



Autism Therapy Market Update

Perspectives and Research

Spring 2025

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- 15+ years of combined investment banking and healthcare operations experience
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- 7+ years of investment banking experience
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Sector Coverage

Healthcare Services

Infusion
Behavioral Health
Managed Care
Post-Acute
PPM

Outsourced Services

Pharmacy Services
Distribution
HME / DME
Labs
Staffing

Healthcare Technology

Virtual Care Enablement
ProviderTech
Payor Services & Technology

Select Transaction Experience



Select Industry Relationships



Four (4) Take-Aways on the Autism Therapy Space

We expect to see significant consolidation in the autism therapy space over the next decade as providers and private equity investors consider how to deal with a potentially more challenging fee-for-service reimbursement environment in 2025 and beyond. In our view, this will likely include mergers and acquisitions to build patient populations and economies of scale in order to more meaningfully participate in value-based contracting arrangements with payers.

- 1 Our conversations with provider organizations and private equity investors in the autism therapy space suggest that there is a growing interest in value-based reimbursement as a strategy** to competitively differentiate and avoid the otherwise inevitable pressures of fee-for-service payment rates. In particular, the funding of Medicaid and other public health programs has been a topic of concern in recent months given the Trump administration's focus on reducing federal government deficits. Today, we estimate autism providers, in aggregate, generate over half of their revenues from Medicaid and public health programs.
- 2 Value based reimbursement, in turn, requires access to sufficient patient lives to be able to demonstrate differentiated quality and outcomes** -- as well as to spread-out/diversify performance risk and take-on performance risk incrementally. Yet, today, the autism therapy space is highly fragmented with no one provider accounting for more than 5% market share. Thus, in our view, for many small/mid-sized providers of autism therapy, the transition from fee-for-service to value-based reimbursement models may not be possible -- absent a merger or an acquisition to access a broader and more diverse patient population.
- 3 Also, value-based reimbursement requires sufficient economies of scale to invest in modern information technology (IT) infrastructure** that can track, store, and report data to third-parties (and patients). We think that there is a strong preference for enterprise (i.e., "one-stop-shop") strategies with respect to IT adoption. With an enterprise IT strategy, data is captured and updated in one place, improving data consistency and creating a single source of truth across various activities. This allows for improved collaboration and a more holistic view of patients. Moreover, a unified technology stack can facilitate the use of artificial intelligence (AI) applications and innovative care models, such as telehealth and parent-mediated therapy.
- 4 Finally, autism therapy providers with "whole-person" care models can sometimes generate better clinical results in value-based arrangements.** For years, managed care organizations have emphasized the importance of "whole-person care" to population health management. We are increasingly hearing the same argument for autism since individuals with autism often have co-occurring behavioral and medical conditions that, if not addressed, can lead to sub-optimal outcomes.



Overview of the Autism Therapy Marketplace

High Level Overview of the Autism Therapy Marketplace

The marketplace for autism therapy is very substantial at ~\$30 billion annually, by our estimates. Yet, the provider landscape is still, in many ways, underdeveloped, with significant fragmentation and heterogeneity in services. Thus, we see opportunities for private equity investors to bring greater scale through provider consolidation in the coming years.



Autism spectrum disorder is a behavioral health condition that impacts how a person perceives and socializes with others, leading to problems with personal interactions, communication, and intellectual functioning. Autism is referenced as a “spectrum” disorder because there are wide variations in the type and severity of symptoms. To date, there is limited understanding of the root causes of autism. Some research suggests that 60%-90% of the “risk” of autism can be explained by genetics (and biology), as evidenced by the presence of an autism diagnosis for a parent or family member. However, others have argued that other variables may be involved, such as the age of the parents, prenatal health conditions, and birth complications -- among others. Still others argue that there are environmental factors. Although autism is considered a lifelong disorder, therapy has been shown to improve an individual’s symptoms and ability to function over time.



Despite its substantive size, **the autism therapy space is, in many ways, still highly underdeveloped with tremendous variability** in the types (and quality) of therapies provided and with a highly fragmented landscape of providers. According to some estimates, there are over 5,000 individual providers providing a variety of autism therapies with no one provider accounting for more than five percent market share. (Most providers have annual revenues of less than \$10 million).



Today, **there are a wide variety of therapies and treatments to address autism spectrum disorder**, depending on a child’s specific individual needs. However, **applied behavior analysis (ABA) tends to be the first/primary therapy recommended following a diagnosis of autism**. ABA is considered as standard of care because it has the most extensive body of scientific research that demonstrates its effectiveness in children with respect to its ability to lead to improvements in intellectual, social, and daily living skills. For these reasons, ABA is defined as the evidence-based best practice treatment for autism by the *U.S. Surgeon General* and by the *American Psychological Association*.



The primary limiting factor for growth for most providers is access to licensed and trained professionals. Most forms of autism therapy are very labor intensive, many times requiring one-on-one personalized care. There is hope that, over time, a portion of this labor intensity can be mitigated through the use of artificial intelligence and information technology.

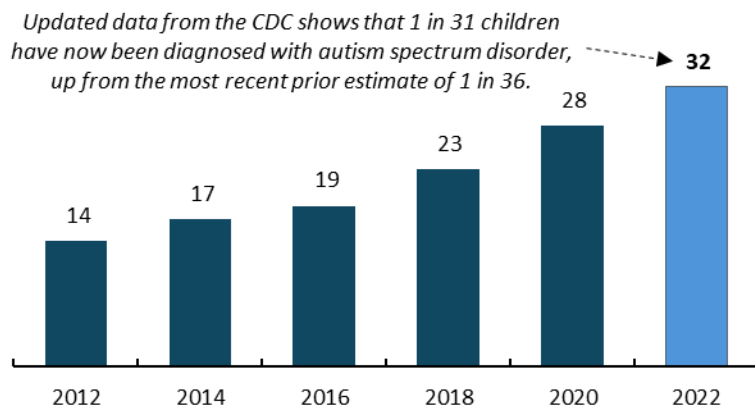
Growing Prevalence of Autism Raising Eyebrows

Autism has recently gained national headlines with newly released information that the rate of autism diagnoses in the United States is continuing to increase at an alarming rate. Many observers attribute the increasing prevalence of autism to more screening for and awareness of the condition as well as improved private and Medicaid coverage.

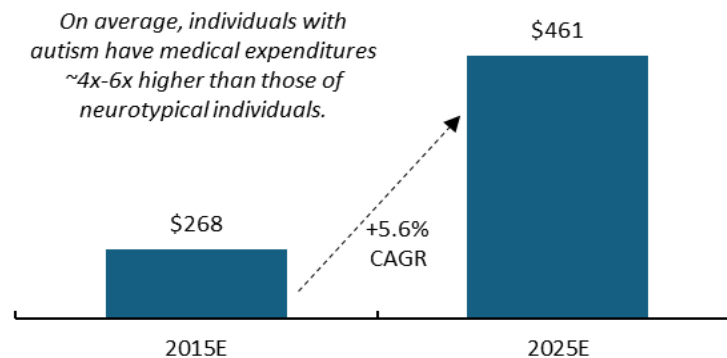
Just released survey data (April 2025) from the **Autism and Developmental Disabilities Monitoring (ADDM) Network**, part of the U.S. Centers for Disease Control and Prevention (CDC), showed that the national autism rate among 8-year-old children reached **1 in 31 in 2022 (or 32.2 per 1,000)**. This implies that the rate of autism diagnoses among children has roughly quadrupled over the past twenty years, and it is up ~17% from the last ADDM survey, which showed a rate of 1 in 36 in 2020 (or 27.6 per 1,000). Also, in the 2022 survey, the rate of autism in boys was over 3.4 times higher (than for girls) at 49.2 per 1000 (vs 14.3 per 1,000). Finally, the prevalence of autism varied widely by geography -- ranging from 9.7 per 1,000 in Texas to 53.1 per 1,000 in California.

Much of the conversation around autism focuses on children. However, it is notable that there is a growing population of newly diagnosed adults as well. A recent study in *JAMA Network Open* (in October 2024) confirmed that the prevalence of autism diagnoses was highest among children, aged 5 to 8. However, much of the growth in diagnoses was among adults, aged 29 to 45, with rates growing 450% from 2011 to 2022. In our view, this suggests that many children with autism may have gone undiagnosed in the past.

Rising Prevalence of Autism (Rate Per 1,000 Children)












Growing "Economic Cost" of Individuals with Autism (\$ in Billions)



Highly Fragmented Autism Therapy Provider Landscape

The landscape of autism therapy providers is highly fragmented, despite the substantial size of the autism marketplace and its attractive growth and fundamentals. By our estimates, there are many hundreds of individual providers providing autism therapy with only maybe a dozen or so generating annual revenues of \$150 million or more.

