



### Quarterly Update

- Healthcare facilities continue to rely on traditional methods for medical billing and revenue cycle management tasks, including using outsourced labor to control costs. However, new opportunities are emerging as technology improves efficiencies and effectiveness. Artificial intelligence is one such advancement that is expected to transform medical billing and RCM.
- Within healthcare, 98% of leaders indicate that their organization has plans to implement an AI strategy, according to data from healthcare services provider Optum.
- A growing number of providers are outsourcing their revenue cycle management services as changing payor requirements and workforce shortages create challenges.
- One such challenge is the increasing rate of claim denials. Payors have implemented confusing claims submission protocols and increased prior authorization requirements, leading to denial of previously covered claims and reduced payment allowances.
- Private equity backed medical billing and RCM platforms are actively targeting companies that leverage their expertise to solve these billing issues for providers.

### Recent Healthcare Transactions (Selected)

**Visonex**  
has been acquired by  
**THE BRYDON GROUP**

JEFFREY EPSTEIN, MD, FACS  
Hair Restoration Expert  
ANTHONY BARED, M.D., F.A.C.S.  
Rhinoplasty & Hair Restoration  
have been acquired by  
**INSPIRE AESTHETICS**  
a portfolio company of  
**HIDDEN HARBOR CAPITAL PARTNERS**

THE SPIEGEL CENTER  
BLACKHAWK  
have combined to form  
**PREMIER PLASTIC SURGERY PARTNERS**  
in partnership with  
**CORBEL CAPITAL PARTNERS**

**St. Johns Vein center**  
has been acquired by  
**PIVOTAL HEALTHCARE PARTNERS**  
a portfolio company of  
**ASHLAR CAPITAL**

**For more information and insights, please contact the EdgePoint Healthcare Group:**



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# Medical Billing & RCM | October 2023

## Recent Selected Medical Billing & RCM Transactions

Target	Date	Buyer / Investor	Region (Target)	Buyer / Investor Type
The Corridor Group, Inc.	Oct 12	WellSky Corporation	United States	Financial-Backed Strategic
Boston Software Systems, Inc.	Oct 5	LGI Healthcare Solutions Inc.	United States	Financial-Backed Strategic
RCxRules	Oct 3	Alpha II, LLC	United States	Financial-Backed Strategic
Preferred Dental Development, LLC	Sep 7	iCoreConnect Inc.	United States	Strategic
Diversified Healthcare and MedEase	Sep 4	ModuleMD LLC	United States	Financial-Backed Strategic
AQREVA and DRS Med Billing	Aug 17	UnisLink Holdings LLC	United States	Financial-Backed Strategic
HealthPay24	Aug 2	Waystar, Inc.	United States	Financial-Backed Strategic
Infinia ML, Inc.	Jul 13	Aspiration Health Resources, LLC	United States	Financial-Backed Strategic
Visonex and Renesan	Jul 10	The Brydon Group	United States	Financial
CompMed	Jul 1	Ovation Healthcare	United States	Financial-Backed Strategic

Source: S&P Capital IQ; Pitchbook (October 13, 2023)

## Selected Medical Billing & RCM Transactions

### WellSky Acquires Corridor from HealthEdge

 **corridor**

Target



WellSky  
Buyer

**LGP**

Sponsor

- WellSky, a leading health and community care technology company, has acquired Corridor from HealthEdge Investment Partners
- By adding Corridor, WellSky will expand its medical coding and RCM offerings to help providers increase performance across clinical, financial, operational, and compliance areas

### Preferred Dental Acquired by iCoreConnect



Target



Buyer

- iCoreConnect (NasdaqCM:ICCT) has acquired the assets of Preferred Dental Services, a dental billing, claims, and insurance management company
- With the acquisition, iCoreConnect aims to boost workflow productivity and customer profitability

### Renesan and Visonex Merge



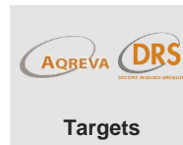
Targets



Buyer

- Renesan and Visonex, two providers of innovative software for dialysis clinics, are combining in a transaction supported by a majority investment led by The Brydon Group
- EdgePoint Capital served as the exclusive financial advisor to Visonex**

### UnisLink Acquires AQREVA and DRS



Targets



Buyer

Sponsor

- UnisLink has acquired AQREVA and Doctors' Resource Specialists ("DRS"), revenue cycle solutions providers with offices in Arizona, North Dakota, South Dakota, Oklahoma, and Montana
- These acquisitions strengthen UnisLink's position as a provider of revenue cycle solutions and extends the Company's geographic reach

