



SKYWAY
CAPITAL MARKETS

Sector Update:

Behavioral & Mental Health Services

April 2025

M&A Update

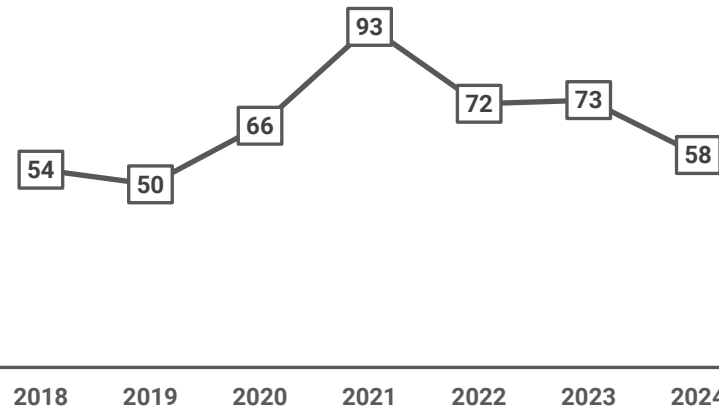
M&A Drivers

The behavioral and mental health M&A market has demonstrated consistent activity over the past decade, driven by several key factors, including:

The behavioral health industry **remains highly fragmented**, with a large number of small, independent providers **and limited market share held by major players**. This fragmentation creates significant opportunities for consolidation, as strategic acquirers and private equity firms can execute platform roll-ups to build regional or national networks, leverage shared infrastructure, improve contracting power with payers, and drive operational efficiencies through standardized systems and back-office integration.

The **rising prevalence of mental health conditions, heightened public awareness, and destigmatization** are fueling sustained increases in service utilization across all age groups. At the same time, **improving reimbursement rates** from Medicaid, Medicare, and commercial payers—supported by parity laws and expanded coverage—are driving **greater revenue predictability and growth potential**. This combination of robust demand and favorable reimbursement trends enhances the attractiveness of behavioral health assets for both financial and strategic buyers, supporting premium valuations.

M&A Deal Count



Commentary

"2025 started off strong with a flurry of transactions in the behavioral health sector, with more than 15 transactions in the first three months. We expect this trend will continue given the continued strong demand for behavioral health services."

- Bass, Berry & Sims, Firm Publication

Industry Overview

Market Snapshot

The U.S. behavioral health market is valued at **\$92 billion in 2024** and is projected to reach **\$127 billion by 2029**, representing a **CAGR of 5.1%**. This growth is driven by several key factors:

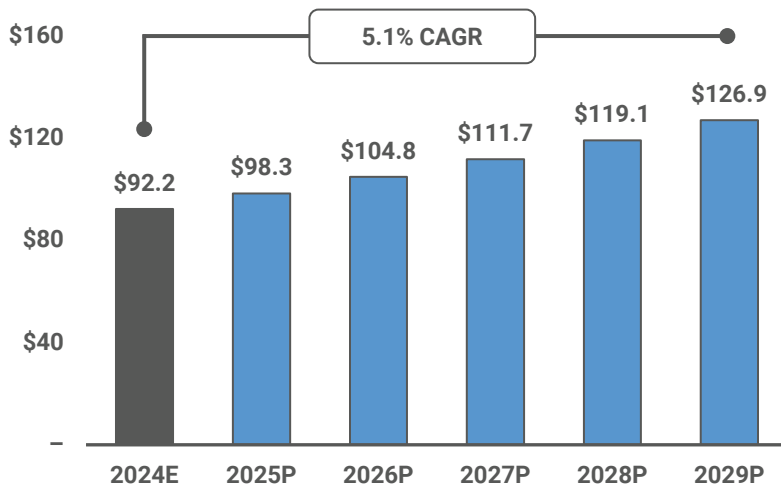
Increased mental health awareness: Growing public awareness and reduced stigma have led to more individuals seeking mental health care.

Adoption of telehealth services: The rapid expansion of telehealth has made mental health services more accessible and convenient for patients nationwide.

Integration of care models: The integration of behavioral health with primary care is improving outcomes and expanding access to comprehensive treatment.