Autism Provider	States	Staff	Ownership	Description
	19	1,400+	KKR	Center-based, community-based, school-based and virtual ABA therapy services
	18	450+	 GRYPHON INVESTORS	ABA therapy provider across a wide range of sites of care
	16	3,000+	Charlesbank	Center-based ABA services, at home services and “ABC Academy”
	16	1,700+	FFL PARTNERS	ABA, adaptive, speech and occupational therapy provider
 ABA CENTERS Proven Autism Care	14	1,500+	ICBD HOLDINGS, LLC	Provider of diagnostics and ABA therapy services for kids in clinic and home settings
 CARD CENTER FOR AUTISM IN RELATED DISORDERS	13	1,800+	Audax Group	ABA provider of center-based and virtual services and behavioral intervention class
	12	2,400+	THL	ABA therapy provider in clinics, homes and virtual settings
	12	780+	NORWEST VENTURE PARTNERS	ABA therapy provider in homes and schools focusing on convenience and IT
	12	1,300+	Audax Group	ABA therapy provider in homes, schools and clinics across the US
	9	2,000+	GENERAL ATLANTIC	ABA provider with learning centers, school programs and at home programs

The autism therapy space consists of many hundreds of providers



Applied Behavioral Analysis (ABA): Standard of Care

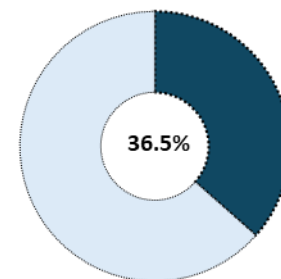
Applied Behavioral Analysis (ABA) is considered by many to be “standard of care” for autism with ~25% to ~50% of individuals with autism receiving this form of therapy (depending on the survey/source). By federal mandate, Medicaid plans are required to fully cover ABA therapy for children under the age of 21, if ABA is determined to be medically necessary by a physician. Also, most employer-based health plans reimburse the costs of ABA therapy as well.

ABA therapy is designed to teach behavioral patterns, depending on a child’s specific needs and circumstances, using role-playing and positive reinforcement. Specifically, the therapist identifies a targeted behavior. Different scenarios are presented to the child via role-playing, and each time a child demonstrates the targeted behavior he/she gets a reward, e.g., praise, a toy, a video to watch, etc. The focus of ABA is developing an understanding of “antecedents” (something that happens prior to a targeted behavior) and “consequences” (what happens after the behavior). The intensity and duration of ABA programs can differ based on a child’s needs, but “intensive” and “long term” ABA programs can consist of 25 to 40 hours per week of therapy for one to three years.

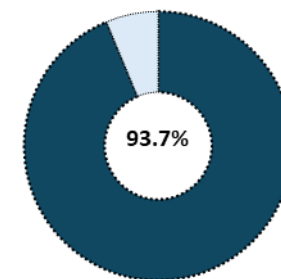
The execution of ABA therapy must be overseen by a board-certified behavior analyst (BCBA). To be a BCBA, an individual must have a master’s degree or PhD in psychology or behavior analysis and pass a certification exam. Also, many states have their own licensing requirements. BCBAs, in turn, supervise registered behavior technicians (RBTs) who are trained by the BCBA to implement an ABA program as planned by the BCBA. Of note, RBTs are also referred to as behavioral therapists, line therapists, behavior techs, etc. The RBT, in turn, is required to pass a certification exam involving about 40 hours of training over four weeks.

As suggested above, **ABA therapy is labor intensive and, therefore, very expensive**, costing anywhere from \$1,700 to \$4,800 per week. The good news for those with autism is that the *U.S. Centers for Medicare and Medicaid Services* requires Medicaid to cover ABA therapy for “medically necessary diagnostic and treatment services”. Similarly, all states require “fully insured” private health plans to cover autism therapies, although particulars can vary by state.

Over a third (36.5%) of autism caregivers (parents) use ABA therapy for their child/loved one



The vast majority (93.7%) of caregivers (parents) would recommend ABA therapy to other caregivers (parents)



Alternatives to Applied Behavioral Analysis (ABA)

There are many dozens of other respected approaches to helping individuals with autism, outside of traditional applied behavior analysis (ABA). However, in our view, a challenge with non-ABA approaches to autism therapy is that third-party reimbursement can sometimes be more difficult to obtain since many view ABA as “standard of care.”

It is important to point out that ABA therapy is not without its critics. Some view ABA therapy as overly controlling since it attempts to focus on achieving conformity to certain “neurotypical” behaviors without addressing the underlying causes of (and thinking behind) bad behaviors. Because of this, many providers (and parents) have ethical concerns that ABA therapy deprioritizes a child’s autonomy and independent thinking, which, in turn, can have long-term implications.

Certain individuals with autism may benefit from “developmental” therapies that focus on specific skills, such as speech, physical, and occupational therapy. In particular, many agree that adding speech therapy to ABA can be helpful with autistic children. In fact, speech challenges are often an early symptom of autism. *SPOT Therapy* (i.e., speech, physical, and occupational therapy) involves simultaneously applying speech, physical, and occupational therapy in one session. However, reimbursement can be a challenge here since some health plans do not allow providers to bill for both speech and ABA therapy if they are done at the same time.

There are “psychological” therapies used for autism therapy as well. For instance, *Cognitive Behavioral Therapy (CBT)* involves helping an individual understand the connection between thoughts, behaviors, and emotions. CBT can help individuals with autism develop coping strategies, improve emotional regulation, and enhance social skills.

“Social-Relational” therapies for autism focus on improving social connections and emotional bonding with parents, educators, or other caregivers. One example of this approach is *Relationship Development Intervention (RDI) therapy*, which seeks to capitalize on strong emotional connections and engagement between children with autism with their parents, families, and caregivers. Essentially, this is a “parent-led model” that involves parents stepping into the place of the therapist to some degree. Outcomes for RDI have been impressive, in our view; however, this can be unrealistic for many parents with busy schedules and work commitments.

“Educational” approaches to autism therapy are provided in school settings. This includes the *Treatment and Education of Autistic and Related Communication-Handicapped Children (TEACCH)*. TEACCH focuses on adjusting classroom experiences for a child to promote consistency. Routines are written down and placed in clear sight and verbal instructions are complemented with visual instructions or physical demonstrations. The challenge here is that many schools do not have the resources to support this therapy.

Optimizing the Delivery of Autism Therapy

Regardless of the type of therapy, **we think autism therapy providers should consider offering multiple settings of care** to be able to optimize the delivery of care to the specific needs of the individual. Also, payer preferences may change so being flexible with care delivery can help to diversify the risk of changing reimbursement and compliance requirements.

Applied behavioral analysis (ABA) and other forms of autism therapy involve both one-on-one and group sessions in clinics, at home, in community settings, and via telehealth. Some providers offer only one setting of care while others offer multiple settings. The selection of the optimal therapist and the optimal setting of care should be determined by the child's specific needs. Financially, in our view, providing therapy at a clinic is likely the most profitable setting of care (for the provider), assuming sufficient scale can be achieved, since providing therapy at the child's home or in community settings requires transportation.



Therapy At Home. Providing therapy at home is clinically preferable when the registered behavioral technician (RBT) is focused on developing self-care and daily living skills. Home-based care has a number of advantages including allowing the child to learn in a familiar environment. Also, the RBTs are in a better position to educate and engage the parents. Finally, in-home therapy can be adjusted to a family's schedule, including evenings and weekends.



Therapy At the Clinic. Clinic-based care may be a better fit for a child whose home is not suitable for a therapy session. Clinic-based therapy can reduce the sensory stimuli to which a child is exposed, allow for more materials to support learning, provide opportunities for socialization with other children, and allow for better collaboration between professionals. Also, clinics can have safety equipment and/or padded walls, which may be a better fit for children with erratic behaviors.



Therapy in Community Settings. Community settings include schools, playgrounds, shopping centers, sporting events, and/or other locations. For instance, if a parent needs to go to the grocery store, the child with autism and the therapist can come along in order to practice specific behaviors appropriate for a grocery store. These community settings allow the therapist to develop skills with a child in a real-world environment. School-based therapy is also a common community setting of care.



Therapy Via Telehealth. Telehealth has become commonplace in behavioral healthcare. In our view, telehealth for autism is primarily used as a tool to educate parents and caregivers, but it can also be used for therapy services in some cases when this is the best fit for a child. This could include circumstances when there is a significant geographical distance. Utilization of autism services using telehealth is still nascent, making up only about 2%-5% of all therapy services.

Much Needed Federally Funded Research into Autism

A major contributing factor to the heterogeneity of autism therapy is the lack of understanding of the biological underpinnings of the disorder as well as its connections with other behavioral health and medical conditions. As such, we hope the recent expansion of the AUTISM Cares Act in late 2024 can bring much needed research into the field.

We see the recent passage of the Autism Collaboration, Accountability, Research, Education, and Support Act (or the “Autism CARES Act”) as particularly important towards advancing research into autism as well as the development and training of clinicians. Specifically, the Autism CARES Act authorizes \$2 billion of federal spending for five years (through 2029). We believe this provides significant visibility to the autism space and will potentially attract more investment dollars as well.

On top of increased funding, the proposed Autism CARES Act includes expanded language that addresses certain areas of autism research that have been underrepresented. For instance, the legislation requires federally funded research to now include individuals with “profound autism” and co-occurring conditions. To-date, only 2%-6% of participants in federal autism research have included people with “profound autism,” while the CDC estimates that 27% of people who have autism have “profound autism.” In the past, autistic people who have intellectual disabilities or other support needs have been excluded from research.

There were other new and notable elements to the Autism CARES as well. One addition to the Autism CARES Act of 2024 is the requirement for the National Institutes of Health to develop an annual plan to ensure that autism research is aligned with the needs of autism providers. Separately, the legislation requires the federal government to report on strategies to expand the workforce of developmental pediatricians.

Public Law 118–180
118th Congress

An Act

Dec. 23, 2024
[H.R. 7213]

To amend the Public Health Service Act to enhance and reauthorize activities and programs relating to autism spectrum disorder, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Autism
Collaboration,
Accountability,
Research,
Education, and
Support Act of
2024.
42 USC 201 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the “Autism Collaboration, Accountability, Research, Education, and Support Act of 2024” or the “Autism CARES Act of 2024”.