# Medical Billing & RCM | October 2023

## EdgePoint Public Comparable Index Constituents

### Enterprise Systems

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
CareCloud, Inc.	\$ 24	39.9%	9.6%	\$ 12	\$ 16	1.6x	1.5x	\$ 126	-15.3%	19.3%	\$ 1.10	24.4%	
Computer Programs and Systems, Inc.	347	46.0%	11.7%	40	53	8.3x	6.5x	337	10.6%	7.8%	14.35	43.6%	
Health Catalyst, Inc.	381	47.4%	-24.7%	(70)	11	NM	34.6x	285	7.3%	18.4%	8.35	52.6%	
R1 RCM Inc.	7,259	19.5%	21.1%	450	608	15.4x	11.9x	2,135	37.2%	19.5%	13.20	69.7%	
<b>Median</b>		<b>42.9%</b>	<b>10.7%</b>	<b>26</b>	<b>35</b>	<b>8.3x</b>	<b>9.2x</b>	<b>311</b>	<b>8.9%</b>	<b>18.8%</b>	<b>10.78</b>	<b>48.1%</b>	
<b>Mean</b>		<b>38.2%</b>	<b>4.4%</b>	<b>108</b>	<b>172</b>	<b>8.4x</b>	<b>13.6x</b>	<b>721</b>	<b>9.9%</b>	<b>16.3%</b>	<b>9.25</b>	<b>47.6%</b>	

### Outsourced Services

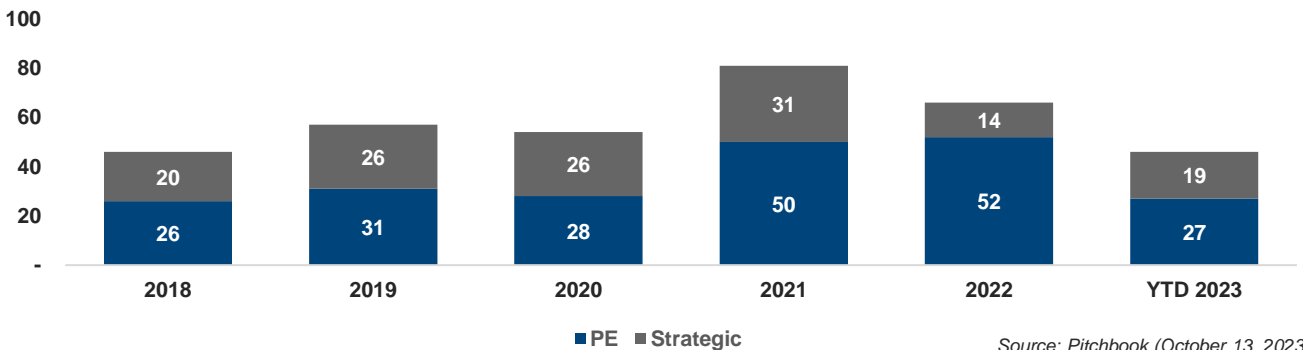
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Cognizant Technology Solutions Corporation	\$ 32,608	35.3%	17.9%	\$ 3,464	\$ 3,339	8.8x	9.8x	\$ 19,394	0.7%	5.0%	\$ 65.78	90.5%	
Conduent Incorporated	1,887	22.1%	7.4%	283	355	4.9x	5.3x	3,800	-4.5%	-3.8%	3.29	66.5%	
Encore Capital Group, Inc.	4,124	100.0%	23.9%	282	392	13.7x	10.5x	1,177	-27.6%	-6.3%	47.13	80.6%	
Exela Technologies, Inc.	1,127	19.7%	3.8%	41	-	10.0x	0.0x	1,078	-3.8%	-9.2%	3.34	3.4%	
PRA Group, Inc.	3,425	100.0%	18.8%	157	108	19.7x	31.7x	832	-18.4%	-7.2%	17.99	41.5%	
Streamline Health Solutions, Inc.	47	47.2%	-38.3%	(9)	(3)	NM	NM	24	2.5%	26.3%	0.74	31.5%	
Veradigm Inc.	1,202	50.6%	7.5%	115	169	8.8x	7.1x	1,529	89.7%	-4.6%	13.51	68.3%	
<b>Median</b>		<b>47.2%</b>	<b>7.5%</b>	<b>157</b>	<b>169</b>	<b>9.4x</b>	<b>8.4x</b>	<b>1,177</b>	<b>-3.8%</b>	<b>-4.6%</b>	<b>13.51</b>	<b>66.5%</b>	
<b>Mean</b>		<b>53.6%</b>	<b>5.9%</b>	<b>619</b>	<b>623</b>	<b>11.0x</b>	<b>10.7x</b>	<b>3,976</b>	<b>5.5%</b>	<b>0.0%</b>	<b>21.68</b>	<b>54.6%</b>	