Market Size & Growth

(\$ in billions)

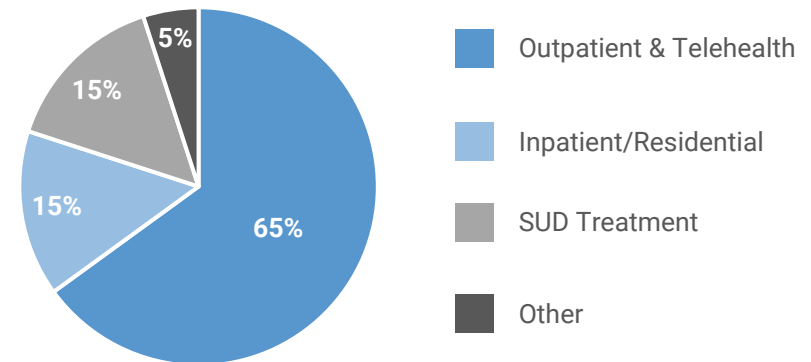


Patient Demographics

Understanding who utilizes mental and behavioral health services in the U.S. sheds light on market needs and opportunities. Utilization has increased across most demographics since 2019, but remains uneven:

- **Younger adults have the highest utilization and saw the largest recent increases.** In 2022, about 26% of young adults (ages 18–26) received mental health treatment.
- **Women are almost twice as likely as men to utilize mental health services.** In 2022, 29% of women reported receiving some form of mental health treatment in the past year, compared to 17% of men.

Service Mix Breakdown



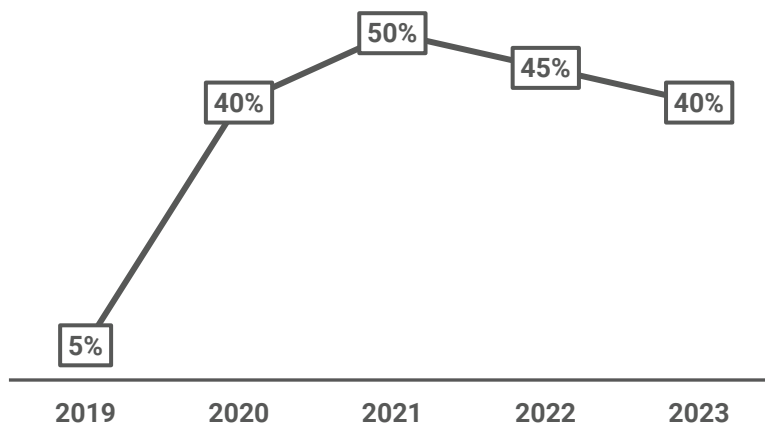
Industry Overview

Telehealth Adoption

The **adoption of telehealth in behavioral health has accelerated rapidly in recent years**, driven by **increased demand for accessible mental health services** and advances in digital technology:

- Behavioral health leads all medical specialties in telehealth adoption, with approximately 40% of mental health visits delivered via telehealth as of 2023.
- During the peak of the COVID-19 pandemic, nearly 60% of behavioral health visits were conducted virtually.
- Telehealth has become a permanent fixture in behavioral health, with continued strong adoption especially for outpatient therapy and psychiatric medication management.

Telehealth Adoption Trends

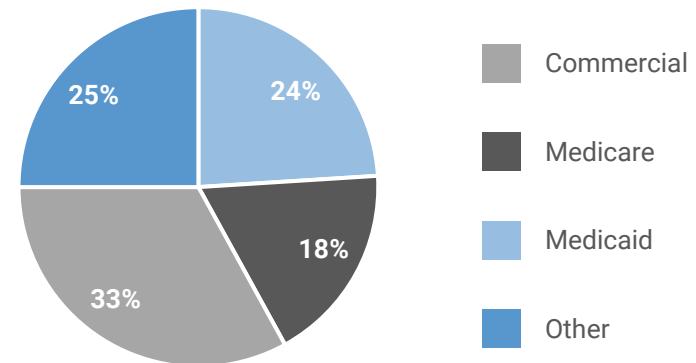


Payor Mix Snapshot

Behavioral health funding is distributed across several key payors, with Medicaid, commercial insurance, Medicare, and out-of-pocket payments each representing significant portions of total revenue:

- **Medicaid is the largest single payer for behavioral health services**, accounting for approximately 24% of total industry revenue.
- Commercial insurance covers about one-third of behavioral health expenditures, while Medicare contributes roughly 18%.
- Out-of-pocket payments and other sources make up the remainder, reflecting a **diverse but publicly-weighted funding base**.

