Behavioral Health Mergers & Acquisitions

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The good news? **Q2 2022 is very much in line with what we saw in 2019.**

Moreover, on an annualized basis, 2022 is currently running slightly ahead of 2020 – the record tally heading into 2021. Every sector but one is lagging 2021.

**The big winner?** No surprise here. Given the extraordinary staffing pressures being felt across all industries – and health care in particular – health care staffing services deal flow is running 38% above last year’s record tally.

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**Health Care Services Overall**

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Behavioral Health

With 102 deals completed through the end of Q2, behavioral health is running 20% behind the extraordinary volume posted in 2021 – the same fall-off for all health care services. 

Worth noting is autism. While year over year, every other segment in behavioral health is down, autism deal volume is running 15% ahead of 2021.

Also worth pointing out is that while down vs. 2021, mental health continues to post robust transaction volume, running 28.5% ahead of 2020.

Behavioral Health Deal Trends
Source: The Braff Group

![Behavioral Health Deal Trends Chart]

<table>
<thead>
<tr>
<th>Year</th>
<th>At Risk Youth</th>
<th>Autism</th>
<th>I/DD</th>
<th>Substance Use Disorder</th>
<th>Mental Health</th>
<th>Acquired Brain Injury</th>
<th>2022 Q2A</th>
<th>YoY</th>
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<tr>
<td>2013</td>
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<td>5</td>
<td>16</td>
<td>32</td>
<td>17</td>
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</tr>
<tr>
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<td>19</td>
<td>27</td>
<td>40</td>
<td>40</td>
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<td>2</td>
<td>-60.0%</td>
</tr>
<tr>
<td>2015</td>
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<td>10</td>
<td>17</td>
<td>61</td>
<td>38</td>
<td>4</td>
<td>2</td>
<td>-38.5%</td>
</tr>
<tr>
<td>2016</td>
<td>10</td>
<td>10</td>
<td>18</td>
<td>69</td>
<td>35</td>
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<td>2</td>
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<tr>
<td>2017</td>
<td>11</td>
<td>13</td>
<td>14</td>
<td>56</td>
<td>46</td>
<td>3</td>
<td>2</td>
<td>-11.1%</td>
</tr>
<tr>
<td>2018</td>
<td>15</td>
<td>19</td>
<td>23</td>
<td>55</td>
<td>46</td>
<td>4</td>
<td>2</td>
<td>-11.1%</td>
</tr>
<tr>
<td>2019</td>
<td>15</td>
<td>37</td>
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<td>56</td>
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<tr>
<td>2020</td>
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<td>39</td>
<td>17</td>
<td>85</td>
<td>46</td>
<td>4</td>
<td>2</td>
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<tr>
<td>2021</td>
<td>20</td>
<td>40</td>
<td>26</td>
<td>60</td>
<td>46</td>
<td>4</td>
<td>2</td>
<td>-11.1%</td>
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<tr>
<td>2022 Q2A</td>
<td>20</td>
<td>46</td>
<td>26</td>
<td>46</td>
<td>46</td>
<td>4</td>
<td>2</td>
<td>-11.1%</td>
</tr>
</tbody>
</table>

YoY: Year-over-Year
Private Equity

The story is a little bit different when it comes to Private Equity investment activity in behavioral health. While down, sponsored transactions are running only 11.4% behind last year. But if we break it down between market-entry platform deals vs. follow-ons, the data tells us a bit more. While platform volume is down 28.6%, follow-ons are running a scant 5.6% behind 2021.

We’ve seen this pattern before. In times of heightened uncertainty, it is not at all unusual to see PE favor smaller bets, i.e., follow-on transactions, and pull a bit back on the generally more expensive – and more risky – platform deals.

Private Equity Investment Trends in Behavioral Health
Source: The Braff Group

![Bar chart showing Private Equity Investment Trends](chart.png)

Outlook

While we could weigh in on the many variables that can impact deal activity – and there are many – we are optimistic that the attractiveness of the behavioral health sector will keep the unknowns that typically give buyers the yips, at bay. Accordingly, we suspect the trend line above will hold true. Not as good as 2021, but better than 2020.
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20 Years & Counting

The Braff Group is the leading mergers and acquisitions advisory firm specializing exclusively in health care services, including behavioral health, home health, home care and hospice, home medical equipment, pharmacy services, staffing services, and ancillary services. The firm provides an array of sell-side only transaction advisory services including representation, debt and equity recapitalization, strategic planning, and valuation. Founded in 1998, The Braff Group has completed more than 375 transactions. According to Refinitiv, The Braff Group has repeatedly been ranked among the top 5 health care mergers & acquisitions advisory firms.

• Behavioral Health  
• Home Medical Equipment  
• Pharmacy Services

• Home Health, Home Care, and Hospice  
• Health Care Staffing Services  
• Ancillary Services