



Consumer-Driven Primary Care: The Time is Now

January 2021

AVONDALE PARTNERS

COVID-19 has greatly accelerated the shift toward consumer-focused primary care

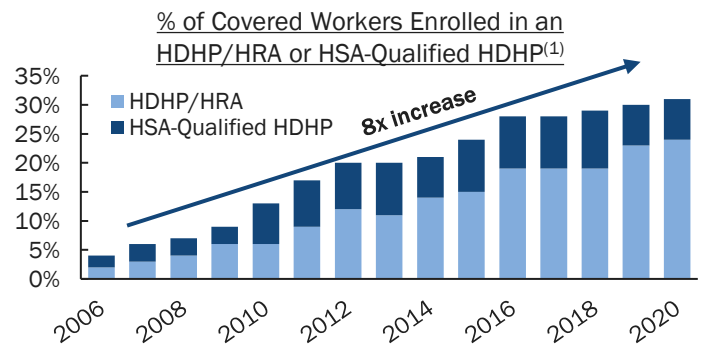
The Evolution of Consumer-Driven Primary Care

Early 2000's

Introduction of Health Savings Accounts (HSA's) in conjunction with High Deductible Health Plans (HDHP's)

Objective: Lower overall healthcare costs for employers and shift control of healthcare spending to employees

Outcome: Enrollments for HRA (Health Reimbursement Arrangement) and HSA-Qualified HDHP's increased eightfold from 2006 to 2020



2010 - 2019

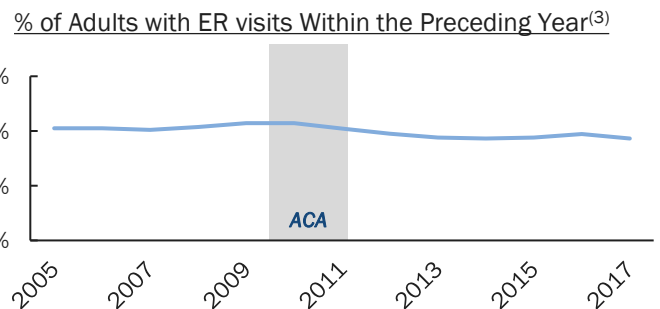
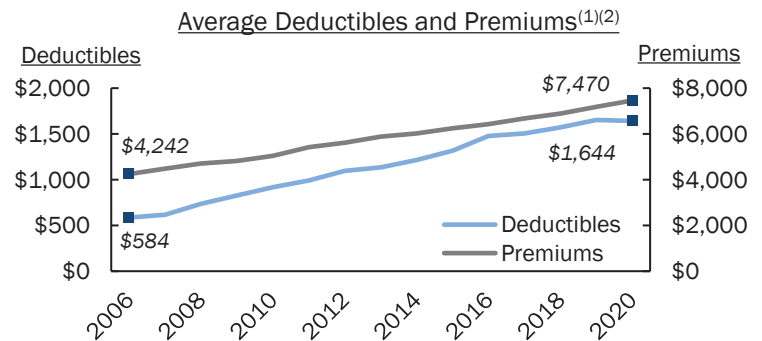
Introduction of the Affordable Care Act ("ACA")

Objectives:

- Expand access to insurance to a broader set of consumers
- Reduce healthcare spending by moving people away from higher cost settings of care

Outcomes:

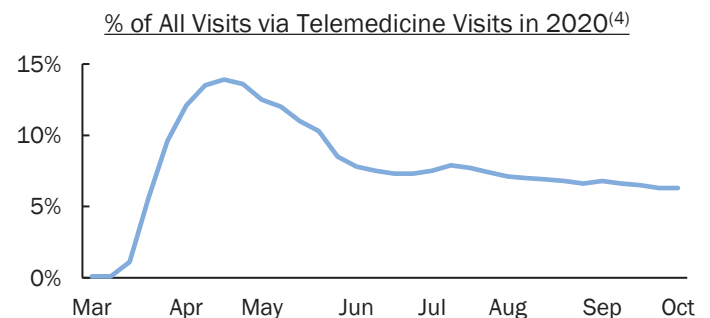
- Uninsured population decreased **38%** from 2010 to 2019 (46.5mm to 28.9mm)⁽¹⁾
- From 2006 to 2020, average annual premiums and deductibles for commercial coverage increased **75%** and **180%**, respectively⁽¹⁾⁽²⁾
- Use of the highest cost setting, the ER, did not materially change



2020 - 2021

The emergence of COVID-19 has forced consumers to become aware of and utilize alternate sites of primary care

- Daily urgent care visits in July 2020 increased **70%** vs. 3-year average (2017 - 2019)⁽⁵⁾
- Telehealth visits accounted for **14%** of total visits in April 2020⁽⁴⁾
- ER visits from April 2019 to April 2020 decreased **42%**⁽⁶⁾