Payor Mix Breakdown



Competitive Landscape

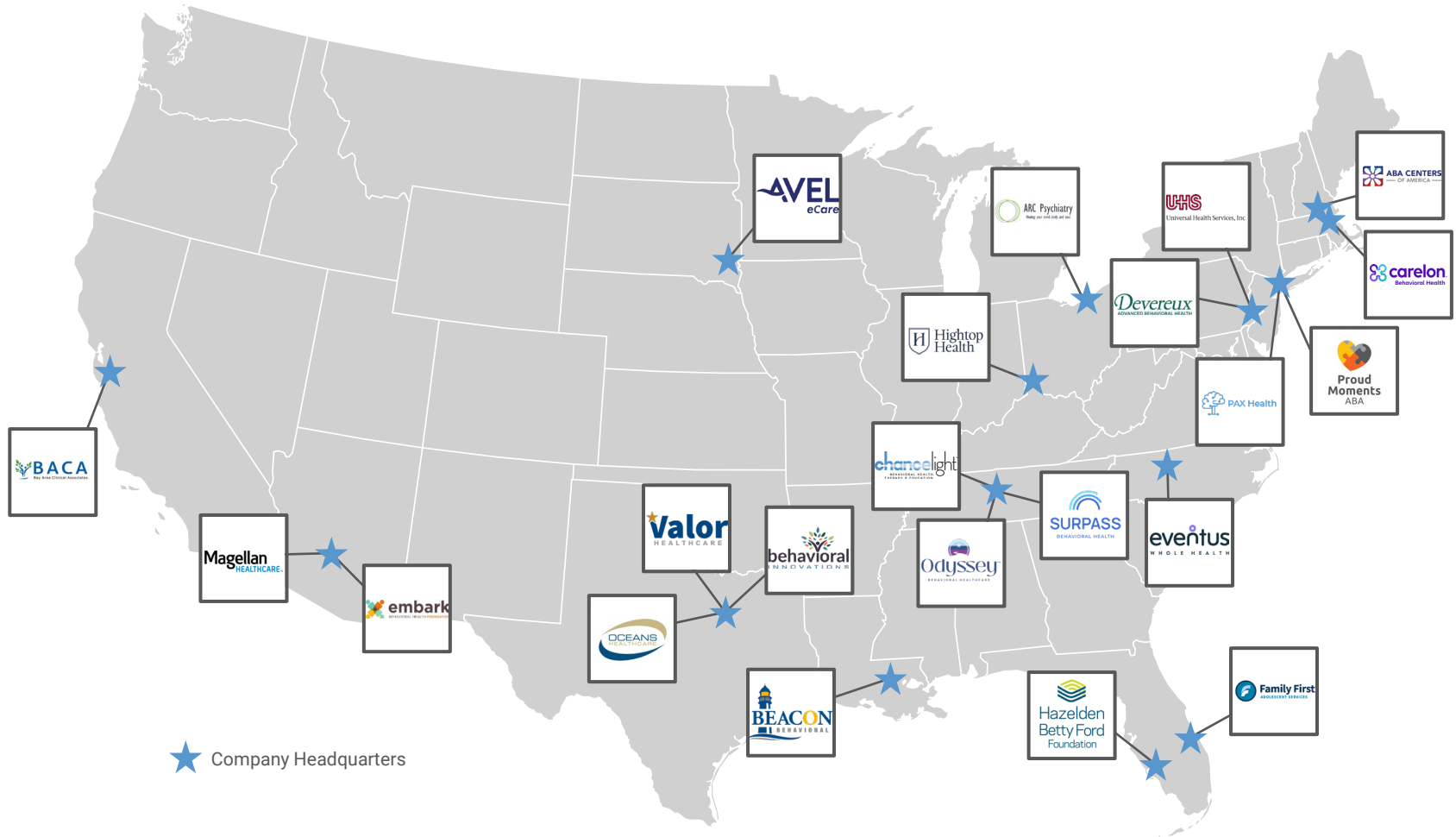
Select Private Equity-Backed Behavior & Mental Health Companies



