



Cardiology Physician Practice M&A Update

KPMG Corporate Finance LLC

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corporatefinance.kpmg.us

Cardiology Practice M&A Activity Update

Consolidation in the cardiology sector has ramped up dramatically in 2023

- Cardiology private equity investment has ramped up significantly over the last three years from a few initial investors into more than ten platforms today. In 2023, add-on transactions accelerated as new platforms execute a roll-up strategy, resulting in record cardiology transaction volume. The year also included multiple new platform investments and exits.
- Key trends in the cardiology landscape include:
 - Focus on Value-Based Care and Outcomes: Emphasis on practices that manage chronic conditions more efficiently and track KPIs such as hospital readmissions.
 - Technological Advancements and Innovation: Advanced diagnostics, minimally invasive procedures, and telemedicine continue to evolve cardiology care.
 - Telehealth and Remote Patient Monitoring: Consultations and post-care check ins continue to utilize telehealth and remote patient monitoring devices to improve access to care and compliance for both providers and patients.
 - Personalized Medicine: Tailored treatment plans around patients own personal health profile and risk factors.
 - Preventative Care: Practices are offering supplementary services like nutrition advice, exercise programs, and stress management techniques making them a one-stop solution for a comprehensive cardiovascular care plan.

Cardiology Investment Objectives and Opportunities



Operations Experience and Economies of Scale

Economies of scale can take different forms such as bulk purchasing discounts for equipment, professionalization of accounting and revenue cycle management functions, and employee benefits and insurance savings.



Growth Investments

Private equity can help to finance infrastructure investments including the buildout of de-novo outpatient clinics, office-based labs (OBLs), and ambulatory surgery centers (ASCs). Provider recruitment support and capital to fund additional practice acquisitions are additional key targeted growth opportunities.



Diversified Revenue Streams

Private equity can help to finance equipment and devices required to perform ancillary services in-house. Key cardiovascular ancillaries include diagnostic stress testing services, advanced imaging (PET/CT), remote patient monitoring, and cardiac rehab services.

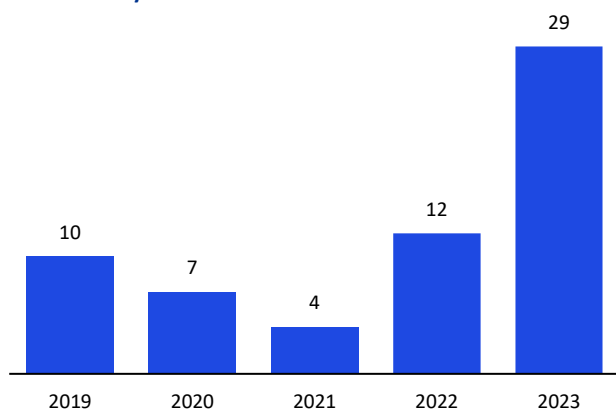


Value-Based Care and Technology Upgrades

Private equity can help invest in the technology infrastructure required to efficiently capture patient outcome data. Well-coordinated, high-quality providers that achieve superior patient outcomes and coordinate preventative care can achieve meaningful increases in profitability by embracing value-based care models.

Cardiology physician practice M&A activity⁽¹⁾

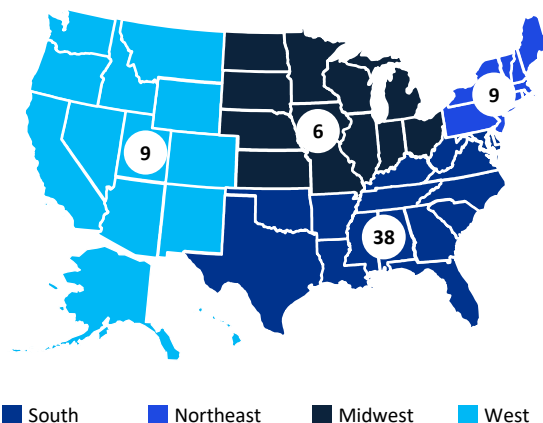
Deal activity since 2019



Sources:

⁽¹⁾ Capital IQ, Press releases, Pitchbook.

