

### A WORD FROM HENRY H. BLOOM, PRESIDENT & FOUNDER

When we welcomed the new decade in 2020, it ushered in an air of promise. However, the world found out rather quickly that it would be a year that no one expected and would go down in history as one that we will never forget. The novel coronavirus spread quickly, and in a time of divisiveness and uncertainty, as a business owner, I certainly did not know what to expect. At The Bloom Organization, we found ourselves adapting to our new reality, experiencing trying times and having to make difficult decisions in the process. We transitioned to working remotely in order for our team and their families to stay healthy. We mourned the loss of a member of our extended family due to COVID-19. Through this experience, my focus was, and remains, to keep my full team employed and safe. Through it all, we worked diligently and through perseverance, communication, and proactive decision-making, we were fortunate to be able to see positive momentum beginning in the fourth quarter.

As we start 2021 stronger than ever, we reflect on a year that has taught all of us valuable life lessons—to be grateful, mindful, and that the future is anything but predictable. We recognize the importance of being agile and innovative, and leveraging resources to make thoughtful, strategic decisions for the future. This is what we do at The Bloom Organization. While we can't predict precisely what the future holds, we are here to assist our clients in making smart decisions now to set themselves up for success in the future, whatever that might be. The global pandemic has reshaped our relationships, both personally and professionally, in unprecedented ways. Although our methods of communication have drastically changed, one thing is for certain—our relationships in life, and nurturing those relationships, have never been more important. In 2020, we were fortunate to have been able to maintain our firm's personal touch without in-person interaction through technology. I am so proud of my team of talented, dedicated professionals. Looking ahead, we see phenomenal opportunities on the horizon. Our firm's 30+ years of experience working exclusively on healthcare transactions is becoming more valuable to our clients than ever.

Our hats are off to our incredible industry and the frontline workers who we so deeply thank and admire. We feel fortunate to be a small part of such a fierce and resilient industry, and look forward to a bright future ahead.

*Henry H. Bloom*



## Insights & Trends

### A Look Back at 2020 | A Look into the Future

#### 2020: Growth in Healthcare Provider Deal Value

According to industry research, despite a challenging year, deal value rose in payers and providers. Thanks to a pickup in M&A activity in the second half, 2020 saw nearly a 30% increase in provider transaction value over prior year. Healthcare providers are pursuing new opportunities to emerge from COVID-19 stronger than ever—with transactions involving the consolidation of physician practice management and alternative care sites to reduce costs and enhance clinical outcomes.

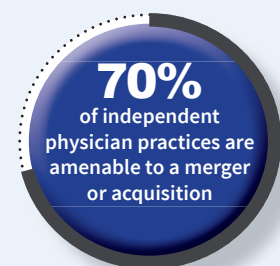
#### 2021: M&A Activity Will Continue to Accelerate

##### Specialties Gaining Traction:

Cardiology | Primary Care | ENT | Ophthalmology | Orthopedics

In 2021, the amount of PE firms that have flooded into the market and the ever-increasing scale of their platforms has created strong demand across all specialties. If your practice delivers high quality care and is interested in growth, you should be evaluating your partnership options every year, regardless of your specialty.

Industry research indicates that today, most independent physician practices are open to mergers and acquisitions. Additionally, almost half of healthcare M&A executives expect acquisitions to increase over the next year.



In 2019, 30% of physicians who owned practices reported that they would sell their practice in the next two years.

## The Business of Healthcare

### Investigating a Private Equity Model

Strategic planning in healthcare is not only crucial, it's necessary, and we often meet physicians who are eager to understand the private equity models for physician practice management. Taking the first step to understand and consider the options is key. At Bloom, we pride ourselves on taking our physician clients through an educational process. Bringing a financial partner to your practice is a big decision. So, it is incumbent upon us as advisors to provide the information and experience to our clients so they can make informed decisions.

For physician owners, the private equity model is all about taking the equity you've built up in your business and "adding fuel to the fire" to maximize your financial returns. This is true whether you have 2 years or 20 years left to practice. The PE model is not only about "cashing out." Take the time to learn the model and find what works for your business!

### Spotlight on ESOP

An ESOP makes it possible to capitalize on what you've built, continue to have an active role within your practice, and strengthen your business for the future.

#### ➔ What It Is

Employee stock ownership plans (ESOPs) enable private companies to sell shares to an employee trust. The sponsoring company, selling shareholder, and participants receive various tax benefits.

#### ➔ The Benefits

Liquidity & Diversification - Valuation - Company & Seller Tax Incentives - Upside & Control - Incentivized Management & Employees

### Did You Know?

Publix Super Markets is the largest employee-owned company (ESOP) in the US and employs over 200,000 workers.

