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U.S. Urology Partners pursuing practices throughout the Midwest, CEO says

by Deborah Balshem

U.S. Urology Partners, the new urology platform formed by New MainStream (NMS) Capital and the physicians of Central Ohio Urology Group (COUG), is actively seeking acquisitions in Ohio and throughout the Midwest, said CEO Mark Cherney.

The Gahanna, Ohio-based company is currently looking at small and large groups, including those that are similar in size or larger, Cherney said. U.S. Urology has approximately USD 50m in revenue and aims to grow by ten-fold in three to five years, according to the CEO.

U.S. Urology Partners has 230 employees and is ready to scale, Cherney said. The business just hired Chief Financial Officer Anthony Bond and Chief Development Officer Chad Baldwin, and is in the process of finalizing a vice president of physician recruiting, the CEO noted.

Urology is the next “ology” expected to see significant consolidation, Cherney said. While other physician specialties such as dermatology, dental and ophthalmology have seen heavy M&A activity in recent years, urology has remained a relatively untapped space for sponsor investment, he noted.

In December 2018, NMS Capital invested in COUG, which was founded in 2004 and currently has 21 urologists practicing in 16 locations throughout Ohio, including a single-specialty ambulatory surgery center (ASC), Columbus Prostate Cancer Clinic and Advanced Prostate Cancer Center. The holding company U.S. Urology was then formed to acquire and manage the practices.

Though urologist groups with ancillary services such as ASCs, lab, pharmacy, imaging and radiation are highly coveted acquisition targets, U.S. Urology will simply add those services to groups without them, Cherney noted.

U.S. Urology ideally will acquire majority interests in the practices, which for now will continue to operate under their existing names. Most of the physician owners should want to stay on board and help grow the practice, Cherney said.

Though actively looking throughout the Midwest, Cherney mentioned that U.S. Urology is opportunistic about buys elsewhere in the country and will entertain inbound interest. The company currently has an “extensive” pipeline of targets, he said.

Audax Private Equity kicked off urology consolidation with its August 2016 acquisition of Chesapeake Urology to form holding company United Urology Group. In September 2018, JW Childs Associates and New Jersey Urology formed Urology Management Associates, while this news service reported earlier

this month that Lee Equity Partners is in talks to acquire and merge New York-based Integrated Medical Professionals and Ohio-based The Urology Group to form a regional platform.

Investment bank Cain Brothers and law firm Squire Patton Boggs represented COUG on its sale to NMS Capital. McDermott Will & Emery advised NMS.

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