Private Equity Stakeholder Project

September 2020

UNDERSTAFFED, UNLICENSED, AND UNTRAINED: BEHAVIORAL HEALTH UNDER PRIVATE EQUITY

The behavioral health industry has seen immense growth over the last decade, with a substantial portion of that growth driven by private equity investment.

OVERVIEW

The behavioral health industry has seen immense growth over the last decade, with a substantial portion of that growth driven by private equity investment. Behavioral health broadly refers to mental health and addiction services, including outpatient and inpatient therapy, intellectual and developmental disability treatment, psychiatric hospitals, methadone clinics, and detox centers.[1] A combination of increased access to care due to expanded coverage, more money flowing into the sector, and changing attitudes about mental health treatment have stimulated investor interest.

In 2018, behavioral health acquisitions and mergers reached a historic high at 97 known transactions, representing a 59% year-over-year increase from 2017. Private equity-driven transactions made up a substantial portion

KEY POINTS

- **The behavioral health industry has seen substantial investment by private equity firms in recent years, particularly in firms specializing in autism, eating disorders, and addiction treatment.**
- **Opportunities for consolidation combined with increased access to care due to expanded coverage, more money flowing into the sector, and changing attitudes about mental health treatment have made behavioral health attractive to investors.**
- **Private equity investment carries substantial risk for behavioral health services, including the potential for inadequate staffing or reliance on untrained and unlicensed staff, pressure on physicians to provide unnecessary and costly services, or abuse of federal funding programs at the expense of patient care.**
- **Case study: SEQUEL YOUTH AND FAMILY SERVICES, owned by ALTAMONT CAPITAL, has come under scrutiny for numerous instances of abuse and neglect at its residential treatment facilities for youth.**
- **Case study: COMMUNITY INTERVENTION SERVICES, owned by prolific prison investor H.I.G. CAPITAL, was sued for violating the False Claims Act by fraudulently billing Medicaid for mental health care services provided to patients by unlicensed, unqualified, and unsupervised staff members.**

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of deal activity; between 2017 and 2018, private equity buyers went from accounting for 48% of acquisitions in behavioral health to 69% of acquisitions.[2]

Private equity interest in behavioral health has focused on a few key areas: autism, eating disorders, and addiction treatment.[3] Firms employ a familiar model in behavioral health: they typically buy or create a platform investment, such as a large treatment center, and then acquire add-on investments to expand the company. Consolidation and improvements to tech and administrative functions are expected to drive value creation.[4]

However, private equity's tendency to demand outsized returns in a sector that is already vastly underfunded, and serves vulnerable populations, raises serious concerns about its potential impact on patient care.

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WHY IS THE INDUSTRY ATTRACTIVE TO PRIVATE EQUITY?

HIGHLY FRAGMENTED INDUSTRY: The addiction treatment and mental health industry is highly fragmented: there are almost 18,700 individual companies operating in the space, and no one company has more than a 5% market share.[5] This fragmentation makes the industry an attractive target for consolidation.

INCREASED ACCESS: Legislation passed over the last decade has increased access to behavioral health services.

- Per the Mental Health Parity Act of 2008, large insurance programs and managed care organizations must reimburse mental health care on par with medical and surgical benefits.
- The Affordable Care Act substantially increased coverage and enhanced access to mental health services, including allowing young people to stay on their parents' plans until age 26, expanding the Medicaid program, and prohibiting denial of coverage for preexisting mental health conditions.[6]
- In 2013, the U.S. Department of Health and Human Services expanded the mental health parity act, establishing a rule that mental health and addiction treatment must be covered as one of ten essential health categories for all plans.[7]

INCREASED POLITICAL INTEREST IN FIGHTING THE OPIOID EPIDEMIC: Political interest in addressing the opioid epidemic has further led to more money flowing into the sector. For example, through the 2018 SUPPORT for Patients and Communities Act, Medicaid and Medicare coverage for opioid treatment expanded substantially. The law allowed for more opioid treatment types to be covered by Medicare, including telehealth.[8]

REIMBURSEMENTS: For certain types of treatment, such as for addiction and eating disorders, reimbursement rates are high and claims are rarely denied. While most autism treatment patients are insured by Medicaid and thus less lucrative, reimbursement is weakly indexed to the level of the services provided, enabling PE-owned firms to cut costs by using unlicensed technicians.[9]

CHANGING ATTITUDES TOWARD MENTAL HEALTH: Analysts cite changing public perception about seeking mental health treatment as a driver of increased investment in the sector. As the stigma around mental illness relaxes, more people are beginning to seek out treatment.[10]

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Behavioral Health Under Private Equity

WHAT ARE THE RISKS?