SEC. 2. NATIONAL INSTITUTES OF HEALTH ACTIVITIES.

(a) EXPANSION OF ACTIVITIES.—Section 409C(a)(1) of the Public Health Service Act (42 U.S.C. 284g(a)(1)) is amended—

(1) by striking “) shall, subject to the availability” and inserting the following: “), in consultation with relevant Federal departments and agencies, as appropriate, shall—

“(A) subject to the availability”;

(2) by striking “basic and clinical research in fields including pathology” and inserting the following: “basic and clinical research—

“(i) in fields, such as pathology”;

(3) by striking “toxicology, and interventions” and inserting the following: “toxicology, psychiatry, psychology, developmental behavioral pediatrics, audiology, and gerontology; and

“(ii) on interventions”;

(4) by striking “disorder. Such research shall investigate” and inserting the following: “disorder; and

“(B) ensure that research referred to in subparagraph

(A)—

“(i) investigates”;

(5) by striking “prevention, services across the lifespan, supports, intervention, and treatment of autism spectrum disorder” and inserting “prevention, services and supports across the lifespan, intervention, and treatment of autism spectrum disorder and co-occurring conditions”; and

(6) by striking “treatments.” and inserting the following: “treatments;

“(ii) examines supports for caregivers; and

“(iii) reflects the entire population of individuals with autism spectrum disorder, including those individuals with co-occurring conditions and the full range of needs for supports and services, including such supports and services to ensure the safety, and promote the well-being, of such individuals.”.

More Research by “Make America Healthy Again”

Another potential incremental driver of research in autism is the newly created “Make America Healthy Again” Commission (MAHA). Among many other things, the MAHA Commission explicitly targets research into autism with autism being prominently mentioned in the second and third paragraph of the executive order.

In February 2025, President Trump signed an executive order creating the “Make America Healthy Again” (MAHA) Commission. The MAHA Commission is charged with developing a national strategy to address the rising prevalence of chronic diseases and health conditions in children -- including developmental disorders such as autism. Notably, the MAHA Commission is being led by Secretary of Health and Human Services Robert F. Kennedy Jr, who has a reputation for challenging existing healthcare orthodoxies.

Any recommendations by and/or influence of the MAHA Commission is unknown at this point. However, the MAHA Commission is tasked to consider how current medical and pharmacologic therapies (such as serotonin reuptake inhibitors, antipsychotics, mood stabilizers, weight-loss drugs, and vaccinations) might be contributing to the rising rates of chronic diseases and conditions in children, such as autism, attention deficit hyperactivity disorder (ADHD), and developmental disorders.

The MAHA Commission is scheduled to release a report by May 24, 2025 that “...summarizes what is known and what questions remain regarding the childhood chronic disease crisis.” Then, on August 12, 2025, the MAHA Commission is directed to submit a second report to the President to “produce a strategy, based on the findings of the assessment, to improve the health of America’s children.” After that, the MAHA Commission can suggest additional research, as needed.

Of note, the MAHA Commission hosted its first meeting on March 11, 2025, at which it discussed artificial ingredients, baby formula, and the elimination of processed food from government food assistance programs (with no mention of autism or developmental disorders).



Even More Research by the National Institutes of Health

Finally, building on both the *CARES Act* and *MAHA*, we are monitoring plans by the *U.S. National Institutes of Health (NIH)* to launch a massive real world evidence research database to study autism. In our view, this would seem to be in the pattern of other research registries created by the NIH to study trends in various diseases and health conditions.

In April 2025, the NIH publicly announced plans to launch a comprehensive national database/registry that will track autism (and other pediatric conditions) over time -- with the data being updated and available on a near-real time basis. The registry will consist of de-identified data pulled from electronic health records, insurance and pharmacy claims, laboratories, and genomic databases as well as other federal registries, among others.

For researchers, aggregating data on autism into a single relatable database will allow for the use of artificial intelligence (AI) and machine learning (ML) in ways that would not have been possible previously.

As of the date of this report, details on this new NIH initiative are still evolving. Early commentary suggests that the registry will be made available to external researchers by September 2025. Presumably, this could lead to new insights into autism in 2026. Researchers, in turn, would be selectively allowed access to the registry with support from federal grants. The NIH is committed to a full understanding autism, including funding research into potential issues that may be “out of favor” with current medical consensus -- such as environmental toxins and pollutants.

Private and Public Data; Protection of Patient Confidentiality; Researcher Access



Partnerships

- Build partnerships across HHS and with external stakeholders
- Expand data sources for real-world evidence
- Support studying chronic disease and autism



Development

- Leverage existing NIH programs to fast-track progress
- Protect patient confidentiality



Timeline

- Define go/no-go milestones and progress checkpoints
- Pilot the platform within six months of project launch

NIH Real-World Data Platform *Accelerating discovery*





Reimbursement and Labor Challenges

A Chronically Challenging Reimbursement Environment

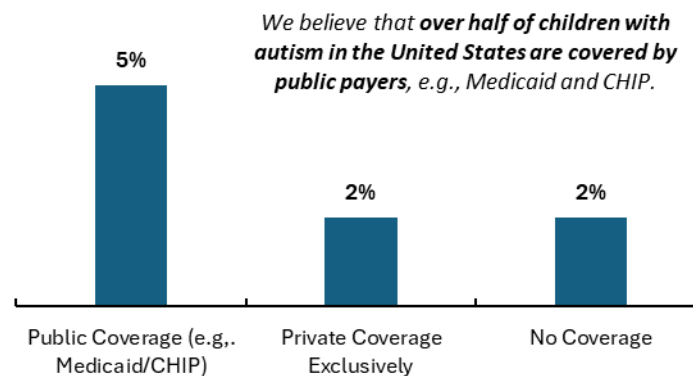
In our view, **the number one challenge for the autism therapy space -- by far -- is reimbursement.** This is a chronic issue given that over half of the revenues of providers in the space are generated, on a fee-for-service basis, from poorly funded Medicaid and/or other public health programs. Adding to this, we believe weak enforcement of “mental health parity” regulations has resulted in suboptimal coverage for autism therapy among private health plans as well.

Today, **the vast majority of autism therapy providers rely on fee-for-service reimbursement.** This inevitably leads to revenue pressures and antagonistic relationships with payers, in our opinion. Granted, we have heard anecdotes of autism providers getting fee-for-service reimbursement rate increases in 2024 (and 2025). This is great news for providers in the space. However, this follows multiple years of flat reimbursement -- with some payers even attempting to negotiate rates down. In an inflationary environment, flat reimbursement is effectively a payment cut. In fact, the elevated inflation rates over the past several years have contributed to a number of providers being forced to close operations and/or layoff staff. One notable example of this (among many) was the high-profile bankruptcy of the *Center for Autism and Related Disorders (CARD)* in mid-2023.

Adding to this, **the increasing prevalence of autism has gained negative attention from health plans.** Pre-COVID, the cost of autism therapy was not on the radar screen of most payers. However, now, health plans across all payer classes are paying much closer attention to cost trends and outcomes. We are hearing anecdotes from providers that both Medicaid and employer sponsored plans are increasingly denying (and questioning) claims and limiting access to care by pushing hours down and making it more difficult to get “intensive services” authorized. This is leading to more chart reviews, requiring providers to allocate more resources and administrative time to validate the medical necessity of their services. Also, providers have long complained about payers dragging their feet with paying claims, including a tactic called “payer ghosting,” where payers simply do not respond to provider communications (instead of outright denying a claim).

Medicaid Is The Primary Payer for Children with Autism

Percent of Children in the U.S. Reported to Currently Have Autism
(2021-2022; By Type of Coverage)



The Real-World Impact of Challenging Reimbursement

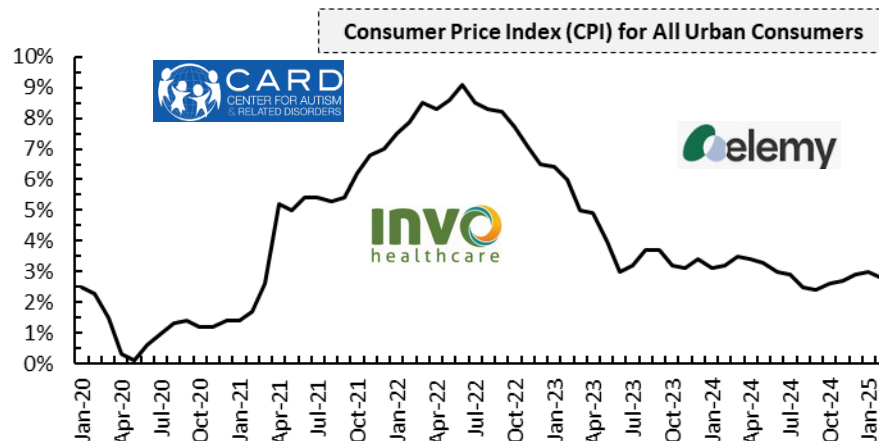
The reimbursement challenges in the autism therapy space were particularly evident in 2022 and 2023 with a series of well-regarded providers being forced to announce layoffs and downsizings – highlighted by the bankruptcy of the *Center for Autism and Related Disorders* in mid-2023. While there were multiple factors behind these announcements, we think that a major common driver was the failure of reimbursement to keep pace with rising costs.