1) Kaiser Family Foundation

2) Single Coverage, All Plans

3) U.S. Department of Health and Human Services

4) The Commonwealth Fund. Using baseline week of March 7th, 2020

5) Experity: Urgent Care Quarterly

6) Center for Disease Control and Prevention

Avondale Predictions

COVID-19 has brought alternatives to traditional primary care to the forefront, and consumers will continue to become more educated about (and involved in) their healthcare decisions. Successful business models will be those that address consumers’ key value points: convenience, cost, and quality

While a significant portion of the population will continue to utilize their existing primary care provider and the ER, we believe the following businesses will stand to benefit from a consumer-driven environment:

Urgent Care	<ul style="list-style-type: none"> ▪ Shorter wait time and, in most cases, lower cost ▪ Convenient online scheduling
High-End Providers	<ul style="list-style-type: none"> ▪ At-home services, such as concierge providers, for affluent populations
Telehealth/Virtual Care Providers	<ul style="list-style-type: none"> ▪ Telemedicine utilization will continue to grow as reimbursement is expanded
At-Risk Providers	<ul style="list-style-type: none"> ▪ Providers able to manage value-based payment models (Medicare Advantage, ACO’s, etc.)
Non-Traditional Providers	<ul style="list-style-type: none"> ▪ Large retailers (e.g., Walmart) offering primary care services, particularly in rural markets
On-Premise Care	<ul style="list-style-type: none"> ▪ Lowers healthcare costs for self-insured employers ▪ Employees benefit from the convenience of on-site care

Select “COVID-19 Era” Transactions⁽¹⁾

Date	Buyer/Investor	Target	Description	Amount (mm)
Jan. 2021	Kinderhook Industries	AbsoluteCARE	Value-based integrated primary care provider	\$105
Jan. 2021	Skylight Health Group Inc (TSXV:SHG)	US Primary and Urgent Care clinic group	Target operates a network of primary and urgent care centers	
Jul. 2020 ⁽²⁾	Walgreens Boots Alliance (NASDAQ: WBA)	VillageMD	Clinics to be attached to Walgreens locations, also offer 24/7 telehealth and at-home care	\$250 ⁽²⁾
Dec. 2020	FastMed Urgent Care	CareSpot and MedPost brands (Tenet Healthcare)	Urgent care provider	
Dec. 2020	WellNow Urgent Care	Hometown Urgent Care & Occupational Health	Nearly doubles WellNow’s footprint, making it one of the top 10 urgent care providers in the U.S.	
Nov. 2020	Eventus WholeHealth (Enhanced HC Partners)	Doctors Making Housecalls	Home-based care provider	
Nov. 2020	Sun Capital Partners	Miami Beach Medical Group	Medicare Advantage primary care provider	
Nov. 2020	Arsenal Capital	Best Value Healthcare	Value-based primary care organization	~\$225
Nov. 2020	Ascension Saint Thomas	Urgent Team Family of Urgent Care & Walk-In Centers	Partnership (JV) creates a network of walk-in urgent care centers throughout Middle TN	
Nov. 2020	Jaws Acquisition Corp. [NYSE:JWS]	Cano Health	Value-based care to Medicare Advantage population	\$4,400
Oct. 2020	Complete Health (Pharos Capital)	Northside Medical Associates / Adamsville Family Medicine	Primary care practices	
Oct. 2020	L Catterton and Activant Capital	98point6	Digital-based primary care service. Series E round	\$118
Sep. 2020	Premise Health (OMERS Private Equity)	CareHere	Target operates more than 200 wellness centers for self-funded organizations in 28 states	
Sep. 2020	Trinity Hunt Partners	MainStreet Family Urgent Care	Urgent care provider	
Aug. 2020	Teladoc Health [NYSE: TDOC]	Livongo [NASDAQ: LVGO]	The merger creates a consumer centered virtual care provider	\$18,500
Apr. 2020	Paragon Private Health	Signature MD (Blue Sea Capital)	Merger of concierge medicine providers	

1) Sources: Mergermarket, CapIQ, company press releases

2) Initial investment. Walgreens plans to invest \$1 billion in equity and convertible debt over the next three years (30% ownership stake)

Contact Information

Please reach out to any of our team members below to discuss opportunities for your organization. We look forward to your thoughts and feedback.



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About Avondale Partners

Founded in 2001 and headquartered in Nashville, TN, we are a healthcare-focused boutique investment bank. We offer comprehensive transaction advisory and private capital markets services to middle market companies within the healthcare services and healthcare technology sectors. Our senior team members average over 20 years of investment banking experience and have closed more than 200 transactions totaling approximately \$40 billion in value. More information can be found at www.avondalepartnersllc.com