Deal activity by geography since 2019



Cardiology M&A Transactions In 2023

2023 was a significant year for add-on transactions and the launch of several new platforms

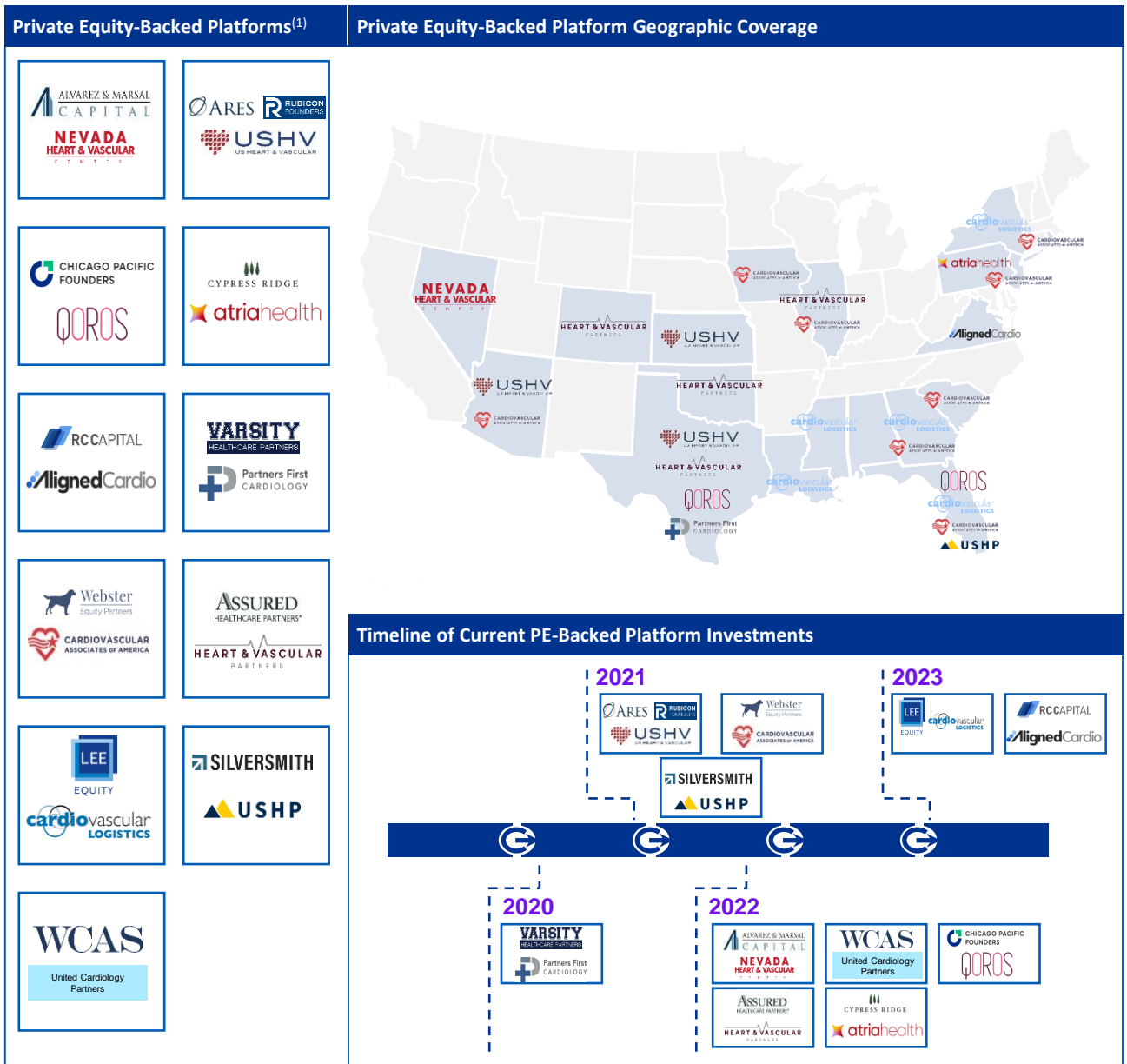
Closed Date	Target Name	Target Location	Acquirer Name	Deal Value (\$ mm)
Jan-24	National Cardiovascular Partners	TX	Undisclosed	Undisclosed
Oct-23	Ventricle Health	NC	RA Capital Management; Waterline Ventures	Undisclosed
Oct-23	Clearwater Cardiovascular Consultants	FL	Cardiovascular Logistics (Lee Equity)	Undisclosed
Sep-23	Practice of Ivor L. Geft, M.D.	CA	MDVIP	Undisclosed
Sep-23	Southeast Houston Cardiology	TX	CLS Health	Undisclosed
Sep-23	Daytona Heart Group	FL	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Sep-23	The Cardiovascular Center of Florida	FL	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Sep-23	Central Florida Cardiology Group	FL	QOROS (Chicago Pacific Founders)	Undisclosed
Jul-23	Pivotal Healthcare Partners	FL	SCA Health (Optum)	Undisclosed
Jul-23	Cardiovascular Associates	FL	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Jun-23	Bay Area Cardiology Associates	FL	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Jun-23	James River Cardiology	VA	RC Capital	Undisclosed
Jun-23	Shore Heart Group	NJ	Cardiovascular Associates of America (Webster Equity)	Undisclosed
May-23	Advanced Heart Group	IL	Heart & Vascular Partners (Assured Healthcare Partners)	Undisclosed
May-23	Memorial Katy Cardiology Associates	TX	US Heart & Vascular (Ares Management; Rubicon Founders)	Undisclosed
May-23	US Heart and Vascular (Ares Management)	Multiple	Rubicon Founders	Undisclosed
May-23	Colorado Springs Cardiology	CO	Heart & Vascular Partners (Assured Healthcare Partners)	Undisclosed
May-23	Dallas Heart & Vascular	TX	Heart & Vascular Partners (Assured Healthcare Partners)	Undisclosed
Apr-23	Novocardia (Deerfield)	Multiple	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Apr-23	CardiaStream	TX	CHRISTUS Health	Undisclosed
Apr-23	HeartPlace	TX	US Heart and Vascular (Ares Management)	Undisclosed
Apr-23	First Coast Cardiovascular Institute	FL	Cardiovascular Logistics (Lee Equity)	Undisclosed
Apr-23	Heartland Cardiology	KS	US Heart and Vascular (Ares Management)	Undisclosed
Apr-23	The Cardiac and Vascular Institute	FL	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Feb-23	St. John's Vein Center	FL	Pivotal Healthcare Partners (Ashlar Capital)	Undisclosed
Feb-23	Orion Medical	TX	US Heart and Vascular (Ares Management)	Undisclosed
Feb-23	Mountain View Clinic	AR	Mena Regional Health System	Undisclosed
Feb-23	Cardiovascular Institute Of Central Florida	FL	Cardiovascular Associates of America (Webster Equity)	Undisclosed
Jan-23	Cardiovascular Institute Of The South	LA	Lee Equity Partners	Undisclosed