Despite its reliance on Medicaid and public health programs, **pre-COVID, autism therapy was, without-a-doubt, one of the hottest areas in behavioral health** with highly visible and rising demand -- as well as low barriers to entry. Adding to this, providers benefited from low-cost debt allowing them to build national platforms and economies of scale. All of this, however, came to a screeching halt with the sharp increase in inflation and interest rates starting in late 2021 and the subsequent failure of payers to keep pace.

The most notable example of this was the bankruptcy of the *Center for Autism and Related Disorders (CARD)*. Backed with a \$700 million capital infusion from Blackstone in 2018, CARD had grown to become one of the largest autism providers nationwide with a network of 221 clinics in 22 states (at its peak). However, fee-for-service Medicaid accounted for 90% of CARD's revenue and the company had accumulated significant debt to fund acquisitions. Despite the sharp increase of inflation in 2021 and 2022, Medicaid payments remained flat. By April 2023, CARD was generating an EBITDA loss of \$22 million on annual revenues of \$160 million.

Unfortunately, the **CARD story is far from being alone.**

For instance, **Invo Healthcare** was also forced to shutter all of its ABA businesses, resulting in over 1,000 job losses. As with CARD, Invo Healthcare had accumulated significant debt related to a series of acquisitions, and the company found itself financially underwater with rising interest rates, increasing labor costs, and flat reimbursement. Similarly, **Elemy** (at one point valued at over \$1 billion by some accounts) has gone through at least four rounds of layoffs ultimately leading to a dissolution of its direct care businesses.

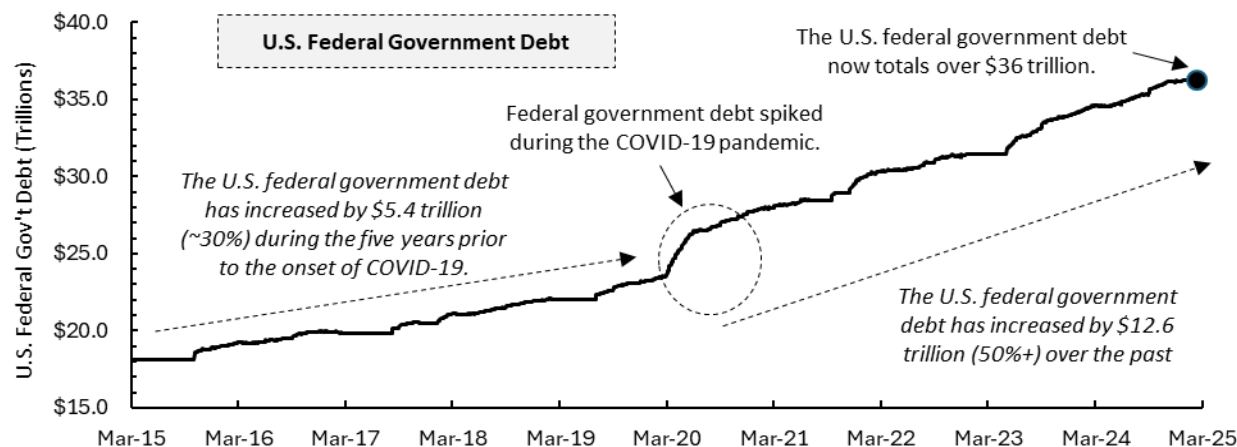


Looming Cuts to Medicaid and ACA Exchange Spending

Reimbursement concerns have become even more top-of-mind in recent months with the focus of the Trump administration on reducing federal government deficits and debt (*now over \$36 trillion*). Many worry that this focus on debt reduction may result in cuts to federal spending on Medicaid and/or the Affordable Care Act (ACA) health exchanges.

In February 2025, the House Republicans passed a budget resolution calling for \$880 billion of cuts to the federal budget over ten years. It is difficult to see how this level of reduction can be generated without significant cuts to Medicaid funding, particularly given promises by the Trump administration to not cut Medicare or Social Security spending. Several obvious opportunities for federal Medicaid savings, in our view, could include the creation of a system of block grants, the elimination of federal matching for ACA Medicaid expansions, and the implementation of work requirements on certain beneficiaries. Any of these actions (or others) could put pressure on state governments to look for ways to tighten their Medicaid eligibility rules and/or lower payment rates.

Also, we expect the Trump administration will aggressively look at the Affordable Care Act (ACA) exchanges as well. For instance, the Trump administration will likely not extend the enhanced ACA exchange subsidies under the *Inflation Reduction Act*, which are set to expire at the end of 2025. Adding to this, President Trump recently cut the budget for ACA exchange “consumer navigators” by 90%, and the *Centers for Medicare and Medicaid Services (CMS)* has recently proposed shortening the open enrollment period. In aggregate, we think these actions may materially reduce exchange enrollment by 5 to 10 million (vs 24 million currently).



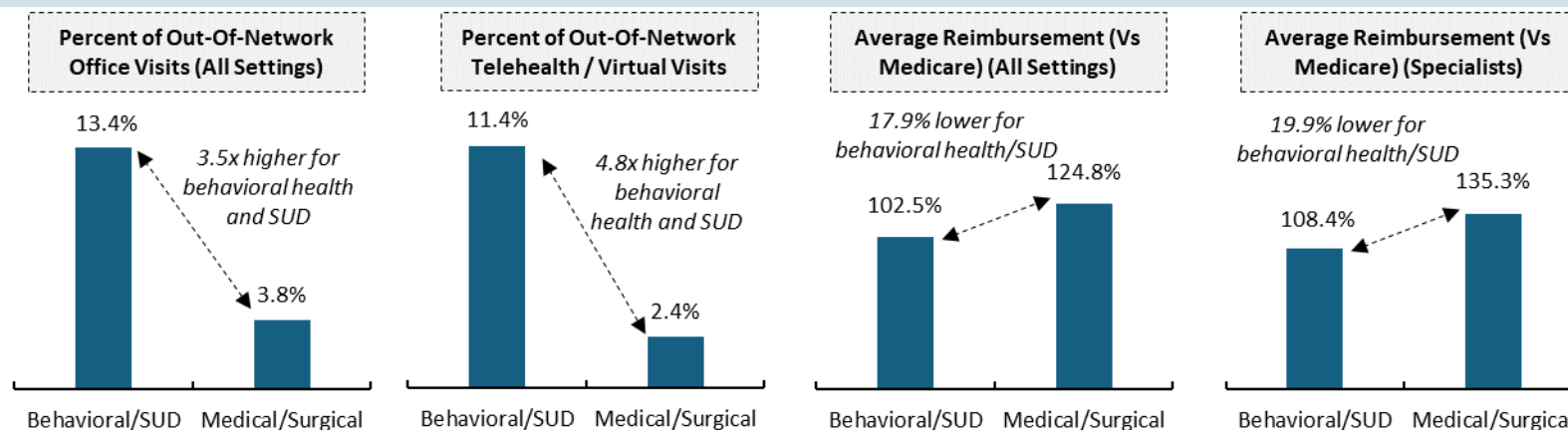
Resistance to “Parity” By Employer-Based Health Plans

Making matters even worse for the reimbursement environment for autism therapy is the unknown effect of the still new Trump administration on the enforcement of behavioral health “parity” regulations given the administration’s ideological focus on deregulation. These “parity” regulations require employer-based health plans to provide coverage for behavioral health conditions (including autism) equal to those for medical/physical health conditions.

The policy pursuit of “parity” for private behavioral health coverage (including autism) has been around for a long time -- dating back to the *Mental Health Parity Act* of 1996. However, in our view, the federal government only started serious enforcement of “parity” with the *Consolidated Appropriations Act* of 2021. Recent “parity” regulations issued in September 2024 under former President Biden brought even more regulatory clarity and enforcement, which has been hoped to improve access to autism therapy.

Of note, **we are monitoring a lawsuit by the ERISA Industry Committee (ERIC) to reverse the Biden parity regulations**, saying that these new regulations are overly complex, vague, and burdensome and are in violation of other federal regulations. In our view, it is possible that the Trump administration may simply not defend the Biden regulations at all (i.e., letting the lawsuit prevail) -- or maybe the administration will defend only part of the regulations. We continue to await the federal government’s response. Otherwise, the newly enhanced Biden mental health parity regulations would fully go into effect at the start of 2026.

