



Cardiology Physician Practice M&A Update

KPMG Corporate Finance LLC

Q4 2024

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Cardiology Practice M&A Activity Update

Continued demand for cardiology services coupled with advancements in healthcare technology have primed the market for continued investment and M&A activity

- Cardiology private equity investment has ramped up significantly over the last few years, growing from a few initial investors into more than ten platforms today. In 2023 and 2024, add-on transactions accelerated as new platforms continued executing 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.

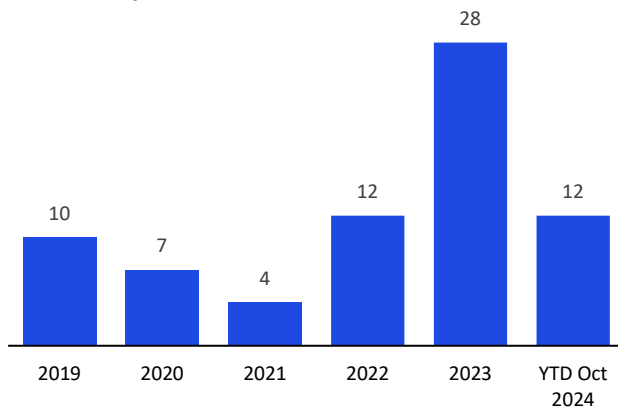


Value-Based Care and Technology Upgrades

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⁾

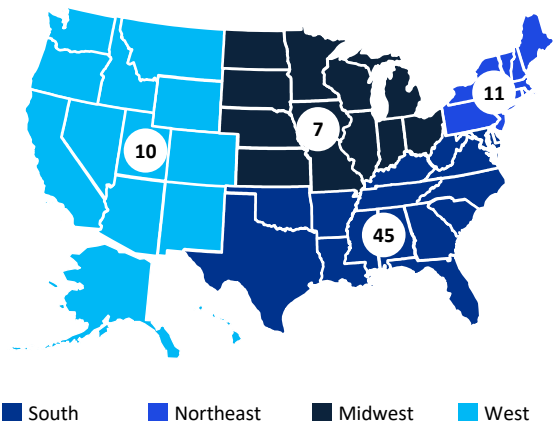
Deal activity since 2019



Sources:

⁽¹⁾ Capital IQ, Press releases, Pitchbook.

