

New Mountain Merges Great Point's Equian, Abry's Trover Solutions

By Amy Or

New Mountain Capital acquired Great Point Partners' Equian LLC and merged it with Abry Partners' Trover Solutions Inc. to form a payment integrity and cost-containment platform for the health-care and property and casualty insurance industries.

The merged company will provide software and services, including prepayment clinical coding review and bill review, postpayment data mining and provider audits, as well as subrogation services for payers, New Mountain said in a news release.

The combined entity will have more than 1,100 professionals serving over 300 health-care and insurance customers across the U.S., including nine of the top 10 health-care payers, the news release said.

The combined company records over \$200 million in revenue, said New Mountain Managing Director Matthew Holt.

"We will be accelerating investment in the merged company's technology and developing additional products, focusing on technology," Mr. Holt said. He added that the nation's "shift to value-based care" will create more complexity in areas like coding and billing, and foster demand for the services offered by Equian and Trover.

Under the Affordable Care Act, a pilot program has been launched that encourages hospitals and medical service providers to build health-care systems, called Accountable Care Organizations, that deliver comprehensive care to patients, with the goal of improving the health of the population they cover and thus reducing care costs.

Scott Mingee, currently chief executive of Equian, will assume the CEO role in the merged entity, while Trover CEO Rob Bader will serve as the executive chairman of the combined company, Mr. Holt said.

New Mountain sourced the two deals on a proprietary basis, at a time when private equity firms are bemoaning the high valuations on deals, especially when the sale processes are mediated by intermediaries such as investment banks.

"We met with Equian management last May and indicated to them that we were interested in buying and merging the two companies together in order to build a new leader in the sector," Mr. Holt said. "Management was very positive about our thesis."

Great Point acquired Indianapolis-based Equian, then known as Health Systems International LLC, for an undisclosed sum in 2007. Rebranded as Equian in March 2014, Equian has made a number of add-on acquisitions during Great Point's ownership, including the January acquisition of Assist Group Inc., a Lakewood, Colo.-based prepayment technology and services company.

Abry acquired Trover in 2011 from fellow private equity firm Tailwind Capital Partners. The Louisville, Ky.-based company said on its website it helps recover more than \$340 million annually for its clients.

The investment comes out of New Mountain Partners IV LP, which closed with \$4.13 billion in October 2014. Eir Partners, of New York, advised New Mountain on the transactions.

Mr. Holt said Eir, an investment firm which focuses on health care, also took a minority stake in the combined company. Eir is a new firm launched in October by Brett Carlson, who was mostly recently the chief executive of iVantage Health Analytics Inc., a health analytics company that Great Point Partners sold to Chartis Group in November.

"This space is particular exciting. The complexity of health-care payment is increasing and these solutions are making the payment process more efficient," Mr. Carlson said, adding that he believes there is opportunity to build leaders in the technology-enabled, clinically-focused payment integrity area.

New Mountain's Mr. Holt said the new platform formed by Equian and Trover is his firm's latest push to back more technology-enabled companies serving the health-care industry.

"This is the way to use technology to reduce costs and reduce errors in the health-care market. We have been spending lots of time proactively behind this theme," Mr. Holt said.

The New York firm last year bought health-care information technology company Health-

Port Inc. from Abry Partners, and merged the Alpharetta, Ga., provider of medical information access management and compliance services for health-care organizations and insurance payers with LLR-backed information management services provider IOD Inc. and medical record retrieval company ECS. All three deals were sourced on a proprietary basis, Mr. Holt said.

The merger of Equian and Trover tops a busy year for New Mountain.

"New Mountain may have had its best year ever in the last 12 months, returning over \$2 billion of cash and acquiring some great companies in proprietary transactions," Mr. Holt said.

New Mountain in July agreed to sell SNL Financial LC to McGraw Hill Financial Inc. for about \$2.23 billion in cash after acquiring it at an enterprise value of \$450 million four years earlier. The Charlottesville, Va., company provides data, commentary and services for banking, real estate, energy and other sectors.

On the investment side, New Mountain in June took private Zep Inc., an Atlanta-based manufacturer and marketer of consumable chemical packaged goods selling high-performance chemicals for cleaning and maintenance purposes in commercial, industrial, institution and consumer settings.

In February, New Mountain bought Diversified Foodservice Supply Inc., a distributor of maintenance, repair and operation parts, supplies and equipment to the food-service industry, from KRG Capital Partners.

"It's been a very fruitful year for us," Mr. Holt said.

<http://www.equian.com>
<http://www.troversolutions.com>
<http://www.newmountaincapital.com>
<http://www.gppfunds.com>
<http://www.abry.com>
<http://www.eirpartners.com>