Private equity's pursuit of outsized returns over short time horizons may lead to harmful and risky behavior in the behavioral health industry.

For example, health researchers who surveyed former owners of companies sold to private equity firms found expectations of "meeting your numbers" post-sale and, as a result, the eagerness to fill beds even without adequate staffing.[11] These kinds of behaviors may be especially harmful where having adequate staffing and training is vital both to providing safe and effective treatment as well safe working conditions for staff. Risks may include:

- Reduced staffing, or filling beds without adequate staffing ratios
- Overreliance on unlicensed staff to reduce labor costs
- Failure to provide adequate training
- Pressure on physicians to provide unnecessary and potentially costly services
- Violation of regulations required for participants in Medicare and Medicaid such as anti-kickback provisions, creating litigation risk

"Protecting our most vulnerable is a top priority of my administration, and the senseless death of a youth at Lakeside for Children in Kalamazoo is intolerable and heartbreaking. We will take steps to prevent tragedies like this from occurring in the future and make sure there is accountability,"

Michigan Governor
Gretchen Whitmer, June 20, 2020

CASE STUDIES

Sequel Youth and Family Services - Altamont Capital Partners

Sequel Youth and Family Services runs teen residential treatment facilities, therapeutic group homes, community-based programs, and alternative education programs for youth. The company serves 10,000 people at 50 locations in 21 states.[12]

Sequel is owned by Altamont Capital Partners, Palo Alto-based private equity firm with $2.5 billion assets under management.[13] Altamont acquired Sequel in August 2017 through a leveraged buyout from Canadian private equity firm Alaris Royalty.[14] Alaris reported generating $71 million profit, or 23% annual return on its investment in Sequel.[15]


The New York Times

Three Charged in Death of Michigan Teenager Restrained at Youth Academy

Cornelius Fredericks, 16, said "I can't breathe" before becoming unresponsive as he was being restrained at the Lakeside Academy in Kalamazoo in April, according to a state report and lawsuit.

Foster youth make up about a quarter of the population at Sequel's residential facilities; states pay Sequel to house and treat children in foster care and children in the juvenile justice system.[16] According to a 2017 SEC filing , "Payor funding for Sequel's services comes from multiple federal and state-based programs, including healthcare, education, corrections, social services, commercial and managed care programs, among others…"[17]

Both Altamont and Alaris added substantial debt to Sequel over the course of their ownership; In August 2016, Alaris completed a dividend recapitalization of Sequel in part to pay itself a shareholder dividend. After Altamont acquired sequel in a leveraged buyout, it took out debt financing at least two more times, in 2017 and 2018, totaling at least $94 million.[18]

In the last several years, Sequel has come under immense scrutiny for the death of a teenager and numerous instances of child abuse, neglect, and poor quality of care at its facilities in multiple states.

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Michigan

On May 1, 2020, Cornelius Frederick, a Black teenager living at Sequel-operated Lakeside Academy in Michigan, died after being restrained by seven staffers. According to a lawsuit filed by family members, the 16-year-old's last words were "I can't breathe."[19]

An investigation by NBC News found records showing that the state of Michigan had substantiated 56 violations at Lakeside Academy since 2018, including multiple instances of inappropriate physical restraints.[20]

The NBC investigation also found that Sequel relies heavily on young staffers who have limited experience working with children who have complex needs. Former Lakeside staff said youth counselors started at $12 an hour. The attorney for one of the staffers charged with Frederick's death said he had received just two hours of classroom training in restraint procedure.[21]