Deal activity by geography since 2019



Recent Cardiology M&A Transactions

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

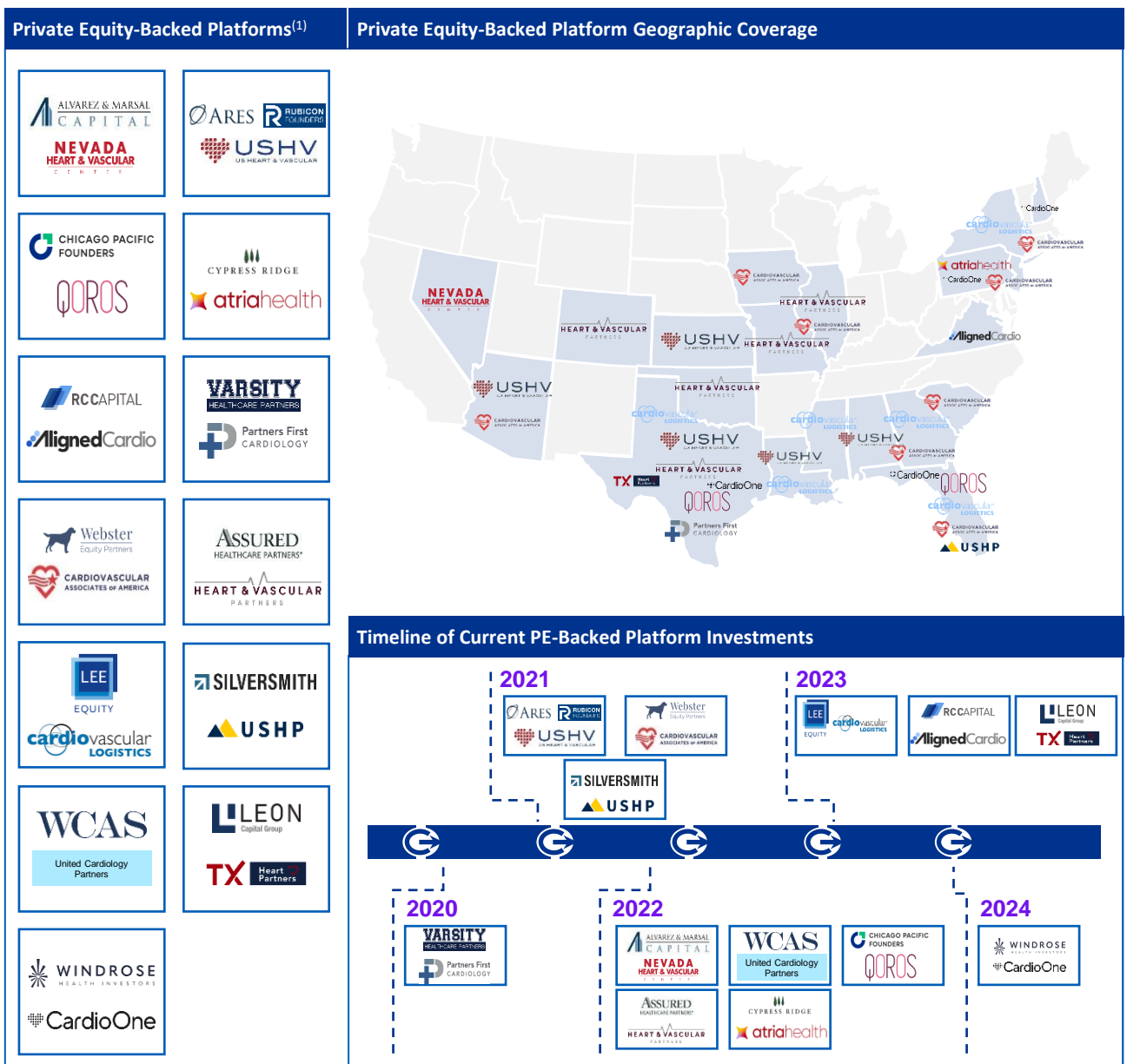
Closed Date	Target Name	Target Location	Acquirer Name
Oct-24	Birmingham Heart Clinic	AL	US Heart & Vascular (Ares Management; Rubicon Founders)
Aug-24	Dr Ken Zelnick and Dr Kathir Subramanian	FL	Cardiovascular Associates of America (Webster Equity)
Jul-24	Florida Cardiology Group	FL	NYU Langone Health
Jun-24	Ventura Heart Institute	CA	Interventional Cardiology Medical Group
May-24	Cardiac Rhythm Center	TX	CLS Health
Apr-24	Atria Heart	AZ	Cardiovascular Associates of America
Mar-24	CardioOne	NY	WindRose Health Investors
Feb-24	Cardiovascular Associates	AL	USA Health
Feb-24	Cardiology Associates of Northern New York	NY	Samaritan Medical
Feb-24	St. Louis Heart and Vascular	MO	Heart & Vascular Partners (Assured Healthcare Partners)
Jan-24	CardioHealth	FL	Cardiovascular Logistics (Lee Equity)
Jan-24	National Cardiovascular Partners	TX	Undisclosed
Oct-23	Ventricle Health	NC	RA Capital Management; Waterline Ventures
Oct-23	Clearwater Cardiovascular Consultants	FL	Cardiovascular Logistics
Sep-23	Practice of Ivor L. Geft, M.D.	CA	MDVIP
Sep-23	Southeast Houston Cardiology	TX	CLS Health
Sep-23	Daytona Heart Group	FL	Cardiovascular Associates of America
Sep-23	The Cardiovascular Center of Florida	FL	Cardiovascular Associates of America
Sep-23	Central Florida Cardiology Group	FL	QOROS (Chicago Pacific Founders)
Jul-23	Pivotal Healthcare Partners	FL	SCA Health (Optum)
Jul-23	Cardiovascular Associates	FL	Cardiovascular Associates of America
Jun-23	Bay Area Cardiology Associates	FL	Cardiovascular Associates of America
Jun-23	James River Cardiology	VA	RC Capital
Jun-23	Shore Heart Group	NJ	Cardiovascular Associates of America
May-23	Advanced Heart Group	IL	Heart & Vascular Partners
May-23	Memorial Katy Cardiology Associates	TX	US Heart & Vascular
May-23	US Heart and Vascular (Ares Management)	Multiple	Rubicon Founders
May-23	Colorado Springs Cardiology	CO	US Heart & Vascular
May-23	Dallas Heart & Vascular	TX	US Heart & Vascular
Apr-23	Novocardia (Deerfield)	Multiple	Cardiovascular Associates of America
Apr-23	CardiaStream	TX	CHRISTUS Health
Apr-23	HeartPlace	TX	US Heart and Vascular
Apr-23	First Coast Cardiovascular Institute	FL	Cardiovascular Logistics
Apr-23	Heartland Cardiology	KS	US Heart and Vascular
Apr-23	The Cardiac and Vascular Institute	FL	Cardiovascular Associates of America
Feb-23	St. John's Vein Center	FL	Pivotal Healthcare Partners
Feb-23	Orion Medical	TX	US Heart and Vascular
Feb-23	Mountain View Clinic	AR	Mena Regional Health System
Feb-23	Cardiovascular Institute Of Central Florida	FL	Cardiovascular Associates of America
Jan-23	Cardiovascular Institute Of The South	LA	Lee Equity Partners

