

# Greenberg Advisors

M&A ADVISORY IN HEALTHCARE IT & RCM

## RCM & HCIT Intel September 2023



**Private Equity's  
Downstream Impact on M&A**

# Private Equity's Downstream Impact on M&A

Since 2016, private equity firms have been responsible for over 750 RCM & HCIT acquisitions (44% of all deals), which includes platform investments as well as add-on acquisitions made by their portfolio companies. While we've focused on private equity firms for this analysis, if we include venture capital investments, these numbers jump to over 1,000 transactions representing 67% of all transactions. Clearly, institutional capital is a driving force in RCM and HCIT.

Private equity investments have a significant impact on the overall market by generating future M&A activity via add-on acquisitions and eventual exits. We evaluated all of the add-ons completed by private equity-backed strategics since 2016 and found that platforms complete, on average, two add-on acquisitions, the majority of which occur in the first two years of the private equity firm's ownership.

**52%**

... of all the private equity-backed add-on acquisitions since 2016 occurred in the first two years of ownership.

**28%**

... of all the private equity-backed add-on acquisitions since 2016 occurred in the third and fourth years (combined) of ownership.

**17**

The most active private equity-backed buyer completed 17 add-ons since 2016. The next closest private equity-backed buyer completed 12.

*Source: Greenberg Advisors*

2021 was one of the most active years for private equity platform investments, with 47 acquisitions, which will contribute to add-on M&A activity in a meaningful way for the remainder of 2023 and into 2024. While new investments have slowed over the past 18 months, this will change as private equity firms that have delayed an exit (see the previous page) launch processes later this year, which will attract new investors to the market and spur additional add-ons.


Private equity involvement impacts the M&A market in other ways, too. It increases the competitiveness of the buyer pool, which often leads to more aggressive valuations for targets. A frothy M&A market with abundant buyer interest also provides would-be buyers greater confidence regarding the potential for an eventual exit, enabling them to become more aggressive in pricing / structuring deals. Private equity activity can also be an indicator; prolonged private equity interest in a specific industry, as we've seen in RCM and HCIT, generally points to optimism regarding the industry's long-term growth prospects and macroeconomic tailwinds.

# About Greenberg Advisors


Greenberg Advisors, LLC (GA) is one of the most active M&A advisors specializing in Revenue Cycle Management (RCM) and Healthcare IT (HCIT) transactions.

GA's perspective provides clients with unique value that comes from a comprehensive understanding of the healthcare ecosystem, having worked with buyers and sellers in a variety of transactions across the RCM and HCIT sectors. GA's unmatched depth and its proprietary data assets prove invaluable to clients seeking to determine the optimal path forward.

## Contact Us

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## Our Differentiators

- ▶ The Go-To M&A Advisor in RCM & HCIT
- ▶ Unmatched Track Record in RCM & HCIT Transactions
- ▶ Long-Term Relationships with Owners and Investors
- ▶ Proprietary Industry and M&A Data Assets
- ▶ We Treat Our Clients Like Family

## Our Services

- ▶ Sell-Side M&A Advisory
- ▶ Buy-Side M&A Advisory
- ▶ Business Valuations
- ▶ M&A Planning and Strategy

## Our RCM & HCIT Coverage

The firm's RCM and HCIT expertise spans nearly all care delivery methods and specialties across the following IT and service offerings, as well as many others.

### Patient Access

Appointment Scheduling • Financial Counseling • Patient Advocacy & Enrollment • Patient Eligibility & Benefits Verification • Patient Engagement / Communication • Patient Finance • Patient Intake • Prior Authorization • Propensity to Pay Assessment

### Analytics & Reporting

Claim Status & Denials Analytics • Clinical Analytics • Population Health • Predictive Analytics • Pricing Analytics • Revenue Cycle Analytics • Utilization Review • Value-Based Care Enablement

### Payment & Reimbursement

Bad Debt • Billing • Coding • Coding Audits • Charge Capture • Complex Claims • Denials Management • DRG Review • Early-Out / EBO • Insurance Follow-Up • MVA & VA Claims • Out-of-State Medicaid • Payment Posting • RCM Consulting & Optimization • Revenue Integrity • Third-Party Liability • Underpayments • Workers' Compensation Claims • Zero-Balance Review

### Enterprise Technology & Clinical Systems

Artificial Intelligence & Machine Learning • Care Coordination & Management • Claims Management • Clinical Decision Support • CRM • Digital Health • EHR / EMR • Implementation Services • Interoperability • Mobile Health • Natural Language Processing • Practice Management Systems • RPA • System Conversion & Integration • Technology Hosting & Infrastructure • Telehealth

### Operations

Clinical Documentation Improvement • Compliance • Consulting • Contract Management • Credentialing • Health Information Management • Healthcare IT Consulting & Implementation • Practice Management & Marketing • Spend Management • Staffing • Transcription

### Payor Offerings

Care Coordination • Consulting • Cost Containment • Fraud, Waste, and Abuse • Member Engagement • Payment Integrity • Payor Workflow Tools • Quality Improvement • Risk Adjustment • Rx Spend Management

## *Intended Use*

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