### Practice Management

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Evolent Health, Inc.	\$ 3,854	24.7%	5.3%	\$ 87	\$ 193	38.3x	20.0x	\$ 1,632	50.0%	22.2%	\$ 28.00	76.3%	
NextGen Healthcare, Inc.	1,654	51.0%	8.3%	56	125	28.4x	13.2x	678	12.3%	7.9%	23.82	99.9%	
Premier, Inc.	2,743	67.1%	38.9%	520	482	5.0x	5.7x	1,336	-6.8%	0.9%	19.98	56.2%	
<b>Median</b>		<b>51.0%</b>	<b>8.3%</b>	<b>87</b>	<b>193</b>	<b>28.4x</b>	<b>13.2x</b>	<b>1,336</b>	<b>12.3%</b>	<b>7.9%</b>	<b>23.82</b>	<b>76.3%</b>	
<b>Mean</b>		<b>47.6%</b>	<b>17.5%</b>	<b>221</b>	<b>267</b>	<b>23.9x</b>	<b>13.0x</b>	<b>1,215</b>	<b>18.5%</b>	<b>10.3%</b>	<b>23.93</b>	<b>77.4%</b>	

Source: S&P Capital IQ (October 13, 2023)

## Medical Billing & RCM Deal Activity – Last Five Years



- M&A activity in the medical billing and RCM space continues to be robust. While 2023 activity will fall short of the record level set in 2021, it is projected to fall in line with 2022 levels.
- Changing payor requirements and workforce shortages are creating major issues for providers' billing and revenue cycle operations. Companies that can effectively and efficiently solve these issues are earning premium valuations and interest from financial-backed and strategic acquirers.
- EdgePoint expects healthy M&A activity in the space through the remainder of 2023 and into 2024, driven by providers' desire to automate revenue cycle management and billing functions.