### Is Your Practice Considering a Strategic and/or Financial Transaction?

Transaction activity and practice valuations are at an all-time high.

Let's explore the avenues for monetization:

	Status Quo	Private Equity	ESOP	Health System
Tax Efficient	✗	✓	✓	✓
Cash Up Front / Risk Mitigation	✗	✓	✓	✓
Equity Appreciation Opportunity	✓	✓	✓	✗
Reduced Practice Management Burden	✗	✓	✗	✓
Physician Autonomy	✓	✓	✓	✗
Maintain Branding	✓	✓	✓	✗
Maximized Annual Salary	?	✓	✓	?

## Highlighted Transactions

### ENT Saw 2 Regional Powerhouses Join Forces

**Texas** Bloom advised Texas ENT Specialists, the largest independent ENT provider in Texas, on a partnership with South Florida ENT Associates to form a combined entity backed by Audax. Through its new affiliation, Texas ENT Specialists will serve as a new platform for growth in the state.



### New Partnership Formed at the Forefront of Value-Based Healthcare

**New York** Bloom advised FamilyCare Medical Group in a partnership with Agilon Health, a portfolio company of global private equity manager Clayton, Dubilier & Rice. The venture is focused on value-based care and Medicare Advantage, and will modernize FamilyCare Medical Group through technology, analytics, and population health tools. FamilyCare Medical Group is the dominant primary care group in the Syracuse, NY market.



### Local Leader in Outpatient Medical Imaging Forged Strategic Transaction

**New Jersey** Bloom advised MRI of Woodbridge/Doctors Radiology Center in a strategic partnership with the New Jersey Imaging Network, a joint venture between RWJ Barnabas Health system and RadNet, the largest operator of outpatient imaging facilities nationally. At The Bloom Organization, we have extensive experience in advising physician-owned outpatient facilities and practices.



### ASCs Continue to See Partnership Opportunities for Growth

**Florida** Bloom advised Delray Beach Surgery Center and ParkCreek Surgery Center in the closing of two new joint-venture partnerships with United Surgical Partners International. For over 10 years, Bloom has specialized in helping ASC owners monetize part of their investment, while also pursuing managed care "lift" opportunities. This was another example of such a home run opportunity for the physician owners. Not only were they able to take some money off the table at capital gains tax rates, but they also got a new management partner with a much larger market presence to help the ASCs move into the future.



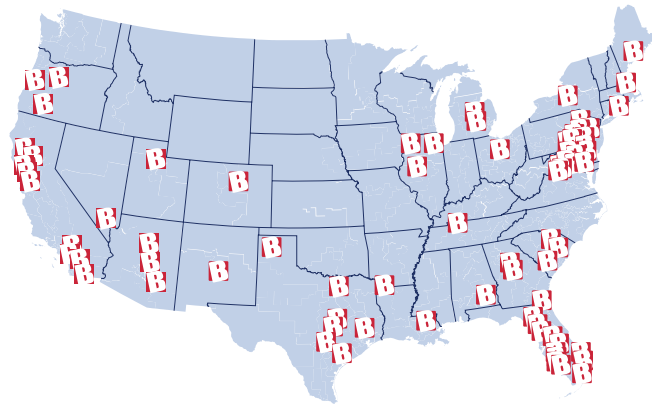
## Looking Forward to 2021 and Beyond

2020 was a pivotal year for the healthcare industry. In a year of trials and tribulations, The Bloom Organization remained laser focused on identifying creative pathways to help our physician clients monetize their practice and ASC investments while simultaneously preparing for an unpredictable future. The experience of 2020 seemed to supercharge the evolution to value-based care and the ultimate objective of market consolidation, creating enormous opportunities for physicians on many fronts. Like never before, the key for physicians is to constantly participate in the “strategic planning” process.

Opportunities will present themselves to those who are always looking and thinking about what lies ahead. At Bloom, we remain committed to helping physicians unlock opportunities and maximize the returns created by being on the cutting edge of this evolution. We believe 2021 will be the best year ever for the creation of value by physicians and are excited to continue working with physicians to take the lead.

### ABOUT THE BLOOM ORGANIZATION

A leading investment bank specializing in healthcare mergers and acquisitions, The Bloom Organization has over 30 years of experience advising physicians, group practices, ASC development companies, private equity firms, hospitals, and other healthcare operators and investors. Our clients turn to us for negotiating the strategic partnerships, joint ventures, acquisitions, leveraged buyouts and other transactions that maximize return. We have advised over 5,000 physicians since 1990 on strategically positioning themselves in the ever evolving healthcare services sector.



### *Are you evolving as quickly as the industry is?*


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