Evidence Suggests that Private Health Plans Are Not Complying with Federal Behavioral Health “Parity” Regulations

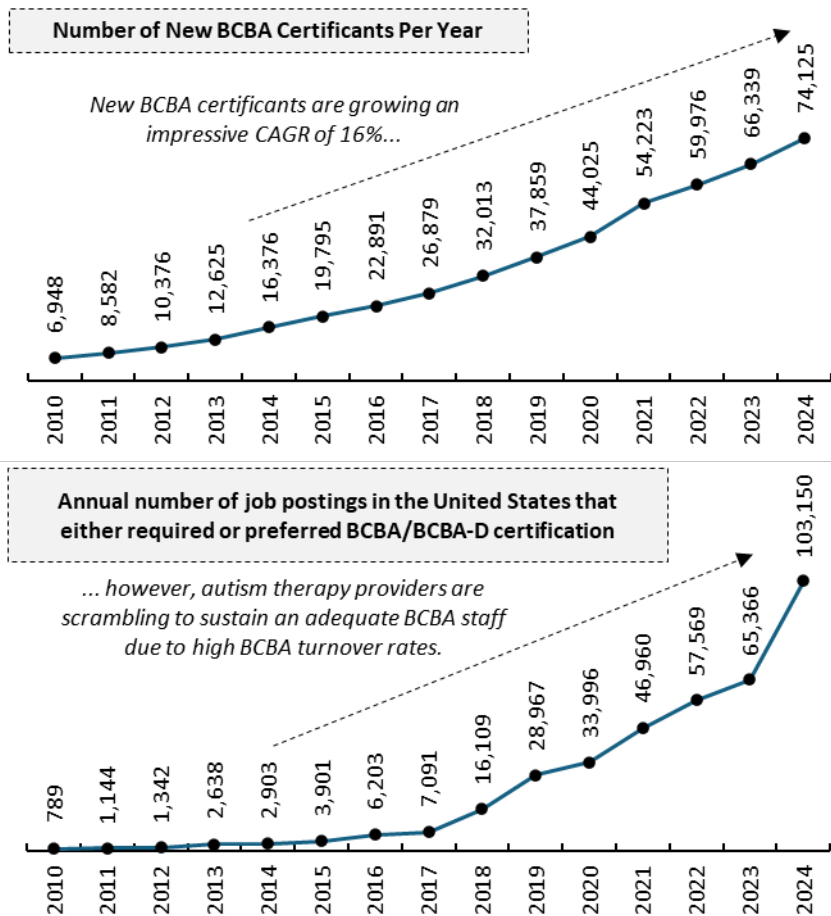


Soft Reimbursement Translates to Labor Shortages

Chronically poor reimbursement for autism therapy results in difficulties recruiting and retaining quality staff, another challenge that we consistently hear about from providers (and investors) in the space. Autism therapy is highly labor-intensive, often requiring one-to-one interactions with a clinical professional over an extended period of time.

Labor conditions in the autism space vary by geography and type of therapy. Generally, the labor environment has improved in 2024 and into 2025 -- in line with trends in the broader economy. However, turnover rates and cost pressures remain very problematic and notoriously high for autism therapy providers versus other types of healthcare providers. Autism providers are uniquely disadvantaged in the labor markets, in our view, given that they are often working-off of lower-paying Medicaid and government health programs, which makes it difficult for them to compete head-to-head for high quality professionals.

Partnerships/alliances with universities are becoming increasingly common with more and more providers offering tuition support to secure prospective employees (e.g., BCBAs and RBTs). Also, most employees in the autism space are “mission-driven” (i.e., the desire to make a difference) and they prefer to work for organizations that can best support their missions. We are hearing providers are sometimes able to attract and retain staff by investing in artificial intelligence and information technology tools that help to reduce the tedious, administrative, and less rewarding parts of being a BCBA and/or RBT.



The Challenges Retaining a Young and Mobile Workforce

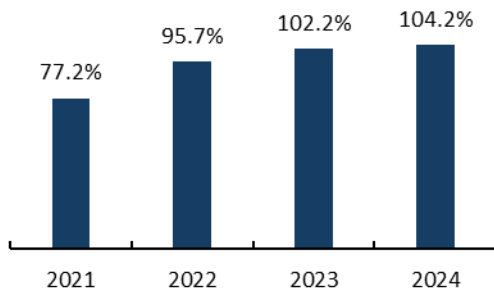
More specifically, **many of the providers we speak to prioritize staff retention** since it is much less expensive to keep a good employee than it is to have to go find someone new and train/onboard them. By all accounts, staff turnover across the autism therapy space is among the highest of any healthcare services sector that we cover.

BCBA and RBT turnover is a major operational problem for autism therapy providers. The *Behavioral Health Center of Excellence*, the accreditation arm of Jade Health, reported a median annual turnover across the autism therapy space of 65%. As a point of reference, this is triple the typical nurse turnover at hospitals, which we think tends to be in the mid/high-teens. Similarly, data from software vendor *CentralReach* suggests even higher turnover rates ranging from 78.4% to 104.2%.

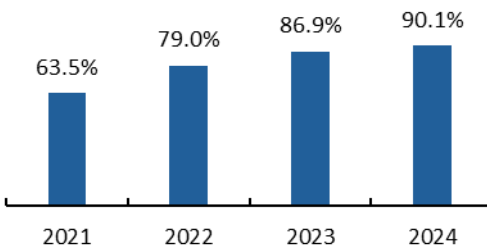
In our opinion, **core to the retention challenge is that the autism therapy space relies on a young, highly mobile, and educated workforce.** For instance, all BCBAs have post-graduate degrees, and almost half (~47%) are under 34 years old, per the *Behavior Analyst Certification Board (BACB)*. RBTs, in turn, are even younger (average age: 25-34) with, at least, a high school diploma.

Adding to this, **young BCBAs and RBTs are put into a very difficult work environment**, often with limited training and/or supervision from the providers that employ them. Many RBTs (83.3%) experience working with individuals (often many) who exhibit severely problematic behaviors. Of these, a third (33.3%) reported working with behaviors that resulted in “tissue damage to self or others” and puts the individuals at risk of “hospitalization (severe harm),” e.g., hitting, biting, and object throwing.

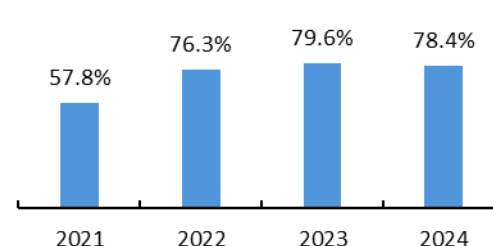
RBT and Therapist Turnover Rates Among Providers of Autism and IDD Related Care
Providers: Over \$30 Mil in Annual Charges



RBT and Therapist Turnover Rates Among Providers of Autism and IDD Related Care
Providers: \$5 to \$30 Mil in Annual Charges



RBT and Therapist Turnover Rates Among Providers of Autism and IDD Related Care
Providers: Under \$5 Million in Annual Charges



Autism Therapy Staff Retention Strategies

Given limited funding, **autism therapy providers need to be creative with non-pecuniary forms of compensation to retain quality billable staff (e.g., BCBAs and RBTs).** This includes training programs, greater supervision, and information technology to help mission-driven employees deal with the more difficult aspects of the job.

In our view, **in-house training and career development programs are increasingly “table stakes” for sustaining and retaining a quality workforce.** Yet, many providers do not provide adequate training and supervision. This becomes a problem when dealing with severe cases of autism, leading to staff frustration and burnout. Notably, recent data from the U.S. National Institutes of Health showed that 13% of RBTs reported receiving no initial training and 29% reported receiving no ongoing training.

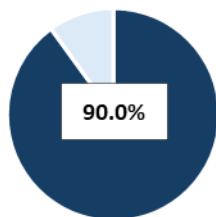
On top of this, **a lot of autism providers offer continuing education in partnership with local colleges and universities.** Other providers are adding perks such as equity compensation (ownership models) and geographical flexibility. However, investors need to be careful to account for employee time for non-billable activities, like continuing education, in a provider’s business plans/margins.

Also, **it is best practice, in our view, for providers to systematically use “stay interviews” to proactively stay in touch with staff morale.** These interviews involve executives regularly surveying clinicians to ensure they feel supported with their caseload. Employees often will not proactively complain about issues, so it is important for managers to proactively ask.

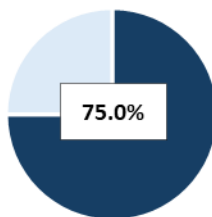
Finally, **we are hearing that BCBAs and RBTs expect to be supported with the latest-and-greatest in information technology.** Reducing administrative burdens makes clinicians feel more satisfaction with their work. This includes scheduling and engagement with families, data aggregation for report writing and decision support, and writing and documentation redundancies.

Evidence Suggests that Autism Therapy Staff Often Face Challenging -- Even Injurious -- Workplace Conditions

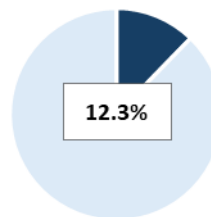
Experience Working with Severe Behavior (Autism)?



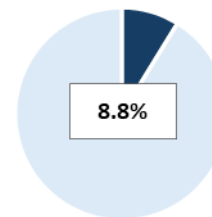
Injury While Working with Severe Problem Behavior?



Hospitalization Due to Injury?



Absent Over One Week Due to Workplace Injury?





Shifting into Value Based Reimbursement

Moving Towards A Vision of Value Based Reimbursement

The U.S. Department of Health and Human Services (HHS) has a stated policy goal of having *every* Medicare beneficiary and *half* of Medicaid beneficiaries under value-based reimbursement models by 2030 -- versus 38.5% and 21.1%, respectively, in 2023. Also, the HHS ambitiously wants to see *half* of the commercially insured population under value-based reimbursement by 2030 as well (vs 21.6% in 2023).

As background, the Center for Medicare and Medicaid Services (CMS) created the *Health Plan Learning & Action Network* in 2015 to track and evaluate the adoption of different types (categories) of value-based reimbursement models, across public and private payers. The analysis pulls medical claims data from 73 health plans, accounting for well over 90% of Americans.

The U.S. healthcare system saw a steady shift towards value-based reimbursement from 2015 to 2019 on the heels of the *Patient Protection and Affordable Care Act*. This was driven by Medicare Advantage (e.g., Category 4) and the use of alternative payment models in traditional Medicare (e.g., Category 3).