In June, the Michigan Department of Health and Human Services (MDHHS) suspended the license of Lakeside for Children in Kalamazoo. Michigan Governor Gretchen Whitmer said that the MDHHS would take all steps necessary to ensure Sequel would no longer provide services for facilities licensed by the department. "Protecting our most vulnerable is a top priority of my administration, and the senseless death of a youth at Lakeside for Children in Kalamazoo is intolerable and heartbreaking. We will take steps to prevent tragedies like this from occurring in the future and make sure there is accountability," said Whitmer.[22] Other health departments have since severed ties with Sequel in response to Fredrick's death, including Hennepin County in Minnesota.[23]

"Protecting our most vulnerable is a top priority of my administration, and the senseless death of a youth at Lakeside for Children in Kalamazoo is intolerable and heartbreaking. We will take steps to prevent tragedies like this from occurring in the future and make sure there is accountability,"

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Alabama

In February and March 2020, Alabama Disabilities Advocacy Program (ADAP) conducted an investigation of Sequel Youth and Family Services of Courtland in Courtland, Alabama. In the conclusion to its July 2020 report on Courtland, ADAP wrote:

"ADAP's monitoring of Courtland reveals unsafe, squalid living conditions and a disturbing cultural and programmatic environment that further traumatizes extremely vulnerable children. Courtland fails to comply with many of DHR's Minimum

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Photo exhibits from Sequel Youth and Family Services of Courtland in Courtland, Alabama, used in Alabama Disabilities Advocacy Program July 2020 report on Courtland.

GYMNASIUM. Dirty and dated with no heating or air conditioning. Glassless, screenless windows with bars. Reports of rodents, snakes and bug infestation.

B-TRACK (YOUNGER) BEDROOM. Thin mattress on concrete.

Standards and CMS's Conditions of Participation, including its use of illegal and dangerous restraint and verbal abuse heaped on children by staff. Courtland leadership continually downplays or completely ignores staff's abusive practices, as reported by children and ADAP.[24]

As a result of the report, the Alabama Department of Human resources suspended placing children in one of the facilities and is conducting an investigation.[25]

Photo exhibits from Sequel Youth and Family Services of Courtland in Courtland, Alabama, used in Alabama Disabilities Advocacy Program July 2020 report on Courtland.

Utah

In July 2019, Sequel-owned Red Rock Canyon School in St. George, Utah closed after the state threatened to revoke its license following a riot and revelations about staff abuse and assault.[26]

A June 2019 report had found that police were called to the school 72 times since 2017. During the same period, 23 staff members were investigated for child abuse, nine were charged, and four more were referred for charges.[27]

An investigation by Utah DHS had reported that one of the biggest issues at Red Rock was inadequate staffing. A staff member said he was the only person supervising 15 girls, while Utah licensing rules state that there should be one staff per every four youths.[28]

Ohio

In January 2020, the Ohio Department of Mental Health and Addiction Services (OHMAS) threatened to revoke the license for Sequel Pomegranate after multiple incidents of improper restraints, sexual abuse and violence. Sequel and the state agency reached a settlement agreement allowing the facility to conditionally remain open,[29] but in the following months violent incidents continued at Pomegranate.

In June, OMHAS sent another letter to Sequel once again threatening to revoke its license. The letter noted 16 incidents of children harming themselves in just April and May alone, as well as issues with the facility's response to COVID-19. Sequel reportedly failed to report COVID-19 infections to the state and did not have a nurse on site for several days "despite 13 youth having tested positive for COVID-19 and Sequel reporting that each youth would receive a daily nursing assessment." The letter also stated that "Sequel has demonstrated a lack of overall urgency and responsiveness related to the COVID-19 issues and Department requests."[30]

Tennessee

In February 2020, the parent of a former resident of Sequel's Kingston Academy in Roane County, Tennessee filed a $4.5 million lawsuit against Sequel for allegedly knowingly employing an unsafe adult to supervise children. The lawsuit says that an employee of the facility "repeatedly and violently" raped a child boarding there.[31] The Tennessee Department of Child Services (TDCS) subsequently removed 18 children from the facility.[32]

