



Mergers & Acquisitions | Capital Raise | Strategic Advisory

BHAsE and TCIV East: Key Takeaways

Commentary:

Members of Hexagon Capital Alliance's Healthcare Investment Banking Team were recently in attendance at the [Behavioral Health Summit](#) (BHAsE) and [Treatment Center Investment & Valuation Retreat East](#) (TCIV East) which took place in Miami and Palm Beach Gardens, Florida, respectively. Both conferences were well-attended and provided Behavioral Health business owners with excellent forums for discussing the current trends and important topics facing the Autism, Mental Health, and Substance Abuse treatment sectors. Below are some of the Key Takeaways that we observed:

Merger & Acquisition Activity ("M&A") :

Overall M&A activity in the Behavioral Health sector was down about 35% in 2023 versus 2021 and 2022 (which were amazingly good years). The reasons for this drop are numerous and sub-sector specific but can be boiled down to a few issues faced by Private Equity ("PE") Groups, who by and large drive most M&A activity in Behavioral Health. These include a higher interest rate environment and tighter bank lending standards, causing deals to take longer to close, as well as few high-profile company failures causing PE firms to enter deals more cautiously. While one investment banker (who shall remain nameless) painted a fairly bleak picture for Behavioral Health M&A (yes, we know, the data does not lie), Hexagon's Healthcare team views the environment a bit differently, where demand for high quality, fast-growing, and mission-driven organizations are still highly sought after by PE buyers. This is evidenced by two of Hexagon's recent client transactions in the space, [Family First Adolescent Services](#) (Mental Health/SUD – which closed in 2023) and [Autism Spectrum Interventions](#) (ABA – which went under LOI in 2023 and closed after the holidays in January 2024). Both sold to PE buyers in highly competitive processes.

Value-Based Care :

Value-based care was a significant topic of discussion at both BHAsE and TCIV East. Most of the talk revolved around Providers and Payors alike each agreeing that Value-based care will likely be a key feature of behavioral healthcare reimbursement in the future. However, in Hexagon's own one-on-one discussions at each conference, not one provider or payor we spoke with could confirm to operating under a value-based care arrangement. For now, as it has been for awhile, the topic will remain a theoretical discussion between constituents.

Perhaps one of the most poignant statements that Hexagon heard came from a Founder & CEO of a Behavioral Health company, over a great dinner discussion. **He suggested that what Providers and Payors should really be discussing is Outcome-based care rather than Value-based care.** We thought his comments were spot-on.

Alternative Treatment Modalities:

We were intrigued to see a fair amount of discussion concerning alternative treatment modalities and their role in helping (particularly mental health) patients/clients in their treatment regimens. One panel at TCIV East was devoted to the increasing use of psychedelics in treatment, and another panel featured two provider panelists offering dedicated Ketamine and TMS clinics, respectively. Hexagon has witnessed a number of its own Mental Health treatment company clients making use of Ketamine and TMS as a treatment option and as an ancillary revenue stream for the practices. While these treatment modalities have been utilized for years, Hexagon predicts that a significant increase in their use by practitioners as regulatory and reimbursement factors are ironed out.

With 300+ Completed Transactions In The Firm's 24-Year History, Hexagon Capital Alliance's Investment Bankers Know The Appropriate Industry-Specific Strategic Buyers, Private Equity Groups, And Family Offices To Approach On Behalf Of Our Clients.

Recent Behavioral Healthcare Transactions

 has been acquired by 	 has been acquired by Undisclosed Buyer	 has been acquired by  a portfolio company of 	 has been acquired by  a portfolio company of 	 has been acquired by 
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Select Healthcare Services Transactions

 has acquired  The Worldwide Home Care division of 	 has been acquired by 	 a portfolio company of  has been acquired by 	 has been acquired by  a portfolio company of 	 has been acquired by 
 has been acquired by 	 has been acquired by 	 formed an affiliation with 	 has been acquired by 	We provided investment banking services for 

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