



**BROWN**   
**BROTHERS**  
**HARRIMAN**

## BBH Capital Partners Select Healthcare Investment Theses

BBH Capital Partners (BBHCP) provides highly customized capital solutions to lower middle-market companies. Our flexible investment mandate gives us the ability to act as a control or non-control investor and to structure our investments as a combination of equity and subordinated debt securities as needed. We are currently investing through BBH Capital Partners V, L.P. (CP V) and CP Opportunities Fund, L.P. (CP Opportunities).

**As part of our investment focus on the healthcare space, BBHCP has been actively targeting four new areas for potential opportunities:**

### Outsourced Solutions to Facilitate Value-Based Payments

The U.S. healthcare system is in the early stages of transitioning from fee-for-service reimbursement to a larger mix of value-based payment reimbursement, which is tied to cost containment and the quality of patient outcomes. Due to the inherent complexity of value-based payment contracts, there is a significant demand from providers and payors for outsourced services and tools that can facilitate the implementation and management of value-based payment contracts.

- **Areas of Interest:** Patient assessments, care management, value-based payment administration services, revenue cycle management, contract negotiation and reporting

### Decision Support Technology and Services for Payors and Providers

With the move toward value-based reimbursement, payors and providers require more sophisticated decision support tools to successfully manage the cost of specialty pharmaceuticals, diagnostic tests and complex medical procedures. Five percent of the population accounts for over 50% of healthcare expenditures, which is driven by the consumption of high-cost specialty pharmaceuticals, diagnostic tests, complex medical procedures and complications from chronic illness. Decision support tools are mission-critical in helping payors and providers utilize evidence-based software and services to contain costs by ensuring medical necessity and reducing medical errors for both diagnosis and treatment plans.

- **Areas of Interest:** Care management platforms, health risk assessments, analytics-as-a-service, network optimization, referrals and authorization, precision medicine

### Cost Containment Services and Tools for Self-Insured Employers

There is an increasing movement by midsize and large employers toward self-insurance in order to control rising employee healthcare costs. Furthermore, to manage the risk of self-insured programs, employers rely on third-party companies to offer cost containment solutions. These third-party companies solve major pain points for employers, including: plan design, administration and management, price transparency and provider network optimization, and management and mitigation of claims risk.

- **Areas of Interest:** Self-funded third-party administrators, reference-based pricing providers, consumer navigation platforms, group captives/risk consortiums

### Electronic Health Record Managed Services

An electronic health record (EHR) managed services company provides outsourced IT staffing and support services for EHR systems to a wide array of healthcare providers. There is increasing demand for EHR managed services driven by providers' focus on mitigating costs, ensuring access to EHR expertise, maximizing the value of costly EHR systems and the increasing prevalence of value-based reimbursement and requisite data capabilities.

- **Areas of Interest:** EHR application and desktop support, security and compliance, clinical IT "help desk," telehealth, application hosting

### Flexible Mandate

The flexibility of our investment mandate is a key differentiator for management teams and co-investors. We evaluate both control and non-control transactions and can invest in a range of securities, including equity, subordinated debt or some combination of the two. Unlike many other funds, there is no set formula for the equity-debt split, which gives us the ability to customize a capital structure that we believe is appropriate for each investment.

### Deal Types

BBHCP provides capital to facilitate the following deal types:

- Management or leveraged buyouts
- Growth equity
- Minority or majority recapitalizations (including dividend recaps)
- Ownership transitions and generational transfers
- Buy-and-build strategies
- Acquisitions or industry consolidations

### CP V

- **Fund Size:** \$802 million
- **Investment Size:** \$30 million to \$125 million (substantially larger investments with co-investments and limited partners)
- **Enterprise Value:** Up to \$500 million

### CP Opportunities

- **Fund Size:** \$250 million
- **Initial Investment Size:** Up to \$30 million
- **Enterprise Value:** Up to \$100 million

# Healthcare Industry Expertise

## Key Investment Criteria

- Businesses that serve a cost containment function, improve patient outcomes and enhance revenue for payors and providers.
- Recurring revenue model; scalable business in growing (and preferably fragmented) markets; favorable reimbursement profile and the ability to form collaborative relationships with commercial payors/managed care providers and hospital groups.