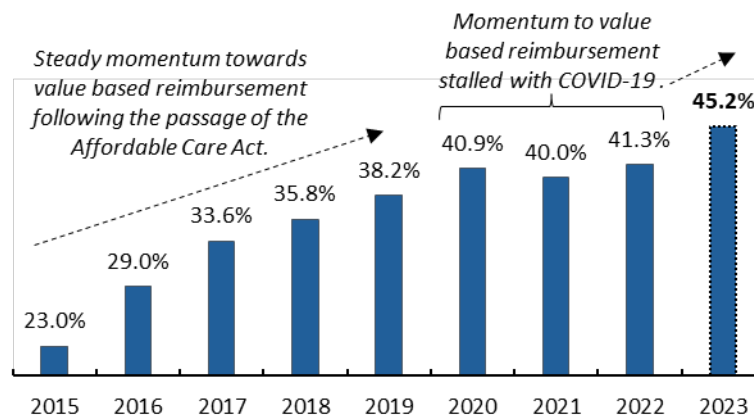
Momentum towards value-based reimbursement temporarily stalled with the onset of the COVID-19 pandemic (from 2020 to 2022), due to regulatory factors and uncertainty around patient volume trends. In our view, this has resulted in a general cynicism about the prospects of healthcare payment reform.

However, momentum towards value-based reimbursement appears to be reaccelerating based on recent data from the *Health Plan Learning & Action Network*. We think this new data may embolden policymakers and regulators alike. The percentage of U.S. healthcare dollars generated via an alternative payment model or a capitated arrangement surged from 41.3% in 2022 to 45.2% in 2023, the most rapid rate of progress since 2017.

Use of Value Based Reimbursement Models (Category 3 and Category 4) (All Private and Public Payers)

Category 3: Alternative Payment Models Built on Fee-For-Service Architecture. Payments are linked to the management of a segment of the population or an episode of care. This includes opportunities for shared savings or two-sided risk.

Category 4: Population Based Payment. Payment is not directly triggered by service delivery, so payment has no association with volume. Payment covers the care of a beneficiary for a period-of-time (e.g., over a year).



Taking the Value Based Reimbursement “Red Pill”

We do not see any reason why autism would not ultimately be caught up in the broader policy momentum towards value-based reimbursement. In fact, we think the autism therapy space should *welcome* value-based contracting as a strategy to capture the full value of their services and avoid the inevitable pressures of fee-for-service reimbursement.

Value-based reimbursement is still nascent in autism therapy due to the heterogeneity of those with autism, which results in the measurement of outcomes being more qualitative and subjective in nature. Also, the autism therapy provider landscape is highly fragmented. So, we suspect the vast majority of providers in the space may currently lack the size and scale to meaningfully engage in value-based contracts with payers. Finally, due largely to fee-for-service/silo'ed reimbursement, the autism therapy space has evolved in a way that it has become disconnected from the broader behavioral health and physical healthcare ecosystem.

Even still, **conceptually, autism therapy should be “ripe” for value-based reimbursement**, in our opinion, since individuals with autism characteristically have complex health profiles with numerous co-occurring behavioral health and/or medical conditions. This results in these individuals being expensive to manage. So, effective care management of these individuals could potentially yield significant savings for payers. We think this argues for considering autism within a broader population health management context.

For providers, **value-based reimbursement can also lead to more collaborative (win-win) relationships with health plans** and at-risk provider organizations. This, in turn, can lead to a more stable flow of patient referrals as well as more willingness by payers to co-invest in otherwise prohibitively expensive information technology infrastructure.



But, Pursuing Value Based Care Requires Size and Scale

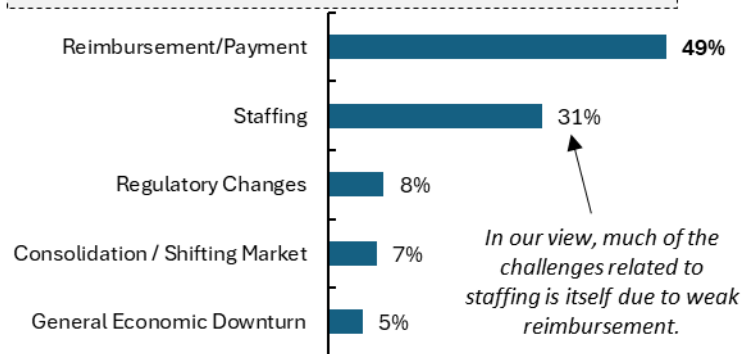
In our view, **an autism therapy provider needs to be of sufficient size and scale to meaningfully pursue a value-based reimbursement strategy.** For many small/mid-sized providers, we suspect this may necessitate mergers and acquisitions given that low fee-for-service reimbursement limits the ability of many providers to reinvest in new growth initiatives.

An autism therapy provider needs sufficient patient lives to generate the necessary data and evidence to be able to go to a health plan and negotiate for higher reimbursement -- in exchange for accepting downside risk. Similarly, having a large and diverse patient population allows a provider to spread out risk and diversify away natural variations in patient outcomes.

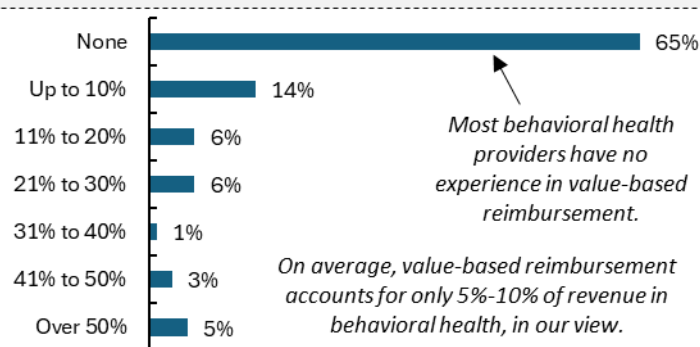
Also, **being larger allows for economies of scale with respect to information technology investments.** This includes the adoption of modern software and data platforms and the procurement of novel technologies (e.g., artificial intelligence and telehealth) as well as the ability to invest in partnerships and affiliations with other providers with complementary behavioral health and medical services.

Finally, **we believe providers should consider taking a “crawl, walk, run” approach to value-based reimbursement.** One of the biggest misconceptions about value-based reimbursement is that it is “all-or-nothing.” In reality, there are a wide variation of value-based models, along a continuum, ranging from pay-for-performance to bundled payments to shared savings to full capitation. **Being larger allows a provider to take-on risk incrementally** -- i.e., focusing initially on specific areas where the provider has relative strength. As the provider gains experience, these contracts can be adjusted, as needed, and expanded over time.

Survey Question: What is the biggest challenge to the behavioral healthcare space in 2025?



Survey Question: What percent of your revenues are currently coming from some form of value-based payment arrangement?



Finding Consensus on Quality Standards and Measures

Core to the ability of an autism therapy provider to pursue a value-based reimbursement strategy is its ability to track, store, and report performance and outcomes data to health plans and other third-parties, in our view. This, in turn, requires a heavy upfront investment in modern information technology (IT) infrastructure to capture data -- which can be then fed into analytical software, artificial intelligence, and machine learning engines.



We believe the primary barrier to value-based reimbursement in the autism therapy space (and the ability for providers to argue for better reimbursement) is the lack of consistent data measuring quality of care and outcomes. Adding to this is the heterogeneity of individuals with autism, which results in the measurement of outcomes being more qualitative and subjective. Historically, we have found that providers in the autism space have tended to not be open to sharing data. Yet, in order for providers to argue for greater reimbursement and engage in value-based care arrangements, they must be able to generate and share data on their performance and find agreement with payers on which outcomes should be measured.



Today, **providers and payers are still early in the process of developing consensus around what data should be used to measure the “value” of autism therapy.** In our view, “social outcome validity measures” are one obvious approach, e.g., school/teacher and parent satisfaction with a child’s progress. Utilization and access to care are two other common data points considered to be relevant by providers and payers. Utilization of services must always be tracked, even for fee-for-service reimbursement, since actuaries and Medicaid plans use historical data to determine their benchmark rates. Finally, the Vineland Adaptive Behavior Scales has been used in autism therapy for decades to support diagnoses and measure progress. The Vineland can be applied on both an individual or a population basis.



There are a number of examples of collective/industry efforts to develop good benchmark data for autism therapy that we are closely monitoring. One is the recently formed *National Autism Data Registry (NADR)*, spearheaded by the *Behavioral Health Center of Excellence (BHCE)*, which compares specific providers across a continuum of quality and outcomes measures. Other examples of payer-provider collaborations to build consensus around outcomes include *Evernorth (Cigna)* and the *BHCE* (April 2022) and *Magellan and Kyo Autism Therapy* (October 2022). Finally, in the public arena, in late 2024, the Massachusetts Medicaid program launched an accreditation program based on a provider meeting certain performance criteria and the state now requires managed care to contract only with accredited providers.



Monitoring NADR as an Emerging Data Standard

We are particularly interested in monitoring the development of the National Autism Data Registry (NADR), as a very notable emerging example of a collective/industry benchmarking initiative to help providers (and payers) objectively measure quality and outcomes. Launched in October 2023, the NADR has now accumulated over two million data points across 147 different data elements covering 30,000+ patients -- and this data asset is growing rapidly.

The NADR offers a software-agnostic benchmarking tool for providers of ABA therapy backed by a consortium of payers, providers and patients. This benchmarking tool allows ABA providers to track their clinical, operational, and outcome data, regardless of their EHR or software platforms, against nine different quality measures as well as outcome measures across thirteen different outcome assessment tools and four categories (e.g., severity of autism, norm-referenced assessment of skills, criterion-referenced assessment of skills, and quality of life). The goal is to create more meaningful conversations between providers and payers with respect to value based contracting and to allow providers to evaluate their own performance against objective standards.