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 20 states in the U.S. with particular focus in the Florida and Texas markets.
- Notably, 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.
- While PE-backed platforms have been leading the volume uplift, several strategic companies have also been active in 2023 and 2024. Fresenius divested its cardiology entity National Cardiovascular Partners, and NYU Langone acquired Florida Cardiology Group.
- The trend of strategic acquisitions and private equity investments continued robustly into 2024, highlighting the substantial interest and growth opportunities within the cardiovascular care specialty.
- The Southeast region of the U.S., particularly Texas and Florida, remains a focal point for activity, with multiple platforms deeply invested in these states.



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. was 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.

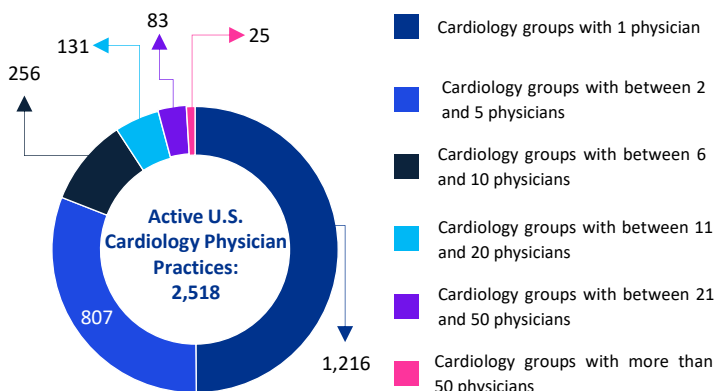
As of 2023, there were 34,098 active number of cardiologists in the U.S.⁽⁴⁾

- 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.

Fragmented cardiology practice market in the U.S.⁽⁶⁾



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



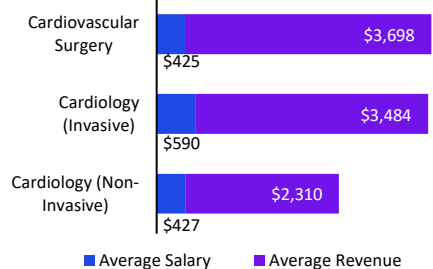
94 million
American adults aged 20 or older have total cholesterol levels above 200 mg/dL



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

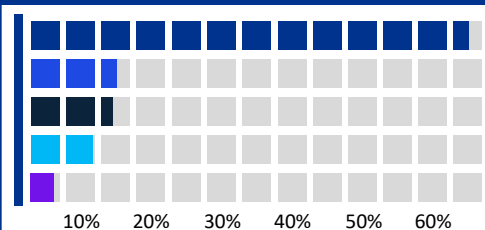
Physician generated average revenue vs. average salary⁽⁵⁾

(\$ in thousands)



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⁾



\$60.2 billion
(2023 estimated revenue)

