

# Anesthesiology Practice Acquisitions

## Continued Demand by Practice Acquirers Drives Record Deal Activity

*What factors are motivating anesthesiologists to sell their practices?*

As the implementation of Obamacare rapidly approaches, the pace of anesthesiology practice acquisition activity has reached record levels. The number of well-capitalized buyers of anesthesiology practices has also continued to grow fueling an unprecedented wave of completed practice acquisitions in recent months. See below for a table listing of practice acquisitions that have taken place over the past 12 months. Haverford Healthcare Advisors is in contact with at least ten companies that are actively pursuing acquisitions of anesthesiology and pain management practices throughout the U.S. We estimate that these national companies and private-equity firms have invested nearly \$2.0 billion to acquire anesthesiology and pain management practices over the past five years.

Anesthesiologists who own an interest in a group practice stand to benefit 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 ownership 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 support and declining reimbursement from payers on one hand and exposure to increased regulation and professional liability on the other hand.

Anesthesiologists cite three primary factors driving the decision to sell their practice:

**Economic benefit:**

Selling creates an unprecedented opportunity to monetize the value of your anesthesiology practice.

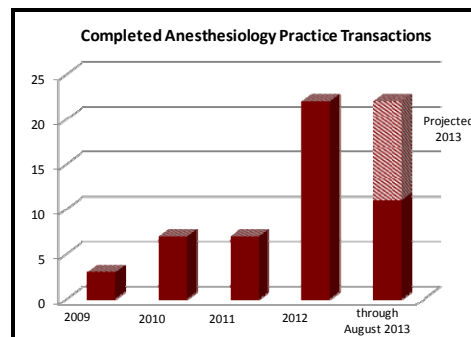
Because practice transactions are typically structured to enable selling physicians to realize capital gains treatment on the proceeds from the sale, selling anesthesiologists benefit from substantial long term tax savings versus those who do not sell.

**Risk Mitigation:** The healthcare environment is changing rapidly and there is much uncertainty regarding future reimbursement and physician income.

Selling your practice and diversifying your wealth protects the value that you have created as your practice has grown.

**Increased Scale** - Become part of something bigger in order to gain more income security, increased negotiating clout with payers, and to share best practices (both clinical and business practices) with a broader base of physician colleagues. Most anesthesiologists are surprised to learn how little their day-to-day clinical life changes post-transaction and how much they benefit from increased collaboration with their peers.

Considering these factors are unlikely to change in the near term, Haverford projects the current level of transaction activity to continue for the next 18 to 24 months. *(Please see reverse)*



SELECTED ANESTHESIOLOGY PRACTICE ACQUISITIONS, July 2012 through August, 2013 (\$ millions)