Sources: Capital IQ, Press releases, Pitchbook.

Cardiology Practice Platform Landscape

Momentum in cardiology consolidation has built over the last 24 months as the sector continues to receive significant private equity attention

- Since 2022 the number of PE-backed cardiology platforms has more than doubled. Platform operations have grown to span over nearly 20 states in the United States with particular focus in the Florida and Texas markets.
- CVAUSA (backed by Webster Equity Partners), Cardiovascular Logistics (backed by Lee Equity), and Heart and Vascular Partners (backed by Assured Healthcare Partners) have grown quickly to be amongst the largest consolidators in the market by both number of practices under management and geographic coverage.
- PE-backed platforms have been leading the volume uplift, but several strategic companies were also active in 2023. Fresenius had divested its cardiology entity National Cardiovascular Partners, and SCA Health (Optum) announced it acquired Pivotal Healthcare Partners, previously a portfolio company of Ashlar Capital.
- The southeast continues to be the most active geography, headlined by multiple platforms operating in both Texas and Florida.



Note: (1) Information presented sourced from publicly announced transactions. Excludes strategic-owned market participants.

Cardiology Tailwinds Driving Investment Interest

Strong sector tailwinds and expansion dynamics signal ‘hearty’ growth opportunities for cardiology practices in the U.S.

The cardiology physician's market in the U.S. is estimated to generate approximately \$60 billion in 2023 and is expected to grow at a CAGR of 2.6 percent between 2023 to 2028.⁽¹⁾

With the graying American population, demand for internal medicine subspecialties (such as cardiology) treating conditions often associated with age, remains robust.