According to the County Sheriff's Department, police were called to Kingston 135 times in 2018. They were called to the facility 36 times in the less than two months preceding the TDCS intervention.[33]

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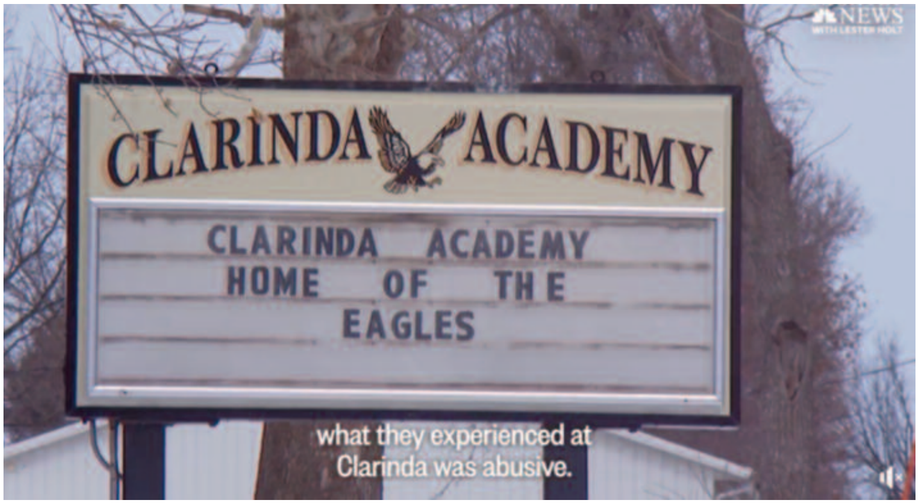

Iowa

At Sequel-owned Clarinda Academy in Clarinda, Iowa, staff improperly used restraints, slammed children to the ground and injured them while punishing them, and kept several students for weeks at a time in a suspension room with no plan to help them earn their way back into Clarinda's general population, according to documents from Iowa's Department of Human Services.[34]

A 2018 report by Disability Rights Washington, which monitors Washington's foster care system, found that "Clarinda Academy uses physical restraints on a daily basis."[35]

Clarinda Academy is being sued by a former resident who said she was raped by a counselor while she was staying at the facility in 2015, when she was 17 years old.[36]

Florida

In July, two different Sequel facilities in Florida made headlines for having the first and second largest COVID-19 outbreaks Florida juvenile detention centers. Sequel's St. John's Youth Academy had 26 positive cases, the highest level in the state.[37] At Sequoia's Palm Beach Youth Academy 21 of the 51 youth residents tested positive.[38]

Sequel's Pompano Youth Treatment Center also had 10 positive COVID-19 cases among youth residents and seven positives among staff.[39]

Sequel's Leadership

Sequel appears to have scrubbed its website of information about its staff and leadership in Spring 2020.[40] The entirety of the company's executive leadership previously worked at other private equity-backed health care companies.[41]

Altamont Capital Partners Operating Partner Jerry Rhodes serves on Sequel's board of directors.[42]

Rhodes is no stranger to private equity-backed health care; he is currently Chairman of BayMark Health Services (Webster Equity Partners), and serves on the board

"HIG, CIS, Scanlon, and Sheehan knew that SBMHC was providing services in violation of regulatory requirements and did not bring SMBHC operations into compliance or make any attempts to repay the money owed to MassHealth, as required by law. HIG allegedly cited the large profit margins as a reason to acquire the company.

Massachusetts Attorney General Maura Healey, Jan 9, 2018

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SEQUEL'S LEADERSHIP

NAME	TITLE	PAST EMPLOYER
Chris Roussos	Chief Executive Officer	Epic Health Services (Webster Equity Partners)
Samantha Lee	Chief Compliance and Ethics Officer	Epic Health Services (Webster Equity Partners)
Diane McCullom	Chief Clinical Officer	Epic Health Services (Webster Equity Partners)
Jason Cagle	Chief Administrative Officer and Chief Financial Officer	United Surgical Partners International (Welsh, Carson, Anderson, & Stowe)
Samuel Vaill	Chief Growth Officer	US Acute Care Solutions (Welsh, Carson, Anderson, & Stowe)

of Dental Care Alliance (Harvest Partners, Crescent Capital Group) and psychiatric hospital owner Springstone (Welsh, Carson, Anderson & Stowe).[43]

