



# Ambulatory Infusion Services Overview

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Fall 2020

## Who We Are

Edgemont Partners is a premier investment bank that provides merger & acquisition advisory and growth capital raising services exclusively to healthcare companies. We focus solely on providing expert strategic advice and transaction execution, bringing a steadfast commitment to our clients, driven always by what is in their best interest. This dedication enables us to deliver independent conflict-free advice, to serve as trusted advisors to healthcare entrepreneurs, management teams and investors, and to execute with exceptional results.

## STATE OF THE AMBULATORY INFUSION SERVICES MARKET

**Ambulatory infusion centers (“AICs”)** occupy a unique space within the outsourced infusion market and have grown in response to the need for 3rd party administration of specialty infusion therapies that are outside of the costly hospital setting and not supported by the traditional alternate-site channels (home infusion/infusion RX).

The **rapid growth rate of AICs** is supported by numerous established and emerging trends that address key areas of improvement across all of the key stakeholders. There is a growing need for infusion capacity in the marketplace as epidemiological trends (e.g. aging population) and a dramatic increase in drugs requiring infusion are coinciding with insufficient capacity to deliver infusion treatments. **AICs offer a lower cost of care alternative while also addressing capacity constraints.** In addition, AICs provide more accessibility, comfort, and convenience to patients who are often being treated for chronic diseases, which require regular and prolonged infusion treatments.

### Multiple ambulatory infusion characteristics make the model an attractive and scalable platform:

- ✓ Advanced practitioner driven staffing model satisfies supervisory requirements for reimbursement across a wide range of health plans, including Medicare
- ✓ AICs are able to service a broad spectrum of therapies and specialties
- ✓ The independent and non-physician affiliated business model of AICs enables infusion volume to be aggregated across physician groups in a localized area without conflicts of interest
- ✓ AICs are qualified for purchasing under the provider class-of-trade, which typically drives margin expansion
- ✓ Payback periods for new site launches are highly attractive (often under six months), enabling rapid ramp-up of new infusion capacity to meet the growing demands

**Large and Growing Addressable Market**

**Rapidly Developing and Consolidating Industry**

**AIC Model Addresses Unmet Needs in Infusion Services**

## EDGEMONT’S ACTIVITY IN INFUSION SERVICES

advanced specialty healthcare

acquired by

October 2020

- ✓ Edgemont served as the exclusive advisor to BAI Healthcare Services in its sale of Precision Healthcare Inc to IVX Health
- ✓ Precision is a leading ambulatory and home infusion services platform with 12+ locations in the Southeast U.S.
- ✓ The transaction is a combination of two prominent AIC platforms and is an example of the accelerating consolidation in the industry
- ✓ This transaction marks the 3rd infusion services transaction for Edgemont and the 2nd such transaction in 2020

**States Served:**  
AR, TN

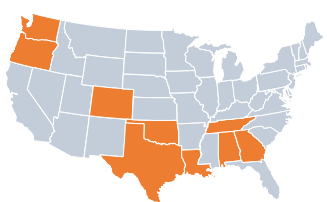


acquired by

September 2020

- ✓ Edgemont served as co-advisor to Paragon Healthcare during its sale to Peak Rock Capital
- ✓ Paragon is a leading provider of ambulatory, office-based, and home infusion services and specialty pharmacy services
- ✓ The highly competitive and tightly managed process was closed during the COVID-19 pandemic
- ✓ The transaction is indicative of private equity’s growing interest in the space

**States Served:**  
AL, CO, GA, LA, OK, OR, TN, TX, WA



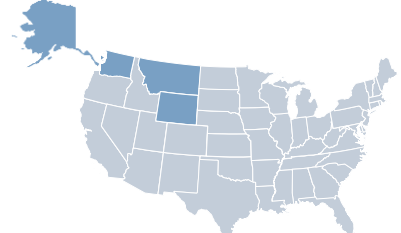
PHARMACY · HEALTH · HOME

acquired by

December 2017

- ✓ Edgemont served as the exclusive advisor to Geneva Woods during its sale to CVS Health – which closed in December of 2017
- ✓ Geneva Woods is a provider of infusion and pharmacy services to underserved patient populations in Alaska, the Pacific Northwest and Mountain States
- ✓ The Company operates in both the home and office-based portions of the infusion market
- ✓ Through guidance from Edgemont, the Company was able to achieve strong credit for synergies and offered the acquirer a unique service offering in a strategic geographic market

**States Served:**  
AK, MT, WA, WY



## VALUE PROPOSITION OVERVIEW OF AICs

### Market Dynamics

**Lack of Capacity**

Growth in demand for infusion has left a large gap in capacity that is being rapidly addressed

**Growth in Outsourced Infusion**

Infusion volume is rapidly being shifted from traditional settings to alternate-site segments

**Therapeutic Specialty Agnostic**

Enables volume to be originated from multiple settings and maximizes local market potential