Interestingly, the NADR platform has also employed a team of data scientists who are evaluating how to use social determinants of health to “risk-adjust” patient outcomes. Today, the NADR has identified twenty different social determinants of health that are relevant to each of the quality and outcome measures being tracked.

We recently attended the Behavioral Health Business “VALUE” Conference in March 2025, which featured discussions on how NADR is impacting value-based contracting in the autism space. Early feedback on NADR was positive from both providers and payers with considerable optimism about the potential transparency that NADR can bring to payer negotiations in late 2025 and 2026. Payers, in particular, appreciated the willingness of participating providers to be transparent given the tendency of autism therapy providers to not be open with data sharing.

Also, the NADR data can help health plans compare different patient cohorts by their social demographic characteristics and clinical scenarios -- e.g., patients in early childhood intervention vs patients with dual/multiple diagnoses. This encourages every child to get a psych evaluation/medical review to remove any complications to therapy. Many of these complications go unnoticed by the BCBA.



Use Cases for Artificial Intelligence and Digital Health

Advances in artificial intelligence (AI) are creating new opportunities for autism providers to differentiate themselves in value-based reimbursement environments. For instance, we see opportunities for providers to leverage AI and digital tools to accelerate diagnoses and prioritize which individuals should get access to the limited supply of caregivers.

It is difficult to have a conversation with an autism therapy provider without the topic of AI coming up. We see the attractiveness and relevance of AI increasing with the rise of value-based reimbursement. There are many use cases for AI in the autism therapy space. Four topics that we hear a lot about are: i) diagnostics, ii) treatment pathways, iii) virtual reality, and iv) productivity.

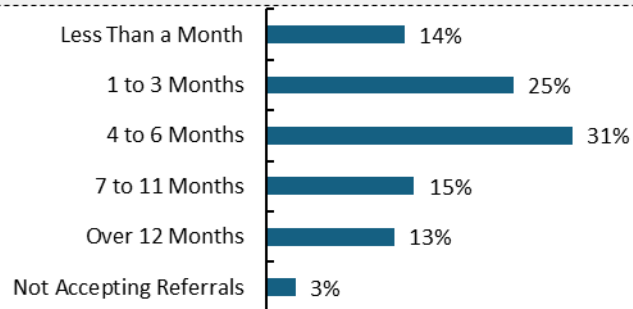


Accelerating Time-to-Diagnosis / Time-to-Treatment

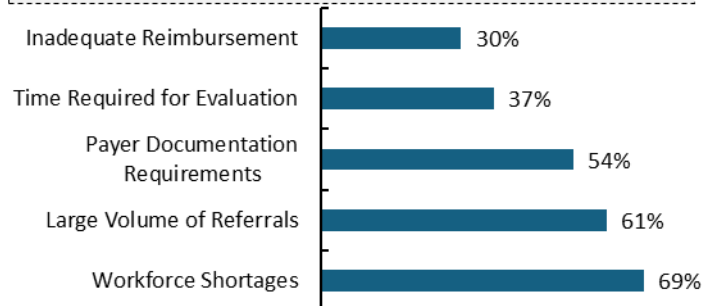
A major focus for the autism therapy space is accelerating the time to diagnosis. Research suggests that “all-cause” medical costs are 1.5x to 2.0x higher for individuals who experience longer times for an autism diagnosis. Yet, despite this, families often face months-long waitlists (sometimes years-long) to get a diagnosis due to shortages of qualified diagnosticians. In our view, digital autism testing could allow for easier access to formal diagnoses, and we are monitoring the success of providers developing new digital diagnostic solutions that meet the testing and documentation requirements of local payers.

Also, we see **opportunities for AI software to help pre-screen which individuals should get priority access** to limited diagnostic resources. A recent study in *JAMA Network Open* showed that it is possible to apply machine learning algorithms to predict a diagnosis of autism in young children (even less than two years old) with a 79% accuracy rate -- based on easy to obtain medical and background data. This could complement other early and promising screening techniques such as gut microbiome markers and eye-tracking technologies.

Wait Times for Autism Evaluations (Survey; n=111)



Reported Barriers to Timely Autism Evaluations (Survey; n=111)



More Artificial Intelligence and Digital Health Use Cases

We see other opportunities for autism therapy providers to use artificial intelligence (AI) to develop data-informed and highly personalized treatment plans that can include telehealth services, adaptive learning environments, and parent-mediated therapies, among other things. This can facilitate better outcomes as well as (in many cases) lower costs.



Automation and Monitoring of Treatment Plans

Across all healthcare, we see opportunities for AI to automate the creation of treatment plans based on the genetic, medical, behavioral health, and socio-demographic circumstances of each individual patient. This is particularly helpful in autism therapy given the wide range of symptoms and challenges of individuals with this diagnosis. AI can be used to aggregate and normalize data from multiple different sources. This can empower BCBA's who otherwise must spend weeks assessing patients and developing care plans. Also, AI tools can help BCBA's monitor the execution of care plans by RBTs. This includes the implementation of AI-powered adaptive learning programs that automatically adjust to an individual's learning trajectory.



Implementation of Virtual Reality Programs

Also, in recent years, there has been increasing interest in how to translate the advances in AI-powered virtual reality (VR) that we have seen in the video gaming industry to autism therapy. In fact, there is a growing body of research showing how VR can be used to train individuals with autism with daily living and social skills in a controlled (and stress free) environment. VR is certainly not mainstream, but this is changing as evidenced by Floreo Health recently being granted an FDA Breakthrough Device Designation and being accepted into the FDA's Total Advisory Product Lifecycle Pilot program.



Streamlining Manual / Administrative Activities

Finally, there are use cases for AI to reduce the burdens of non-billable activities such as document generation, ambient listening, scheduling, revenue cycle management, and workforce management (among others). Critical to maximizing the benefits of AI for these types of use cases is the integration of the provider's core software systems.



Preference for Enterprise Software/Technology Platforms

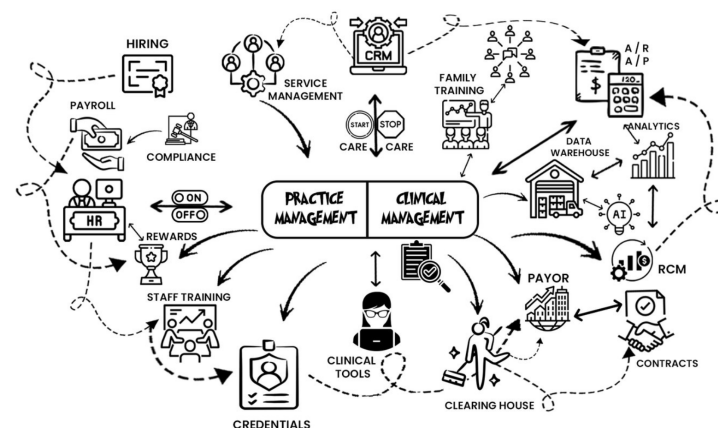
We believe autism therapy providers can expedite the use of artificial intelligence (AI) by adopting unified enterprise software platforms. AI requires access to large quantities of quality and reliable data. With a unified underlying technology platform, data can be captured and updated in one place, improving data quality and reliability.

For those providers involved in value-based reimbursement, we hear a strong preference for enterprise (i.e., “one-stop-shop”) strategies with respect to information technology (IT)/software adoption. With enterprise IT, data is captured and updated in one place, improving data consistency and creating a single source of truth across various activities. This reduces the risk of lost and erroneous data that can occur as a result of double-data entry and the interfacing of disparate software applications.

All of this allows for improved collaboration and decision-making and the use of AI software applications. With a single data set, there can be a more holistic view of a patient, enabling better monitoring and tracking of care. Also, enterprise platforms can streamline communications, allowing for minor issues to be dealt with more quickly before they fester into larger issues.

Finally, enterprise purchasing simplifies the contracting process and allows providers to benefit from volume-based pricing. Most software vendors offer tiered pricing schemes in which customers are placed in different tiers based on their usage levels/volume, with each tier consisting of a progressively lower price per unit. Vendors are then in a better position to provide better customer service, leading to greater customer satisfaction.