Rhodes previously served as COO and then CEO for CRC Health, a methadone clinic company owned by private equity firm Bain Capital.[44] CRC came under fire in 2013, while Rhodes was COO, for chronic understaffing that led to diverting methadone into the black market. A Bloomberg investigation found that during a three-year period, CRC facilities failed to meet staffing standards more than 50 times and were cited 80 times for failing to document that they gave a patient enough counseling. Meanwhile, CRC reported paying Bain more than $22.6 million in fees.[45]

In addition to Sequel, Altamont also owns CHE Behavioral Health Services, Amplity Health (fka PHS Health Solutions), and Intuitive Health (fka Legacy ER & Urgent Care).[46]

COMMUNITY INTERVENTION SERVICES – H.I.G. CAPITAL

H.I.G. Capital established Community Intervention Services in 2012 as a platform company to acquire mental health and addiction treatment centers. Its first acquisition was South Bay Mental Health (now known as South Bay Community Services[47]).[48] It subsequently acquired North Carolina-based Access Family Services (AFS) and Pennsylvania-based Family Behavioral Resources (FBR) in 2013,[49] and Georgia-based Northstar Psychological Services in 2015.[50]

In January 2018, Massachusetts Attorney General Maura Healey joined a whistleblower lawsuit against South Bay Mental Health Center (SBMHC) for allegedly fraudulently billing the state's Medicaid Program, known as MassHealth, for mental health care services provided to patients by unlicensed, unqualified, and unsupervised staff members at 17 clinics across the state. In a statement, Healey's office wrote that the company "provided substandard care to many vulnerable patients and fraudulently billed the state for its inadequate services."[51]

The Attorney General alleged that H.I.G. "knew that SBMHC was providing services in violation of regulatory requirements and did not bring SMBHC operations into compliance or make any attempts to repay the money owed to MassHealth, as required by law." HIG allegedly cited the large profit margins as a reason to acquire the company.[52]

SBMHC agreed to pay a $4 million settlement in February 2018.[53] Litigation against H.I.G. is ongoing; the U.S. District Court for the District of Massachusetts held that H.I.G. could be liable because its "members and principals formed a majority of the C.I.S. and South Bay Boards, and were directly involved in the operations of South Bay."[54]

As of September 2018, the majority of C.I.S.'s five-member board of directors were H.I.G. executives; board members Eric Tencer, Nick Scola, and Steven Loose were all principals or managing directors at H.I.G. (Scola is now at private equity firm Abry Partners).[55]

In a July 2020 filing in the case, which is ongoing, Attorney General Healy noted that the whistleblower had raised concerns about inadequate licensed supervision of clinicians at South Bay directly with a representative of H.I.G.:

"Relator raised concerns to H.I.G.'s Scola about the supervision of South Bay's clinicians in telephone conversations and emails. Martino-Fleming Dep. (Klunder Decl. Ex. 30), 238:18-239:9 ("So when I told Nick Scola that many people at South Bay were leaving because they didn't have the licensed supervision that they needed, he just said thanks and we'll be looking at this[.]"). Scola requested retention data from her, and she reviewed that data with him; the data "included [South Bay employees'] degree program, whether they were qualified, all of that." Id. at 240:5-20. She told Scola that South Bay employees were leaving because unlicensed clinicians were not "getting what they

