

## HEALTHCARE MARKET UPDATE – HEARD ON THE STREET

In light of recent market volatility, Bridgepoint is providing another real time update of what we are hearing from our close healthcare relationships

“Almost immediately after the governor imposed mobility restrictions on our state, our patient census fell 25%. I think patients just didn’t know that it was still acceptable, and recommended, to come seek the treatment they need. In only 10 days we’ve seen a good increase in census as patients adjust to this new normal. Outpatient telehealth usage went from 1% to 40% overnight.”

### – Behavioral Health Center

“We’ll likely lose 20% of our revenue from deferred elective procedures. We hope to recover 70% or more of that in the second half of the year, but it will depend on being able to acquire enough PPE / supplies / anesthesia to perform the requested procedures. We are currently unable to meet all demand for services deemed non-elective due to supply chain issues (appropriately diverted to COVID hot-spots). We will get through this by controlling costs, delaying capital expenditures, reducing distributions and utilizing government assistance.”

### – Orthopedic Surgery Center

“We are mostly focused on our portfolio companies instead of pending acquisitions. Some of our company’s revenue went to zero, some are fine. We are still trying to understand the implications of PPP with our portfolio companies. The affiliate language in SBA is still gray, nobody knows. 80% of our deals are on hold, but we are still pushing ahead on a few. It has been very hard to try and get deals done while not being able to meet face-to-face. I can already tell that there will be a lot of special situations / bridge deals within the next 12-24 months.”

### – Private Equity Fund

“We’re still pushing ahead on deals, trying to show what a good partner looks like in a tough time. We see lenders being more cautious – maybe a half to full turn less in leverage and 50bps higher on rate. We are helping every business work on their 13 week cash flow and monitor it daily / weekly.”

### – Healthcare Private Equity Fund

“The staffing companies said they’re responding to dropping revenue as non-coronavirus patients avoid the ER and hospitals cancel elective procedures. The companies also emphasize that they’re not cutting physicians’ hourly pay rates. Instead, they are assigning fewer hours to doctors and other providers, which means that some hospitals have fewer clinicians working in the ER at a time.”

### – ProPublica

“ Business leaders of successful practices are being asked to hoard cash and monitor their businesses more closely than ever. It looks like the SBA will provide some relief for some practices and we have ‘Accelerated Medicare for All’, but at the end of the day most practices will need to reevaluate their long-term capital planning.

**Gary Grote, Managing Director  
Bridgepoint Investment Banking** ”