Date	Acquirer	Target	Target State	Target Providers		
				Anes.	Other	Total
1 Jul-12	American Anesthesiology (Mednax, Inc.)	Anesthesia Alliance of East Tennessee	TN	45	158	203
2 Jul-12	American Anesthesiology (Mednax, Inc.)	Loudoun Anesthesia Associates	VA	12	17	29
3 Jul-12	Excellere Partners	Anesthesia Medical Group, P.C.	TN	63	220	283
4 Jul-12	Aisthesis - Safe Sedation, PLLC	Professional Anesthesia Consultants, PC	PA	50	25	75
5 Dec-12	American Anesthesiology (Mednax, Inc.)	Anesthesiologists Associated, P.C.	TN	34	124	158
6 Dec-12	American Anesthesiology (Mednax, Inc.)	South Oakland Anesthesia Associates	MI	73	-	73
7 Dec-12	North American Partners in Anesthesia (NAPA)	Northeast Anesthesiology	PA	NA	NA	25
8 Dec-12	North American Partners in Anesthesia (NAPA)	Anesthesiology Solution, LLC	PA	NA	NA	25
9 Dec-12	U.S. Anesthesia Partners	Certain Assets of Greater Houston Anesthesiology	TX	NA	NA	400
10 Dec-12	American Anesthesiology (Mednax, Inc.)	Dekalb Anesthesia Associates	GA	13	33	46
11 Dec-12	TeamHealth Holdings, Inc.	Northern Valley Anesthesiology, P.A.	NJ	NA	NA	NA
12 Dec-12	Emergency Medical Services Corporation	Saint Vincent Anesthesia Medical Group, Inc.	CA	NA	NA	NA
13 Dec-12	Emergency Medical Services Corporation	Golden State Anesthesia Consultants, Inc.	CA	NA	NA	NA
14 Dec-12	National Spine and Pain Centers, LLC	New York Pain Consultants	NY	NA	NA	NA
15 Jan-13	TeamHealth	Northern Valley Anesthesiology, PA	NJ	33	0	33
16 Jan-13	Sheridan Healthcare, Inc.	Rahway Anesthesiologists, P.A.	NJ	5	8	13
17 Jan-13	Sheridan Healthcare, Inc.	Select Anesthesia and Pain Mgmt, P.A. & Tri-County Pain Mgmt, P.A.	NJ	NA	NA	NA
18 May-13	North American Partners in Anesthesia (NAPA)	New Jersey Anesthesia Group	NJ	NA	NA	73
19 May-13	American Anesthesiology (Mednax, Inc.)	Gwinnett Anesthesia Service, P.C.	GA	22	59	81
20 May-13	American Anesthesiology (Mednax, Inc.)	Anesthesia Specialists of Houston, L.L.P.	TX	9	30	39
21 May-13	Resolute Anesthesia Pain Solutions	Broad Anesthesia Associates & Mid-Florida Anesthesia Associates	FL	NA	NA	NA
22 Jun-13	Prospira PainCare Inc.	The Pain Management Center	NJ	2	2	4
23 Jun-13	American Anesthesiology (Mednax, Inc.)	Anesthesia Group of Onondaga PC	NY	20	22	42
24 Aug-13	American Anesthesiology (Mednax, Inc.)	Holston Anesthesia Associates, P.C.	TN	12	0	12
25 Aug-13	PhyMED Holdings, Inc./Anesthesia Med. Group	Lebanon Anesthesia Associates, Ltd. & Leb. Pain Mgmt. Assoc. Inc.	PA	8	14	22

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

## Unmatched Anesthesiology Industry Expertise

*Haverford Healthcare Advisors is pleased to announce the recent completion of two transaction advisory projects.*



*has acquired*

**Lebanon Anesthesia Associates, Ltd.  
and  
Lebanon Pain Management Associates, Inc.**  
Lebanon, PA

*The undersigned initiated this transaction and acted as exclusive financial advisor for The Sellers.*



*has acquired*



Hamilton, NJ

*The undersigned initiated this transaction and acted as exclusive financial advisor for The Pain Management Center*

Haverford Healthcare Advisors is pleased to announce our role as advisor to Lebanon Anesthesia Associates, Ltd. and Lebanon Pain Management Associates, Inc. (collectively, "LAA") in connection with the sale of LAA to PhyMED Holdings, LLC in August, 2013. Consisting of 8 anesthesiologists who practice as part of an anesthesia care team model that includes 14 employed CRNAs, LAA represents the first Pennsylvania-based practice to join PhyMED, which is based in Nashville, and which is now affiliated with nearly 80 anesthesiologists and over 240 CRNAs.

Haverford Healthcare Advisors is pleased to announce our role as advisor to The Pain Management Center ("PMC") in connection with the sale of PMC to Prospira PainCare, Inc. in April, 2013. Headquartered in Hamilton, NJ, PMC was founded by Adam Sackstein, M.D. and today provides an interdisciplinary pain management approach focused on treating acute, chronic and intractable pain. The acquisition of PMC follows Prospira PainCare's recent acquisitions of three other pain management and treatment centers located in the southeast and western United States.

## HAVERFORD HEALTHCARE ADVISORS

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for Healthcare Service Companies*

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 29 years. To learn more about our firm and our experience, please call or email us, or visit our website: [www.haverfordhealthcare.com](http://www.haverfordhealthcare.com). We look forward to hearing from you soon.

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