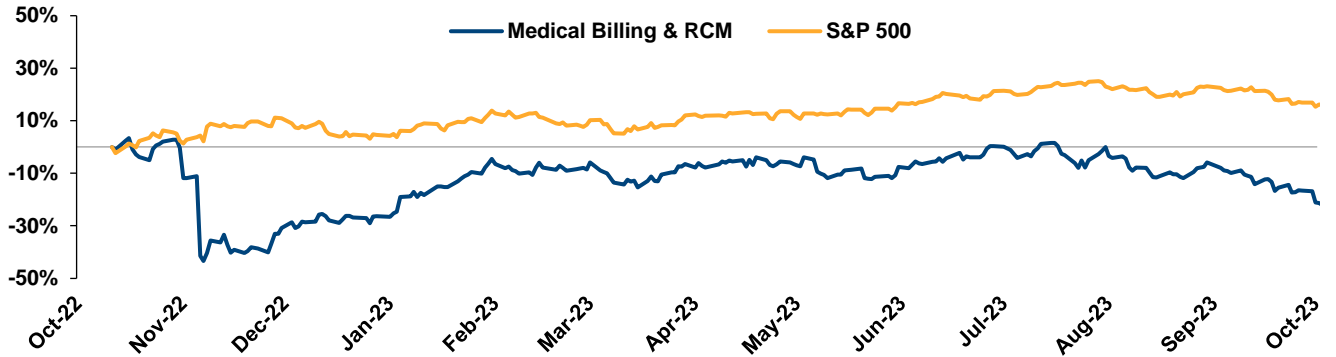
# Medical Billing & RCM | October 2023

## EdgePoint Public Comparable Index Constituents

### Medical Billing & RCM

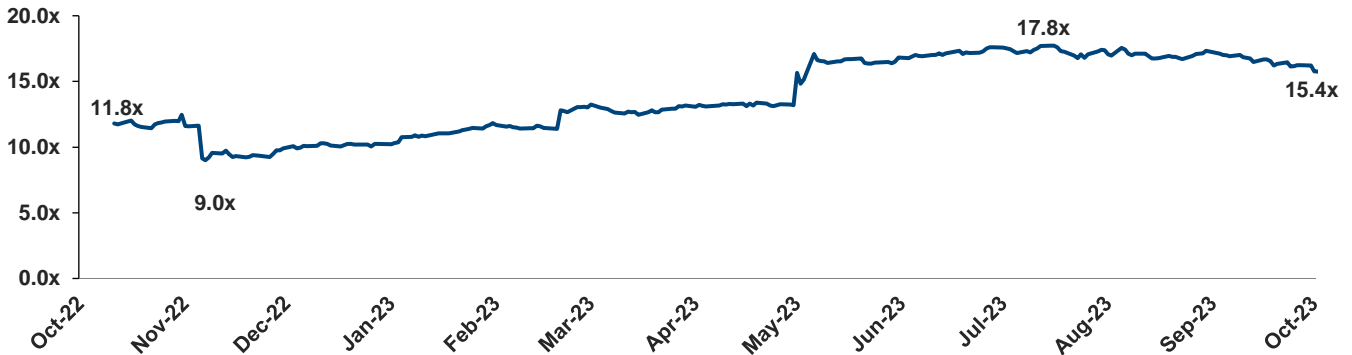
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
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Computer Programs and Systems, Inc.	\$ 347	46.0%	11.7%	\$ 40	\$ 53	8.3x	6.5x	\$ 337	10.6%	7.8%	\$ 14.35	43.6%	
Encore Capital Group, Inc.	4,124	100.0%	23.9%	282	392	13.7x	10.5x	1,177	-27.6%	-6.3%	47.13	80.6%	
R1 RCM Inc.	7,259	19.5%	21.1%	450	608	15.4x	11.9x	2,135	37.2%	19.5%	13.20	69.7%	
PRA Group, Inc.	3,425	100.0%	18.8%	157	108	19.7x	31.7x	832	-18.4%	-7.2%	17.99	41.5%	
<b>Median</b>		<b>46.0%</b>	<b>21.1%</b>	<b>282</b>	<b>392</b>	<b>13.7x</b>	<b>10.5x</b>	<b>1,177</b>	<b>10.6%</b>	<b>7.8%</b>	<b>14.35</b>	<b>69.7%</b>	
<b>Mean</b>		<b>55.2%</b>	<b>18.9%</b>	<b>257</b>	<b>351</b>	<b>12.5x</b>	<b>9.6x</b>	<b>1,216</b>	<b>6.7%</b>	<b>7.0%</b>	<b>24.89</b>	<b>64.6%</b>	

## EdgePoint Public Comparable Index Trailing Twelve Months Stock Performance



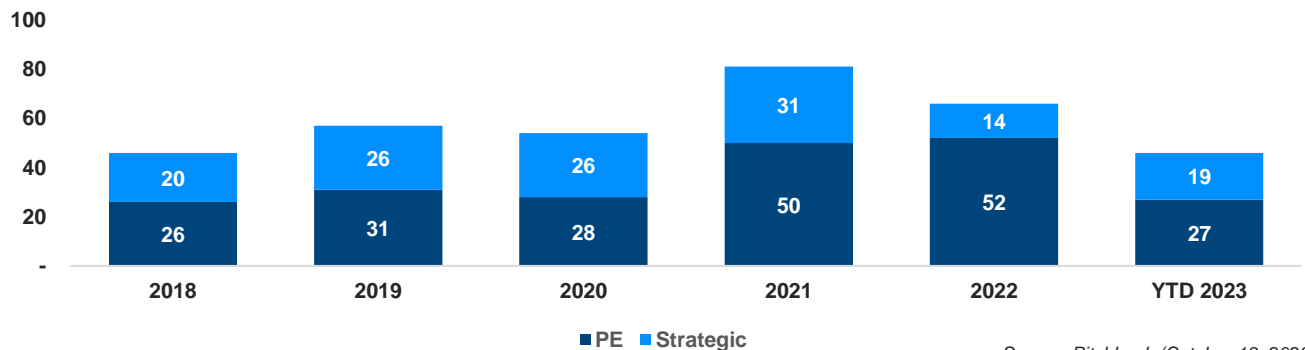
Source: S&P Capital IQ (October 13, 2023)

## EdgePoint Public Comparable Index Constituents – TEV/EBITDA Multiples



Source: S&P Capital IQ (October 13, 2023)

## Medical Billing & RCM Deal Activity – Last Five Years



Source: Pitchbook (October 13, 2023)