- The number of adults aged 65 and older is projected to increase from approximately 48 million to over 88 million by 2050.⁽²⁾
- Adults over the age of 60 years contribute to approximately 89 percent of the practice revenue.⁽¹⁾

Underlying medical conditions increasing the prevalence of heart diseases include diabetes, hypertension, and obesity.⁽³⁾

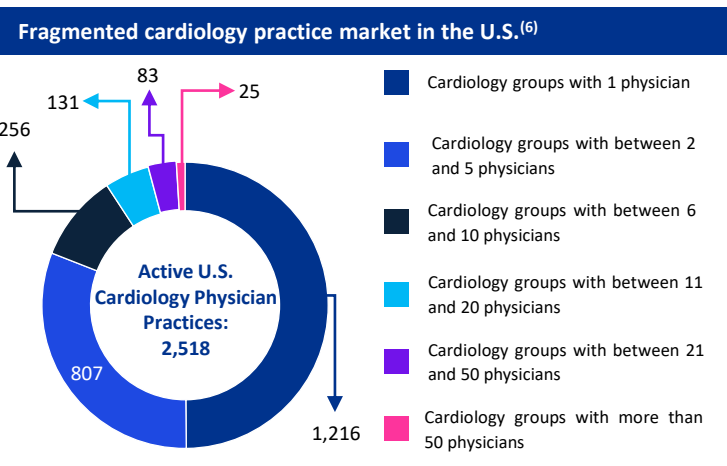
- An estimated 98 million adults have prediabetes.
- The prevalence of obesity was 47.1 percent in 2017- March 2020.
- Nearly 120 million U.S. adults have hypertension.

As of 2023, there were 34,098 active number of cardiologists in the U.S.⁽⁴⁾

- As demand for cardiovascular services is growing and a large number of active cardiologists are nearing retirement, the estimated deficit of cardiologists in the U.S. is expected to reach 7,080 physicians, by 2025.⁽⁵⁾

The specialty has witnessed an increasing trend towards the provision of cardiovascular procedures in the outpatient setting, particularly in ASC's.

- This trend is largely driven by CMS's ruling finalizing the addition of multiple cardiovascular CPT codes to the list of covered ASC surgical procedures.
- This is further supported by lower costs of procedures in outpatient facilities and advancements of outpatient technologies.



Sources: ⁽¹⁾ IBISWorld industry report, "Cardiologists"; ⁽²⁾ U.S. Census Bureau; ⁽³⁾ Centers for Disease Control; ⁽⁴⁾ Statista; ⁽⁵⁾ Merritt Hawkins; ⁽⁶⁾ Active practices with at least 1 physician and main specialty of cardiology per Definitive Healthcare; ⁽⁷⁾ Heart Disease and Stroke Statistical Update Fact Sheet At-a-Glance (2021).

Cardiology quick facts^{(3),(7)}



805,000
Americans have heart attack every year



\$131 billion
Average annual cost to the nation from high blood pressure, 2003 to 2014

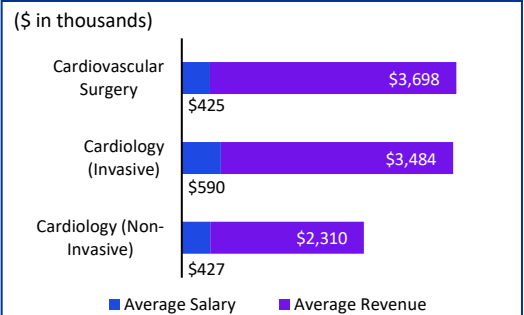


94 million
American adults aged 20 or older have total cholesterol levels above 200 mg/dL



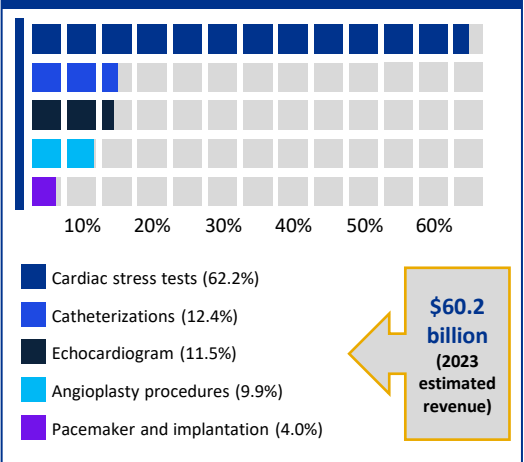
\$363 billion
Annual cost to the nation from heart diseases, 2016 to 2017