Select Stand-Alone Behavior & Mental Health Companies



Geographic Competitive Landscape



Recent Transaction Activity

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
Mission Critical Psychological Services <i>Provider of telehealth-focused behavioral health solutions</i>	Valor Healthcare (Trive Capital)	Apr-25	Chicago, IL
Advantage Behavioral Health <i>Provider of behavioral health and substance recovery services</i>	Clearview Capital	Apr-25	Laurel Springs, NJ
CharacterStrong <i>Provider of multi-tiered school-based mental health services</i>	FullBloom (American Securities)	Feb-25	Auburn, WA
Zeera <i>Operator of a mental healthcare platform</i>	Hazel Health	Feb-25	New York, NY
Proud Moments ABA <i>Provider of behavioral health services</i>	Nautic Partners	Feb-25	Brooklyn, NY
Oasis Behavioral Health Urgent Care <i>Provider of mental health services</i>	Orchard Mental Health Group	Feb-25	Annapolis, MD
Amwell (Amwell Psychiatric Care (APC) Business) <i>Provider of telemedicine services intended to transform healthcare services</i>	Avel eCare (Aquiline)	Jan-25	Sioux Falls, SD
Haven Behavioral Healthcare <i>Provider of specialized behavioral health services</i>	Oceans Healthcare (Webster Equity Partners)	Dec-24	Nashville, TN
New Horizons Medical <i>Provider of mental health and substance abuse treatment services</i>	Lawrence Medical Center	Nov-24	Brookline, MA
Odyssey Behavioral Health <i>Operator of behavioral health and addiction rehabilitation and treatment facilities</i>	JLL Partners	Nov-24	Brentwood, TN
Aria Kentucky <i>Operator of a state-licensed behavioral health organization</i>	Ethema Health	Oct-24	Paducah, KY
Kahi Mohala <i>Operator of a not-for-profit behavioral health hospital</i>	The Queen's Health Systems	Oct-24	Ewa Beach, HI
Davis Regional Medical Center <i>Operator of a medical care center focused on behavioral health services</i>	Iredell Health System	Oct-24	Statesville, NC
River Crest Hospital <i>Provider of psychiatric diagnostic medical services</i>	Shannon Medical Center	Sep-24	San Angelo, TX

Recent Transaction Activity (cont.)

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
Arise Child And Family Service <i>Provider of behavioral health services</i>	Exceptional Family Resources	Sep-24	Syracuse, NY
Glenwood Regional Medical Center <i>Provider of healthcare behavioral health management services</i>	American Healthcare Systems	Jul-24	West Monroe, LA
Sandcastle Preschool Program Foundation <i>Provider clinical and educational services</i>	Andwell Health Partners	Jul-24	Lewiston, ME
The Nexus Group <i>Operator of a psychiatric clinic and patient behavioral health services</i>	Beacon Behavioral Hospital (Latticework Capital Management)	Jun-24	Pittsburgh, PA
New Leaf Teletherapy <i>Provider of online therapy services intended for businesses and schools</i>	Graham Software Development	Jun-24	Pikesville, MD
Spectrum Behavioral Therapies <i>Operator of a behavioral health company</i>	Optimal Investment Group	May-24	Orange, CA
ZAMA (Clinics/Outpatient Services) <i>Operator of a mental health platform intended for the athletic community</i>	Volt Athletics	Apr-24	Washington, DC
Daybreak Family Services <i>Provider of outpatient program services and mental health services</i>	Family and Children's Services	Apr-24	Tulsa, OK
Premier Geriatric Solutions <i>Provider of behavioral health, psychiatric, and wound healthcare services</i>	Eventus Wholehealth (Enhanced Healthcare Partners)	Apr-24	Roanoke, VA
CARE Counseling <i>Provider of mental healthcare services</i>	Refresh Mental Health	Mar-24	St. Louis Park, MN
Behavioral Medicine Associates <i>Provider of behavioral health services</i>	Pax Health (HCAP Partners)	Mar-24	Great Neck, NY
Roots Behavioral Health <i>Operator of a behavioral healthcare clinic</i>	Hightop Health (JLL Partners)	Feb-24	Austin, TX
Turning Point Centers <i>Operator of a drug and alcohol treatment center</i>	Acadia Healthcare	Feb-24	Sandy, UT
Holiner Psychiatric Group <i>Provider of psychiatric services</i>	Beacon Behavioral Hospital (Latticework Capital Management)	Feb-24	Dallas, TX