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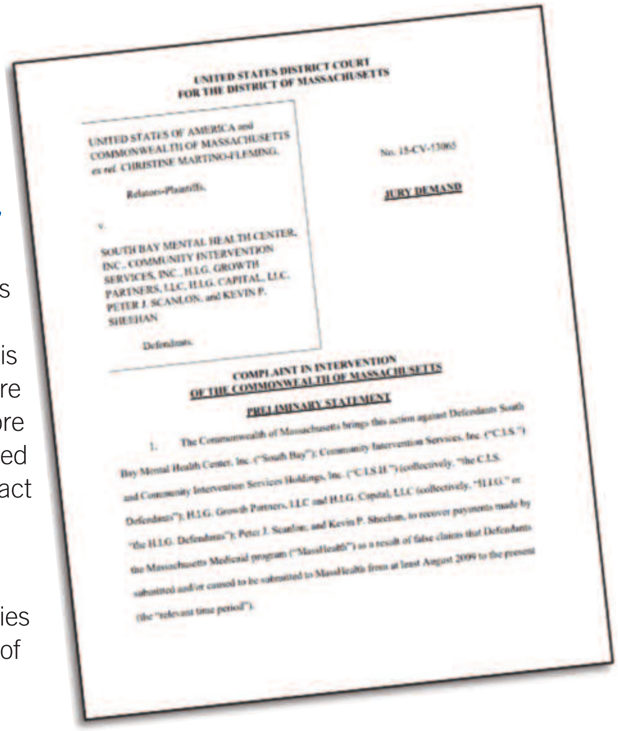
need to be able to perform their job. They need licensed supervision." Id. She assumed Scola understood that this practice violated MassHealth regulations because he "was investing in a mental health care company" and "because I think people even outside of mental health know that if you go to see a provider for treatment, that they should be licensed." Id.at 240:21-241:9.[56]


UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA and COMMONWEALTH OF MASSACHUSETTS ex rel. CHRISTINE MARTINO-FLEMING,

Relators-Plaintiffs,

v.

SOUTH BAY MENTAL HEALTH CENTER, INC., COMMUNITY INTERVENTION SERVICES, INC., H.I.G. GROWTH PARTNERS, LLC, H.I.G. CAPITAL, LLC, PETER J. SCANLON, and KEVIN P. SHEEHAN

Defendants.

No. 15-CV-13065

JURY DEMAND

COMPLAINT IN INTERVENTION
OF THE COMMONWEALTH OF MASSACHUSETTS

PRELIMINARY STATEMENT

1. The Commonwealth of Massachusetts brings this action against Defendants South Bay Mental Health Center, Inc. ("South Bay"); Community Intervention Services, Inc. ("C.I.S.") and Community Intervention Services Holdings, Inc. ("C.I.S.H.") (collectively, "the C.I.S. Defendants"); H.I.G. Growth Partners, LLC and H.I.G. Capital, LLC (collectively, "H.I.G." or "the H.I.G. Defendants"); Peter J. Scanlon, and Kevin P. Sheehan, to recover payments made by the Massachusetts Medicaid program ("MassHealth") as a result of false claims that Defendants submitted and/or caused to be submitted to MassHealth from at least August 2009 to the present (the "relevant time period").

Scola testified that he could not remember anything about his conversations with the whistleblower.[57]

In 2017, according to Attorney General Healy, Scola emailed his H.I.G. colleagues, Loose and Fritsch, about the cost of hiring more supervisors at South Bay, stating: "[n]ot sure you need many more billers – but the additional supervisors are a real cost as they need to scale proportionately to clinician growth (not sure of the exact ratio)."[58]

H.I.G'S TROUBLING HEALTH CARE TRACK RECORD

This is not the first time H.I.G.'s health care portfolio companies have come under fire for understaffing. H.I.G's Wellpath is one of largest healthcare companies serving jails, prisons, detention facilities, and state psychiatric hospitals.

H.I.G created Wellpath by buying and merging prison health companies Correct Care Solutions (CSS) and Correctional Medical Group Companies. CCS has been sued at least 1,395 times in federal courts over the past decade and come under investigation and scrutiny by the Department of Homeland Security, Department of Justice, and members of Congress. Multiple complaints against and investigations of Correct Care Solutions have alleged understaffing and failing to provide adequately trained staffing, leading to negligence and untimely care.[59]

CONCLUSION

At both Community Intervention Services and Sequel Youth and Family Services, the use of underqualified, untrained, and unsupervised staff is emblematic of the risks associated with private equity investment in behavioral health. These cost-cutting tactics not only create litigation risk, but contribute to providing substandard care to vulnerable patients.

