



Q4-2009 REVENUE CYCLE MANAGEMENT INDUSTRY UPDATE

MARKET UPDATE

While 2009's M&A headlines were dominated by the gloom spawned from the recession, consolidation within the healthcare industry remained steady. With Washington's strong backing in 2009 and healthcare costs continuing to grow, the RCM industry garnered significant interest this year. Not only were strategics taking part in the merger and acquisition activity, but out-of-the-box buyers like Experian broke into the industry with its acquisition of SearchAmerica. Additionally, as the credit markets continue to thaw, Provident expects private equity groups to strategically distribute their funds in safer, less volatile markets and the RCM sector offers both of these qualities. Moving into 2010, policymakers will continue to consider reimbursement rates for doctors and hospitals and both will continue searching for ways to uncover revenue. This alone will keep the RCM industry thriving.

TOP STRATEGIC PLAYERS

- > **athenahealth, Inc.** (NASDAQ: ATHN)
- > **Allscripts-Misys Healthcare Solutions, Inc.** (NASDAQ: MDRX)
- > **Cerner Corp.** (NASDAQ:CERN)
- > **Eclipsys Corp.** (NASDAQ: ECLP)
- > **McKesson Corp.** (NYSE: MCK)
- > **MedAssets** (NASDAQGS: MDAS)
- > **Quality Systems, Inc.** (NASDAQ: QSII)

RECENT TRANSACTIONS

Month	Acquirer	Target Company	Details
December 2009	Thoma Bravo	AMICAS, Inc.	AMICAS, Inc. has entered into a definitive merger agreement to be acquired by an affiliate of Thoma Bravo, LLC, in a transaction valued at approximately \$217 million. The AMICAS Board of Directors unanimously approved the agreement and resolved to recommend that the shareholders of AMICAS adopt the agreement. The deal provides a premium value to current shareholders, valued at 24% over AMICAS' average closing share price during the 30 trading days ending December 24.
December 2009	Mediware Information Systems, Inc.	Healthcare Automation, Inc.	Mediware Information Systems Inc. finalized its acquisitions of Healthcare Automation Inc. (HAI) and Advantage Reimbursement Inc. (ARI), which provide software and outsourcing solutions for home health providers. The two companies were owned by a single ownership group based in Cranston, Rhode Island and Andover, Massachusetts, respectively. The purchase included a cash payment of \$5.5 million, and an additional earn-out payment of up to \$1.5 million is possible based on an annual performance plan.
		Advantage Reimbursement, Inc.	
December 2009	Tibotec-Virco NV	Ground Zero Software	Tibotec Virco Virology BVBA acquired Lab Tracker HIV, a division of Ground Zero Software. The financial terms of the acquisition were not disclosed. Lab Tracker HIV is an electronic medical record system. The software platform is designed to meet complex disease-management needs of particular healthcare providers treating patients living with HIV/AIDS. This acquisition allows Tibotec to expand its technology offerings.
December 2009	Hospira, Inc.	TheraDoc, Inc.	Hospira Inc. (NYSE: HSP) has acquired TheraDoc, Inc. The financial terms of the transaction were not disclosed. As part of the agreement, Hospira acquired additional assets related to the TheraDoc business, including the headquarters in Salt Lake City.
November 2009	Ingenix, Inc.	Caremedic Systems, Inc.	Ingenix, a subsidiary of UnitedHealth Group, has acquired CareMedic Systems in a cash transaction. Further terms were not disclosed. The acquisition is expected to create a number of synergies between the two companies, notably Ingenix's expertise in reimbursement and health IT management, and CareMedic's focus in enterprise-wide RCM solutions. The combined services of the two companies will provide their clients with a more comprehensive solution for RCM.
November 2009	Medbizionics, LLC	Docs Billing Solutions, LLC	Medbizionics, LLC has acquired Docs Billing Solutions, LLC (DBS). No financial terms were disclosed. DBS, through its channel partner relationship with Ingenix, brings internet, web native, state of the art Practice Management (PM) and CCHIT certified Electronic Health Records (EHR) technology, such as CareTracker, to providers and provider networks. In addition, DBS also provides outsourced Revenue Cycle Management Services
November 2009	Medbizionics, LLC	Healthcare Business Consultants, LLC	Medbizionics, LLC has acquired Healthcare Business Consultants, LLC (HBC). Terms of the transaction were not disclosed. The acquisition of HBC will boost Medbizionics service platform. Additionally, Medbizionics can now couple its revenue cycle management offering with its consulting focus.
November 2009	Fresenius National Medical Care	Health IT Services Group	Fresenius Medical Care acquired Health IT Services Group (HITSG). The financial terms were not disclosed. The acquisition of HITSG is a step towards solidifying the companies leadership position in their market through the utilization of a superior supporting IT infrastructure. It will also provide the means to expand the availability of Acumen nEHR.
October 2009	athenahealth, Inc.	Anodyne Health Partner, Inc.	athenahealth, Inc. (NASDAQ: ATHN), a leading provider of internet-based business services for physician practices, has acquired Anodyne Health Partners, Inc., a provider of Software-as-a-Service (SaaS) business intelligence (BI) solutions for healthcare providers. athena paid \$22.3 million with the potential for additional consideration of up to \$7.7 million, based on the achievement of certain business and financial milestones. The transaction multiple equates to 3x revenues. Anodyne Health Partners has a business process outsourcing unit which is excluded from the acquisition but will be spun off into a separate company prior to closing. Anodyne will continue to operate as a separate entity of athena.