Skyway Capital – Firm Overview

Our team of 45+ professionals includes senior investment bankers with 25+ years, on average, of experience and expertise in mergers and acquisitions (M&A), capital markets, and private capital advisory. The firm is focused on middle-market businesses and has completed more than 200 transactions with a total transaction value exceeding \$20 billion.

M&A Advisory

Skyway Capital is a middle-market investment bank led by a team of highly experienced professionals, providing tailored sell-side and buy-side advisory services.

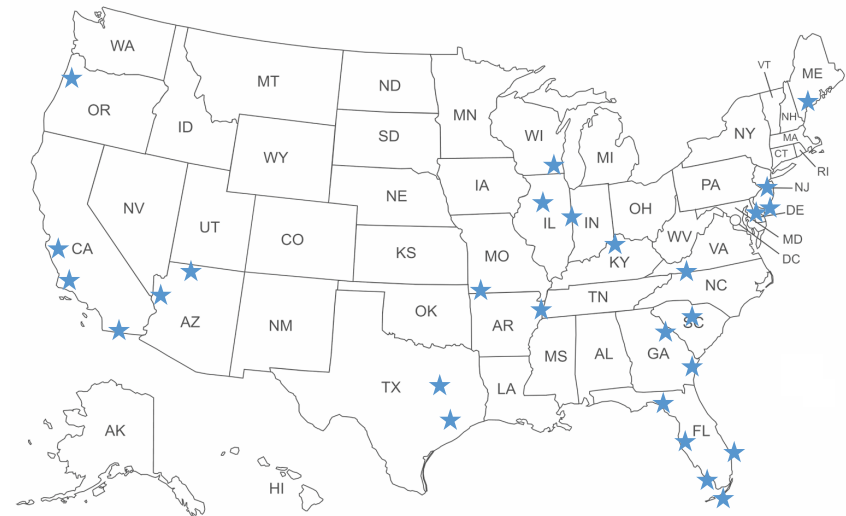
Capital Markets Advisory

Our team maintains a deep network of investor relationships and access to a wide range of capital sources to help companies obtain the necessary capital for achieving their growth, liquidity, and financing objectives.

Private Capital Advisory

Working with a select group of best-in-class sponsors, Skyway Capital helps structure offerings that provide investors with attractive features and risk-adjusted returns.

Nationwide Coverage



★ - Indicates select active & completed transactions

Sector Coverage

BUSINESS
SERVICES

HEALTHCARE

INDUSTRIALS

FINANCIAL
SERVICES

CONSUMER

Skyway Capital – Firm Overview (cont.)

Senior M&A Bankers



Jim DiCesaro, CFA
Senior Managing Director



Keith Hodgdon
Senior Managing Director



Jeff Hunt
Senior Managing Director



Russ Hunt
Senior Managing Director



Roger Overby
Senior Managing Director



Recent M&A Transactions



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acquired by



Skyway Capital – Healthcare Team

Senior Healthcare Bankers



Keith Hodgdon
Senior Managing Director



Jim DiCesaro, CFA
Senior Managing Director



Healthcare Focus

PROVIDER SERVICES

PHARMA SERVICES

HEALTH TECHNOLOGY

HEALTHCARE SERVICES

MEDICAL DEVICES

PHARMACY SERVICES

Select Healthcare Transaction Experience



has acquired



acquired by



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