Both companies, like many behavioral health companies, rely on substantial government funding to provide services. In failing to meet the standards set forth to qualify for that funding, they may be exploiting taxpayer-funded programs at the expense of the communities they serve.

Sequel's aggressive cost cutting in particular paved the way for abuse, and its implications for racial justice is especially pronounced. Black children are overrepresented among youth in foster care relative to the general population: in 2018, Black children made up 23% of children in foster care but just 14% of the general population.[60] By operating Sequel in ways that endanger patients, Altamont Capital exacerbates the vulnerability Black youth face in an already objectionable system.

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APPENDIX – LARGEST PRIVATE EQUITY-OWNED BEHAVIORAL HEALTH COMPANIES

BayMark Health Services – Webster Equity Partners

BayMark Health Services is reportedly the largest provider of opioid treatment centers in North America and one of the most active behavioral health acquirers.[61] As of May 2019, it had 218 programs across 32 states and one Canadian province.[62]

BayMark is owned by Webster Equity Partners. Webster's ownership of BayMark began in 2015 when it purchased BAART Programs and MedMark Services, and then combined the programs to create BayMark.[63]

Webster attempted to sell BayMark in late 2019 but called off the auction after bids fell below the $1 billion price Webster was hoping for.[64]

Civitas Solutions - Centerbridge Partners, the Vistria Group

Civitas Solutions is the leading national provider of home- and community-based health services to people with intellectual, developmental, physical or behavioral disabilities.[65] The company had 23,600 employees nationally as of September 2018.[66]

Civitas is owned by Centerbridge Partners and the Vistria Group. The firms took the publicly traded company private in a $641 million leveraged buyout in March 2019.[67] With an estimated enterprise value of $1.4 billion, it was one of the largest behavioral health transactions in recent years.[68]

BlueSprig Pediatrics – KKR

Private equity firm KKR, through its Health Care Strategic Growth Fund, established BlueSprig pediatrics in 2017 as a platform to acquire clinics providing Applied Behavioral Analysis for children with autism.[69]

BlueSprig is the largest autism services provider in Texas and the southeast with locations in Arizona, Arkansas, Colorado, Florida, Georgia, Hawaii, Illinois, Kentucky, Missouri, Ohio, Oklahoma, Oregon, South Carolina, and Washington.[70]

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PRIVATE EQUITY-OWNED BEHAVIORAL HEALTH COMPANIES

COMPANY	TYPE	EMPLOYEES	PE FIRMS	ACQUIRED
Blue Sprig Pediatrics	Autism treatment	n/a	KKR	January 2017
BayMark Health Services	MAT, addiction treatment	n/a	Webster Equity Partners	June 2015
Elara Caring	Home health, including behavioral health	35,000	Kelso Private Equity, Hancock Capital Management, Athyrium Capital Management, Blue Wolf Capital	December 2016
Civitas Solutions	Intellectual and developmental disabilities	23,000	Centerbridge Partners, Vistria Group	March 2019
BrightView	Addiction treatment	19,000	Shore Capital Partners	October 2017
Active Day	Adult daycare	11,000	Audax Group	December 2015
Pathways Health and Community Support	Home and community behavioral health and social services	6,000	ATAR Capital	October 2018
RHA Health Services	Intellectual and developmental disabilities	5,000	Blue Wolf Capital Partners, Constitution Capital Partners, Juna Equity Partners	August 2019
LEARN Behavioral	Autism treatment	3,400	Gryphon Investors, PineBridge Investments	March 2019
Center For Autism & Related Disorders	Autism treatment	3,000	Blackstone Group	March 2018
Chancelight Behavioral Health and Education	Educational and behavioral services for schools	3,000	The Halifax Group	April 2018
Autism Learning Partners	Autism treatment	2,600	FFL Partners	December 2017
Pyramid Healthcare	Behavioral health	1,700	Clearview Capital	July 2011
Oceans Healthcare	Behavioral health	1,308	General Catalyst Partners, HLM Venture Partners, ROCA Partners, Horowitz Management	January 2013
Meridian Behavioral Health	Addiction treatment	1,200	Audax Group	December 2015
Promises Behavioral Health	Behavioral health	1,000	BlueMountain Capital Management	March 2019
SUN Behavioral Health	Psychiatric hospitals	1,000	NewSpring Capital, LLR Partners, Petra Capital Partners, and HealthInvest Equity Partners	April 2015
Sequel Youth and Family Services	Youth residential and outpatient behavioral health, foster care	1,000	Altamont Capital Partners	August 2017