**Highly Fragmented Market**

Few independent non-physician affiliated AICs currently generate over \$100M in annual revenue

**Economies of Scale**

Unlike provider practices, AICs experience volume driven purchasing improvements

### Drivers of Stakeholder Demand

**Cost of Care**



- ✓ Moving administration of infused drugs to lower-cost care settings is a top initiative for managed care organizations

**Business Pressure**



- ✓ Addresses capacity constraints
- ✓ Able to accept a wide range of health plans
- ✓ Coordinates services (e.g., insurance approval assistance)

**Quality of Life**

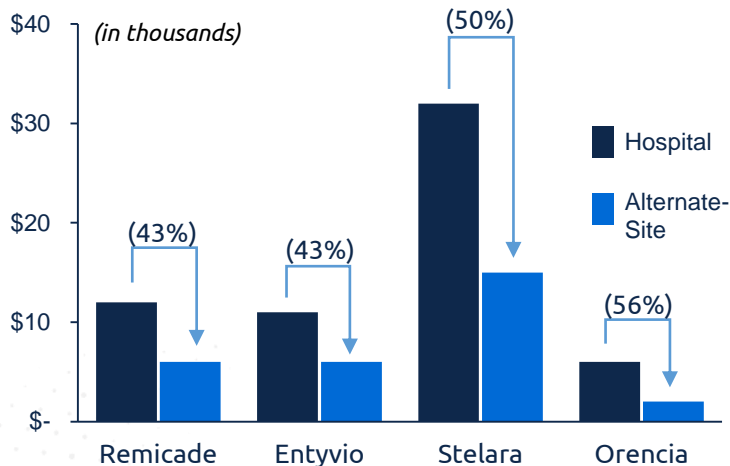


- ✓ More comfortable care settings
- ✓ Numerous convenient locations
- ✓ Flexible scheduling hours

## ACCELERATING INFUSION VOLUMES TO ALTERNATE-SITE SETTINGS

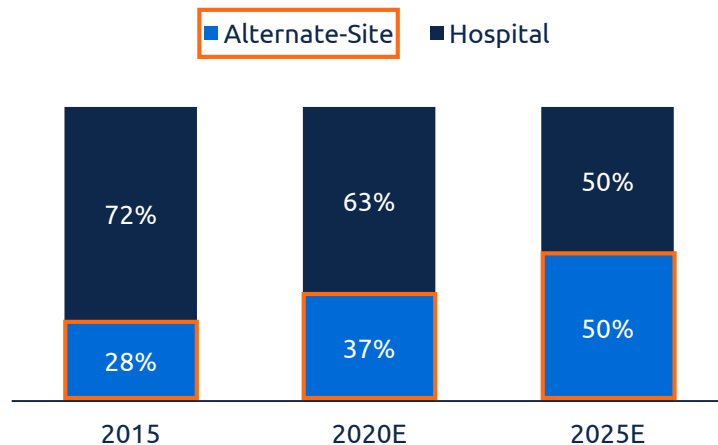
### Cost Savings of Alternate-Site Care Is Driving...

Alternate-site infusion segments offer lower cost alternatives for payors



### ...A Shift in Infusion Procedures by Setting

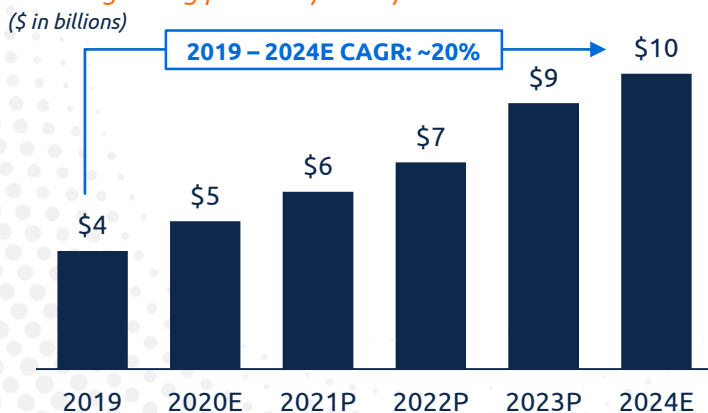
Volume shifts from hospital outpatient centers to alternate-site settings will continue



## EXCEPTIONAL MARKET GROWTH OF AICs

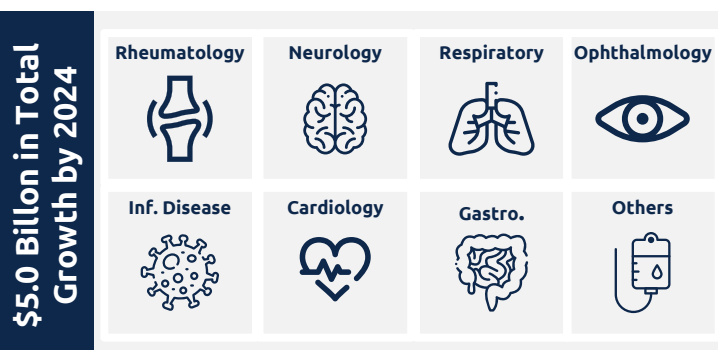
### AIC Market Growth

The rapidly developing AIC infusion segment is the fastest growing portion of the infusion services market