## Other Areas of Interest

- Post-acute providers:
  - Home care/home health
  - Hospice and palliative care
  - Specialty infusion services
  - Rehabilitation
- Outsourced services to hospitals
  - Outsourced provider staffing services
- Care management for chronic and acute conditions
- Behavioral health
- Outsourced services to pharmaceutical
  - Generic pharma production
  - Specialty pharma distribution
  - Prescription drug adherence
  - Outsourced compliance services
- Single-use medical devices and medical supplies
- Animal health
- Dental and vision

## Key Healthcare Contacts:

**Bradley M. Langer**  
212.493.5525  
bradley.langer@bbh.com

**Matthew R. Pemberton**  
212.493.7603  
matthew.pemberton@bbh.com

**Bradford R. Corbin**  
212.493.5553  
bradford.corbin@bbh.com

**Kyle B. Barndollar**  
212.493.8424  
kyle.barndollar@bbh.com

**Alice M. Birnbaum**  
212.493.8920  
alice.birnbaum@bbh.com

**140 Broadway**  
New York, NY 10005  
212.425.1818  
www.bbh.com

## Current Healthcare Portfolio Companies

**ETHOS**  
VETERINARY HEALTH

**American**  
PHYSICIAN PARTNERS

**Haven**  
BEHAVIORAL HEALTHCARE

## Selected Historical Investments

**All Metro**  
HEALTH CARE

**One Call**  
Medical<sup>®</sup>  
Inc.

**Best Doctors** • **PICIS**

**IHG** Interplan Health Group  
PPD Networks • AmeriScript • Superian

**MedSource**  
Technologies

**COORDINATED**  
Home Health  
Caring since 1984

**PSI**  
Psychiatric Solutions

**KabaFusion**  
Patient-Centric Infusion Therapy

**Community Hospices**  
of America

**charles river**

**BARRIERSAFE SOLUTIONS**  
INTERNATIONAL<sup>®</sup>

This material has been prepared by Brown Brothers Harriman & Co. ("BBH") and is intended for information purposes only and for use by the intended recipient(s) only. Any dissemination, distribution or copy of this communication without prior approval from BBH is prohibited. The "Select Portfolio Companies" list is shown for informational purposes only.

This communication is intended as a general overview of BBH Capital Partners and does not constitute an offer to sell, or a solicitation of an offer to purchase, any interest in a fund or any other investment product.

Any contact information you provide to us is maintained in our database. More information about our privacy policy including our CCPA statement can be found on bbh.com using the following link: <https://www.bbh.com/en-us/our-firm/policies-and-disclosures/privacy-policy>.

Brown Brothers Harriman & Co. ("BBH") may be used as a generic term to reference the company as a whole and/or its various subsidiaries generally. This material and any products or services may be issued or provided in multiple jurisdictions by duly authorized and regulated subsidiaries. This material is for general information and reference purposes only and does not constitute legal, tax or investment advice and is not intended as an offer to sell, or a solicitation to buy securities, services or investment products. Any reference to tax matters is not intended to be used, and may not be used, for purposes of avoiding penalties under the U.S. Internal Revenue Code, or other applicable tax regimes, or for promotion, marketing or recommendation to third parties. All information has been obtained from sources believed to be reliable, but accuracy is not guaranteed, and reliance should not be placed on the information presented. This material may not be reproduced, copied or transmitted, or any of the content disclosed to third parties, without the permission of BBH. All trademarks and service marks included are the property of BBH or their respective owners.

© Brown Brothers Harriman & Co. 2020. All rights reserved.

PB-03964-2020-10-01 Expires 10/31/2022