KPMG Corporate Finance LLC Transactions

KPMG

CBH
A NEW PERSPECTIVE
COMPREHENSIVE BEHAVIORAL HEALTH

Has been acquired by

PSYCH ASSOCIATES
OF PENNSYLVANIA

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
Optimizing Performance

Has been acquired by

RHODE ISLAND MEDICAL IMAGING

Closed

KPMG

PINNACLE
GI PARTNERS

The affiliated MSO for

CDH

Has been recapitalized by

H I C
GROWTH PARTNERS

Closed

KPMG

FORTEM HOLDINGS

Raised acquisition financing for the purchase of

CHILDREN & TEEN DENTAL
pediatric dentistry

Closed

KPMG

WOUND CARE and HYPERBARICS

Has been acquired by

3RC
3 RIVERS CAPITAL

Closed

KPMG

RENAL SERVICES

Has been acquired by

Davita
Kidney Care

Closed

KPMG

Digestive CARE

Has been acquired by

GASTROHEALTH

a portfolio company of

Audax Group

Closed

KPMG

LYNIATE

A portfolio company of

Hg

Acquired

NEXTGATE

Closed

KPMG

assurecare

Has received investment from

VISTA
EQUITY PARTNERS

Closed

KPMG

REVENTICS
A Provider Engagement Company

Has been acquired by

Omega Healthcare

Closed

KPMG

Coker

Has been recapitalized by

TRINITY HUNT

Closed

KPMG

LabGenomics

Acquisition by

QDxPathology

Closed

KPMG

Billing Solutions
FOR BEHAVIORAL HEALTHCARE

Has been acquired by

Medusind

A portfolio company of

ALPINE

Closed

KPMG

Talis CLINICAL

Has been acquired by

GETINGE

Closed

KPMG

OLYMPUS

Acquisition of

IMAGE STREAM MEDICAL

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



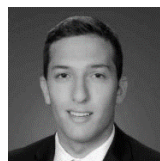
Walter J. Olshanski
**Managing Director,
 Sector Lead**
 T: 332-259-3301
 E: wolshanski@kpmg.com



Jason Moran
Managing Director
 T: 415-418-8474
 E: jasonmoran@kpmg.com



Adrian Susmano
Managing Director
 T: 470-618-5420
 E: asusmano@kpmg.com



Michael Cordaro
Vice President
 T: 551-588-1642
 E: mcordaro@kpmg.com



Brian Flanagan
Vice President
 T: 464-206-9340
 E: blfanagan1@kpmg.com



Patrick Masciangelo
Vice President
 T: 464-206-9348
 E: pmasciangelo@kpmg.com



Nicholas A. Schmidt
Senior Associate
 T: 312-550-0968
 E: naschmidt@kpmg.com

KPMG Corporate Finance⁽¹⁾

2,000+

Closed Transactions in the Last 5 Years

2,500+

Global Corporate Finance Professionals

2004-2023 global advisor ranking ⁽²⁾		# of Deals
1.	KPMG	9,173
2.	PricewaterhouseCoopers	8,905
3.	Houlihan Lokey	6,581
4.	Deloitte	6,111
5.	Ernst & Young LLP	5,564
6.	UBS	5,457
7.	Rothschild & Co	5,364
8.	Lazard	3,774
9.	Goldman Sachs & Co	3,729
10.	JP Morgan	3,604

KPMG Corporate Finance LLC

80+

U.S. Corporate Finance Professionals

has named
KPMG Corporate Finance LLC
 Corporate/Strategic M&A Deal
 of the Year Award (Mid-Market) 2023

has named
KPMG Corporate Finance LLC
 Software & IT Deal of the Year
 Award (Mid-Market) 2023

has named
KPMG Corporate Finance LLC
 Middle Market Investment Bank
 of the Year 2021

has named
KPMG Corporate Finance LLC
 Global M&A Transaction Advisor
 of the Year 2018

Global coverage. Industry knowledge. Middle-Market focus.

KPMG Corporate Finance LLC was recently named Transaction Advisory Firm of the Year by The Global M&A Network and was previously named investment Bank of the Year by the M&A Advisor. KPMG Corporate Finance LLC provides a broad range of investment banking and advisory services to its domestic and international clients. Our professionals have the experience and depth of knowledge to advise clients on global mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, infrastructure project finance, capital advisory, portfolio solutions, fairness opinions, and other advisory needs.

Note:

⁽¹⁾ Refers to the global KPMG member firms of the KPMG International network of independent member firms; ⁽²⁾ 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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