Physician generated average revenue vs. average salary⁽⁵⁾



Cardiovascular surgeons, invasive cardiologist and non-invasive cardiologists generate **8.7x**, **5.9x**, and **5.4x** of their respective salaries

Product and service segmentation⁽¹⁾



KPMG Corporate Finance LLC Transactions

KPMG

Project King of Hearts

Cardiovascular Physician Practice

Ongoing

KPMG

Project Green

Psychiatry physician practice

Ongoing

KPMG

Project Elevate

Psychiatry physician practice

Ongoing

KPMG

Project Solar

Radiation oncology physician practice

Ongoing

KPMG

Project HBOT

A provider of hyperbaric oxygen therapy services

Ongoing

KPMG

Project HBOT

A provider of hyperbaric oxygen therapy

Ongoing

KPMG

CBH
A NEW PERSPECTIVE
COMPREHENSIVE BEHAVIORAL HEALTH

Has been acquired by

PSYCH ASSOCIATES OF MARYLAND

A portfolio company of

NEW HARBOR CAPITAL

Closed

KPMG

ATS
Autism Therapeutic Services

Has been acquired by

HEALTHPRO HERITAGE

A portfolio company of

WELLSPRING CAPITAL MANAGEMENT LLC

Closed

KPMG

XIRA

Has been acquired by

RHODE ISLAND MEDICAL IMAGING

Closed

KPMG

FORTEM HOLDINGS

Raised acquisition financing for the purchase of

CHILDREN & TEEN DENTAL
pediatric dentistry

Closed

KPMG

PINNACLE GIP PARTNERS

The affiliated MSO for

CDH

Has been recapitalized by

HLG
GROWTH PARTNERS

Closed

KPMG

WOUND CARE and HYPERBARICS

Has been acquired by

3RC
3 RIVERS CAPITAL

Closed

KPMG

LYNIATE

A portfolio company of

Hg

Acquired

NEXTGATE

Closed

KPMG

REVENTICS
A Provider Engagement Company

Has been acquired by

Omega Healthcare

Closed

KPMG

assurecare

Has received investment from

VISTA
EQUITY PARTNERS

Closed

KPMG

Talis CLINICALSM

Has been acquired by

GETINGE

Closed

KPMG

LI-COR

Has been acquired by

Battery

Closed

KPMG

TOXIKON
RIGHT. FROM THE START.

Has been acquired by

labcorp

Closed

KPMG

ARCINOVA

Sale to

Quotient Sciences

Closed

KPMG

LI-COR

Sale of IRDye® 700DX to

Rakuten Medical

Closed

KPMG Corporate Finance LLC Healthcare Investment Banking Team



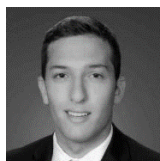
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2019-2023 global advisor ranking ⁽¹⁾		# of Deals
1.	PricewaterhouseCoopers	3,286
2.	KPMG	2,734
3.	Deloitte	2,342
4.	Houlihan Lokey	2,024
5.	Ernst & Young LLP	1,670
6.	Rothschild & Co	1,643
7.	K3 Capital Group	1,395
8.	BDO	1,039
9.	Oaklins	1,009
10.	Lazard	909

2014-2023 global advisor ranking ⁽¹⁾		# of Deals
1.	PricewaterhouseCoopers	5,486
2.	KPMG	5,175
3.	Houlihan Lokey	3,951
4.	Deloitte	3,818
5.	Ernst & Young LLP	3,266
6.	Rothschild & Co	3,126
7.	BDO	2,182
8.	UBS	1,989
9.	Lazard	1,868
10.	IMAP	1,866

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Note:

⁽¹⁾ League tables include completed deals which have value between \$0 million to \$500 million and also where deal value is not disclosed, as of January 2024.

*Represents the global Corporate Finance practice of KPMG International's network of independent member firms



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