye, an Eyecare Physician Management Company backed by Zenyth Partners, a private equity firm that specializes in the growth of health care practices

CLQ&P  
FAMILY DENTISTRY

has been acquired by

DCA  
Dental Care Alliance

a portfolio company of

HP HARVEST  
PARTNERS

November 2022

– CLQ&P is a large, community-oriented family dental practice based in Southwestern Virginia with three locations, 12 providers and over 70 employees

– After years of growth and profitability, the four partners decided the Practice was at

- an inflexion point and sought a partner to maximize value and accelerate growth, provide liquidity, allow for participation in the future growth of the Practice and provide a continued role for all employees
- CLQ&P selected Griffin as its exclusive investment banker to identify and approach a targeted group of partners, primarily consisting of DSOs
  - Griffin’s competitive process generated multiple compelling bids for the Partners
  - Ultimately, the Practice partnered with Dental Care Alliance (DCA), a DSO based in Florida with over 390 practices in 22 states
  - DCA is backed by Harvest Partners, a private equity firm with extensive middle-market health care experience

## Other Representative Transactions

prooshealth

has been acquired by

ASG Alliance  
Solutions  
Group

powered by HEALTHLUNCH

DIAKON  
LUTHERAN SOCIAL MINISTRIES

has sold four Continuing Care  
Retirement Communities to

affiliates of

Lion Healthcare  
Management

Healthcare  
SERVICES GROUP

has acquired

Meriwether Lindsey

R  
Reynolds & Co.  
HEALTHCARE

has raised exit financing from

ALLEON CAPITAL

EYE CARE  
SPECIALISTS

was acquired by

CHESAPEAKE  
EYE CARE AND  
LASER CENTER

CENTRIC PARTNERS

caron

Capital Plan and other  
balance sheet restructuring

# Appendix

---

1. How healthcare services consolidation and MSOs benefit buyers and sellers  
<https://www.cohnreznick.com/insights/healthcare-services-consolidation-msos>
2. 5 Things to Know About Physician Practice Management  
<https://www.physicianspractice.com/view/5-things-know-about-physician-practice-management>

## Griffin Contact Information



– **Glenn S. Bernabeo**  
*Sr. Managing Director*  
610.205.6034  
glenn.bernabeo@griffinfiningroup.com



– **Thomas G. Whalen**  
*Sr. Managing Director*  
610.205.6115  
thomas.whalen@griffinfiningroup.com



– **Stephen J. Meehan**  
*Vice President*  
610.205.6112  
stephen.meehan@griffinfiningroup.com



– **Jeff R. Tallman**  
*Senior Associate*  
610.205.6013  
jeff.tallman@griffinfiningroup.com