

# Substance Use Disorder

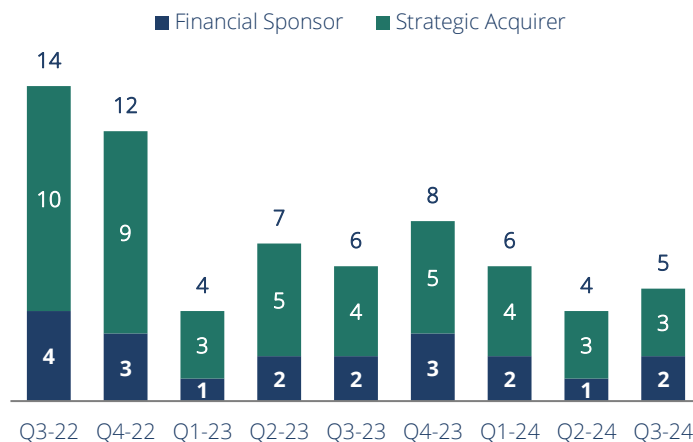
Q3 2024

## Market Update







The substance use disorder (SUD) sector experienced a minimal uptick in M&A activity during Q3 2024, compared to Q2. The market is showing signs of recovery, with more reported deals in market, softening interest rates, and increased fundraising. This gradual improvement can be attributed to a combination of factors, including a stabilizing regulatory environment and adjustments in valuation expectations. Scrutiny of healthcare deals persists, but market participants have adapted their strategies to navigate these challenges. We anticipate this leading to more creative deal structures and a focus on smaller, strategic acquisitions that are less likely to trigger extensive regulatory reviews.

Provident expects a gradual increase in deal activity as we move into Q4 2024 and beyond. The convergence of seller and buyer valuation expectations, which began in Q3, is expected to continue, potentially unlocking more transaction volume. Additionally, the ongoing opioid crisis and increased public awareness of mental health issues continue to drive demand for SUD services, creating long-term growth opportunities for well-positioned providers.

## Quarterly Transaction Volume



## Select Transactions

Month	Investor	Target	Deal Description
August			Bradford Health Services, a leading provider of addiction treatment and recovery services, has successfully acquired Lakeview Health, a premier behavioral health provider known for its specialized programs across the Southeast.
August			Eleanor Health, an innovative outpatient addiction treatment provider, has received \$30 million in Series D financing led by General Catalyst. This significant investment will enable Eleanor Health to expand its whole-person, digital care model for opioid use disorder treatment to new geographies.
July			Pathways Recovery Centers, a provider of drug and alcohol addiction treatment, has partnered with Serenity Park Recovery Center. The acquisition of the Little Rock, Arkansas-based addiction treatment facility is the fourth addition to the Pathways Recovery network.

## Provident Industry Coverage Team

**Craig Sager, CPA**  
Managing Director  
(617) 226-4218  
csager@providenthp.com

**Tommy Spiegel, CFA**  
Vice President  
(617) 226-4216  
tspiegel@providenthp.com

**Steve Grassa, CFA**  
Vice President  
(617) 226-4213  
sgrassa@providenthp.com

**Daniel O'Brien**  
Senior Associate  
(617) 226-4292  
dobrien@providenthp.com

## Publications & Podcasts

### Whitepaper

[Provident Behavioral Healthcare Market Update: Summer 2024](#)

### Podcast

[Tackling the U.S. Opioid Crisis: Analyzing Medication Assisted Treatment](#)