### AIC Therapeutic Area Flexibility

AICs can support virtually any disease state outside of oncology, enabling volume aggregation



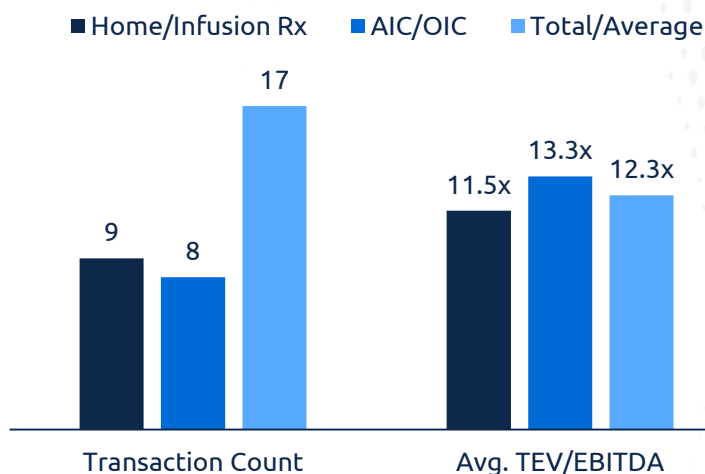
## INFUSION SERVICES M&A ACTIVITY

### INFUSION SERVICES TRANSACTIONS

Closed	Acquirer / Investor	Target's Segment
 <b>Precisionhc</b> advanced specialty healthcare	IVX HEALTH	AIC / HIT
 <b>PARAGON</b> HEALTHCARE	PEAK ROCK CAPITAL®	AIC / HIT/OIC
 <b>reinhealth</b> Your Customer's Care	medix infusion	AIC
 <b>LINCARE</b> A Linde company	KabaFusion Patient-Focused Infusion Therapy	HIT
 <b>PURE</b> INFUSION SUITES	BUILD CAPITAL PARTNERS	AIC
 <b>INFUSION FOR HEALTH</b>	CHC CIBARRON HEALTHCARE CAPITAL	AIC
 <b>bio scrip®</b>	option care®	AIC* / HIT
 <b>IVX HEALTH</b>	McKesson Ventures HEALTHEDGE	AIC
 <b>AleraCare</b> A Healthcare Solutions Company	St. Cloud CAPITAL LLC	AIC / HIT / OIC
 <b>Palmetto</b> INFUSION	CAROUSEL CAPITAL	AIC / HIT
 <b>KabaFusion</b> Patient-Focused Infusion Therapy	PRITZKER PRIVATE CAPITAL	HIT
 <b>GenevaWoods®</b> PHARMACY · HEALTH · HOME	CVSHealth.	HIT / OIC
 <b>HEALIX®</b>	TA ASSOCIATES	OIC
 <b>intraFUSION®</b>	McKesson Specialty Health	OIC

\* Often does not staff advanced practitioners on-site

### INSIGHT: RECENT MIDDLE MARKET M&A ACTIVITY



### SPOTLIGHT: SELECT PROMINENT AIC PLATFORMS

Company	Models	Locations
 METRO INFUSION CENTER	AIC Only	AL, AZ, CA, FL, GA, IL, IN, IA, KS, KY, MD, MI, MO, NV, OH, OR, PA, SC, TN, VA, WI
 <b>Palmetto</b> INFUSION	Multi-Channel	NC, SC
 <b>PARAGON</b> HEALTHCARE	Multi-Channel	AL, CA, CO, GA, LA, OK, TN, TX, WA
 <b>INFUSION FOR HEALTH</b>	AIC Only	CA
<b>MPP Infusion Centers</b> A Multispecialty Physician Partner Company	Multi-Channel	CO, FL, TX,
 <b>IVX HEALTH</b>  <b>Precisionhc</b> clinically advanced infusion care	Multi-Channel	AR, CA, FL, IL, KS, MO, OH, PA, TN, TX
 <b>AleraCare</b> A Healthcare Solutions Company	Multi-Channel	AZ, CA, NM, UT

#### Transaction Considerations

- Valuation
- Accounting and tax treatment
- Cash vs. equity
- Capital structure

#### Company Positioning

- Quality of care and operations
- Growth strategy post-close
- Management and infrastructure
- Regulatory strategy and compliance

#### Timing Considerations

- Historical growth
- Surrounding market dynamics
- Forgoing cash flow improvement to capitalize on future valuations

### Patrick Bradley

Patrick welcomes the opportunity to discuss with business owners and their management teams key market trends in infusion services, as well as transaction preparation and other considerations.

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