

# Anesthesiology Practice Acquisitions

## Demand by National Firms Spurs Transaction Activity

*Is your anesthesiology practice a candidate for acquisition by a national firm?*

**D**espite the weak economic environment and turbulent times on Wall Street, investors have spent hundreds of millions of dollars on the acquisition of hospital-based anesthesiology practices over the past two years. A growing number of well-capitalized practice management companies and private equity firms are fueling an unprecedented wave of acquisition activity. See the table below for a listing of practice acquisitions that have occurred since 2009. Anesthesiologists who own an interest in a group practice stand to benefit financially as the competition for quality anesthesiology practices continues to heat up, resulting in higher valuations and more favorable deal terms for practice owners.

Anesthesiologists are not accustomed to thinking of their stake in a group practice as an asset of substantial value that may comprise a substantial portion of their personal net worth. However, more anesthesiologists are choosing to sell their practices as they face the prospect of decreasing hospital stipends and declining reimbursement from Medicare and other payers on one hand and exposure to increased regulation and professional liability on the other hand. Reducing risk by selling your practice and diversifying your wealth protects the value that you have created as your practice has grown.

Because these practice transactions are typically structured in a way to enable selling physicians to realize capital gains treatment on the sale price, federal tax rates on the sale proceeds may be as low as 15% versus the 35% tax on regular practice income. The 15% federal capital gains tax rate is currently scheduled to increase as the Bush-era tax rates expire on December 31, 2012.

### Haverford Healthcare Advisors

Haverford Healthcare Advisors specializes in providing transaction advisory and business valuation services to physician practices and healthcare service companies. We have completed hundreds of advisory projects throughout the United States in the healthcare services industry over the past 25 years.

Haverford Healthcare Advisors can help you to determine if your anesthesiology practice is a candidate for acquisition by a national firm. To learn more about Haverford, please visit our website: [www.haverfordhealthcare.com](http://www.haverfordhealthcare.com) or contact Christopher Jahnle, Managing Director by email at [cjahnle@haverfordhealthcare.com](mailto:cjahnle@haverfordhealthcare.com) or by telephone at (610) 407-4024 ext. 12.

**SELECTED ANESTHESIOLOGY PRACTICE ACQUISITIONS 2009-2011 (\$ millions)**

Date	Acquirer	Target	Target State	Target Providers			Total Cases	Purchase Price	Target Revenue	Target EBITDA
				Anes.	Other	Total				
1 Nov-09	The Beekman Group	Continental Anesthesia, Ltd.	IL	NA	NA	100	65,000	NA	NA	NA
2 Dec-09	Emergency Medical Services Corporation	Pinnacle Consultants Management Services	NY	NA	NA	700	NA	NA	\$300.0	NA
3 Dec-09	American Anesthesiology (Mednax, Inc.)	Wilmington Anesthesiologists	NC	24	0	24	39,000	NA	NA	NA
4 Jan-10	TeamHealth Holdings, Inc.	Anesthetix Management LLC	FL	NA	NA	180	NA	NA	\$53.0	NA
5 Jun-10	Emergency Medical Services Corporation	Fredericksburg Anesthesia Consultants, PLLC	TX	NA	NA	NA	NA	NA	\$12.0	NA
6 Jun-10	Emergency Medical Services Corporation	Clinical Partners, P.A.	NA	NA	NA	NA	NA	NA	\$80.0	NA
7 Oct-10	American Anesthesiology (Mednax, Inc.)	Southeast Anesthesiology Consultants, P.A.	NC	90	14	104	111,000	NA	NA	NA
8 Nov-10	American Anesthesiology (Mednax, Inc.)	Greensboro Anesthesia Physicians, P.C.	NC	23	23	46	38,000	NA	NA	NA
9 Dec-10	Emergency Medical Services Corporation	Milford Anesthesia Associates	CT	NA	NA	100	NA	NA	\$40.0	NA
10 Dec-10	Chicago Growth Partners	Advanced Pain Management Holdings, Inc.	WI	25	NA	25	NA	NA	NA	NA
11 Jan-11	Emergency Medical Services Corporation	North Pinellas/Northwood Anesthesia Assoc.	FL	NA	NA	40	NA	NA	\$15.0	NA
12 Apr-11	Moelis Capital Partners	NAPA Management Services Corporation	NY	450	275	725	NA	NA	NA	NA
13 May-11	Clayton, Dubilier & Rice, LLC	Emergency Medical Services Corporation	CO	NA	NA	NA	NA	\$3,200.0	\$2,859.0	\$311.3
14 Jul-11	American Anesthesiology (Mednax, Inc.)	Pinnacle Anesthesia, P.L.	FL	15	16	31	20,000	NA	NA	NA
15 Sep-11	TeamHealth Holdings, Inc.	Anesthesia Services, Inc.	CO	46	36	82	NA	NA	NA	NA
16 Nov-11	American Anesthesiology (Mednax, Inc.)	Austin Anesthesiology Group, L.L.P.	TX	66	71	137	85,000	NA	NA	NA
17 Dec-11	American Anesthesiology (Mednax, Inc.)	Burlington Anesthesiology Associates	NJ	17	25	42	NA	NA	NA	NA

Source: Financial information from press releases, SEC filings and other publicly available sources

EBITDA: Earnings before interest, taxes, depreciation and amortization