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COMPANY	TYPE	EMPLOYEES	PE FIRMS	ACQUIRED
Trumpet Behavioral Health	Autism treatment	950	Windrose Health Investors	March 2017
CHE Behavioral Health Services	Behavioral health	700	Altamont Capital Partners	March 2015
New Directions Behavioral Health	Behavioral health	700	Cobalt Ventures	
Bradford Health Services	Addiction treatment	600	Centre Partners	June 2016
Diamond Healthcare	Behavioral health staffing services	500	Markel Venturesz	January 2011
Lifestance Health	Behavioral health	500	Summit Partners, Silversmith Capital Partners and TPG Capital	May 2020
New Season (fka Colonial Management Group)	Addiction treatment	500	Warwick Capital Group	
Haven Behavioral Healthcare	Inpatient psychiatric hospitals	500	Brown Brothers Harriman Capital Partners, Thoma Bravo, Resolute Capital Partners	January 2016
Therapy Brands	Behavioral Health practice management	500	Lightyear Capital, Oak HC/FT, HarbourVest Partners	July 2018
360 Behavioral Health	Pediatric and adult autism treatment	n/a	DW Healthcare Partners	March 2018
Behavioral Health Group	Addiction treatment	n/a	The Vistria Group	December 2018
Community Medical Services	MAT, addiction treatment	n/a	Clearview Capital	March 2018
Discovery Behavioral Health	Residential mental health, addiction, and eating disorder treatment	n/a	Webster Equity Partners	August 2011
Odyssey Behavioral Healthcare	Behavioral health	n/a	The Carlyle Group	November 2018
Pinnacle Treatment Centers	Addiction treatment	n/a	Linden Capital Partners	August 2016
ACES (autism)	Autism treatment	n/a	General Atlantic	January 2020
Behavior Care Specialists	Autism treatment	n/a	Pharos Capital Group	January 2018
Behavioral Health Services	Residential and outpatient behavioral health	n/a	Boyne Capital	January 2020
Behavioral Innovations	Outpatient and home-based autism treatment	n/a	Shore Capital Partners and Resolute Capital Partners	June 2017
BRC Healthcare	Behavioral health	n/a	VSS and NewSpring Capital through	March 2020

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COMPANY	TYPE	EMPLOYEES	PE FIRMS	ACQUIRED
Community Intervention Services	Mental Health	n/a	HIG	April 2012
Centerpoint Hospital	Psychiatric hospitals	n/a	Health Enterprise Partners, Siguler Guff & Company and NaviMed	December 2015
Crossroads Treatment Centers	MAT, addiction treatment	n/a	Revelstoke Capital Partners and Yukon Partners	April 2020
Effective School Solutions	School-based behavioral health	n/a	Havencrest Capital Management	January 2018
Health Connect America	Behavioral health	n/a	Harren Equity Partners, Madison Capital	November 2017
Hopebridge	Autism treatment	n/a	Arsenal Capital Partners	May 2019
Kadiant	Autism treatment	n/a	TPG Capital and Vida Ventures	February 2019

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Endnotes

[1] Centers for Medicare and Medicaid Services, "A ROADMAP TO BEHAVIORAL HEALTH: A Guide to Using Mental Health and Substance Use Disorder Services," CMS Product No. 12005, Revised August 2019. https://www.cms.gov/files/document/roadmap-behavioral-health-updated-2019pdf

[2] Sophea Chau and John Ferrara, "Q12019 Behavioral Healthcare Services," Capstone Headwaters, March 2019. http://capstoneheadwaters.com/sites/default/files/Capstone%20Headwaters%20Behavioral%20Healthcare%20Services%20M%26A%20Coverage%20Report_Q1%202019.pdf

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