Example Enterprise Software Platforms

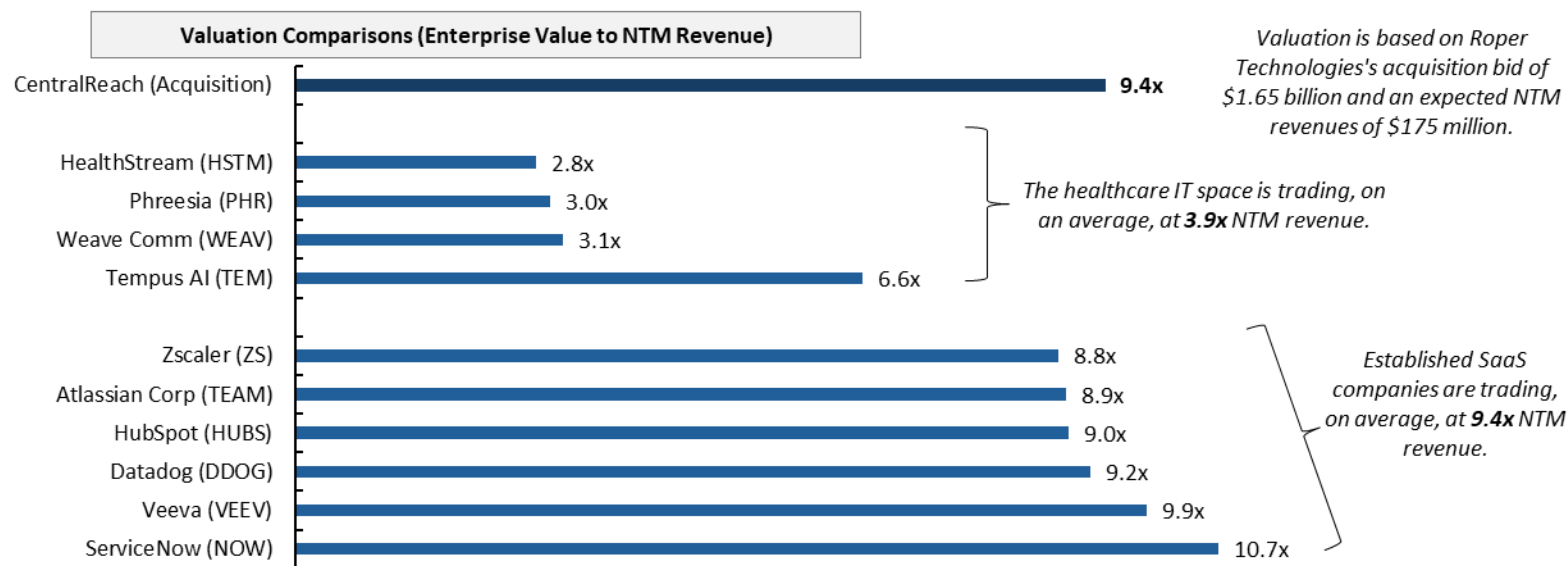


CentralReach Highlights Value Prop of Enterprise IT

In our view, the impressive acquisition/take-out valuation of CentralReach by Roper Technologies highlights the value proposition of an enterprise information technology (IT) platform for autism therapy. We expect that CentralReach will comfortably generate 20% annual growth with an attractive EBITDA margin of 40%+.

In March 2025, Roper Technologies (ROP-NASDAQ) announced plans to acquire CentralReach for \$1.65 billion, *implying a very impressive valuation of 9.4x NTM revenue*. This is a significant premium to the valuations of high-growth healthcare IT/SaaS companies, such as Phreesia (PHR-NASDAQ) and Weave Communications (WEAV-NASDAQ), and is in line with the valuations of established SaaS companies, such as HubSpot (HUBS-NASDAQ) and Veeva Systems (VEEV-NASDAQ).

Backed by private equity firm Insight Partners, CentralReach develops and markets a full continuum of electronic health record, practice management, and revenue cycle management software, along with AI-powered add-on modules, all specifically designed to support ABA and related therapies for autism and intellectual and developmental disabilities. Over the past six years, CentralReach has expanded its user base from 20k users in 2018 to 200k users currently -- aided by fourteen acquisitions.

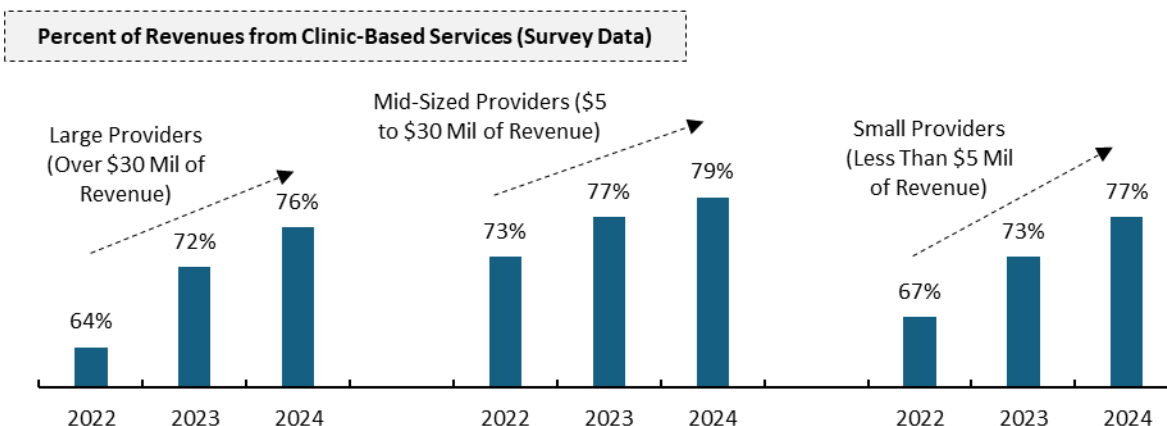


Opportunities in Telehealth and Parent-Led Therapy

Post-COVID, there has been what we consider to be a reflexive trend back towards center-based settings of care -- away from home and community-based settings. However, we see a **bright future for telehealth-based therapy** as a way to address labor shortages. Also, the rise of **parent-led/mediated therapy** is another trend worth monitoring, in our view.

Telehealth is still nascent in autism therapy (we ballpark: sub-5% of treatments), but is otherwise commonplace (and widely accepted) in the behavioral health space. Today, over a third of medical claims for behavioral health services involve telehealth. We also consistently hear from providers that a hybrid approach of telehealth coupled with center/home-based therapy has been shown to improve patient outcomes (due to higher retention in care). We see no reason why the success of telehealth elsewhere in the behavioral health space would not also apply to autism therapy as well. In fact, recent research by the Marwood Group suggests that upwards of 50% of individuals with autism could benefit from some level of telehealth/virtual autism therapy.

The rise of parent-led ABA therapy is another nascent trend worth monitoring. In our view, parent-led ABA therapy may help to revitalize the feasibility of at-home therapy (and telehealth), particularly for children. Under this approach, providers essentially train parents (family members) as stand-ins for RBTs using care plans developed by BCBAs. This lowers costs by allowing providers to take advantage of “free” (and motivated) labor. Some providers actually directly hire parents as RBTs. Of note, this approach to autism therapy was common in the U.S. in the past and it is still common internationally. Recent research published by Catalight shows that, in some cases, parent-led ABA can lead to better outcomes and fewer care hours.



Summary of Survey:
Post-COVID, autism therapy has trended towards clinic-based services. From 2022 to 2024, this has grown by 6% to 12%, depending on the cohort

Breakdown By Cohort:
Large Providers: 12% Increase
Mid-Sized Providers: 6% Increase
Small Providers: 10% Increase

Whole Person Care is Foundational to Value Based Care

One of the key tenets of value-based reimbursement is “whole person” or integrated care -- i.e., the ability to coordinate care for a specific patient across different parts of the healthcare system. This is particularly important for autism therapy since individuals with autism often have co-occurring behavioral health, medical, and dental issues.

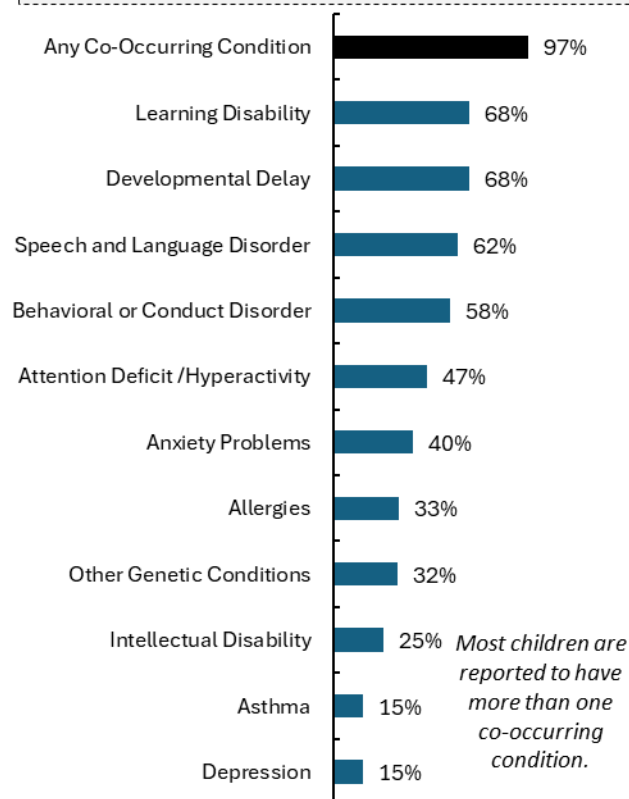
Individuals with autism characteristically have complex health profiles. Per data from the *U.S. Centers for Medicare and Medicaid Services (CMS)*, ~97% of children with autism have *at least* one co-occurring behavioral health and/or medical condition. Also, half of those with autism have over four co-occurring conditions. One common mistake in the field of autism is the tendency to conflate co-occurring conditions with the autism itself.

In particular, **individuals with autism often have co-occurring behavioral health issues.** Sleep disturbances are present in 80% of individuals with autism, which can impact an individual’s ability to receive therapy. Also, upwards of a third of those with autism have attention deficit hyperactivity disorder. Finally, obsessive compulsive disorder (OCD) is prevalent among individuals with autism with studies showing that between 4% - 17% of those with autism meet OCD criteria.

Separately, many **individuals with autism often struggle with medical issues**, such as epilepsy and gastrointestinal conditions, as well as genetic disorders, such as Down syndrome and tuberous sclerosis complex. Finally, dental problems, such as cavities and periodontal disease, are more common among those with autism than it is for neurotypical people.

Yet, **there seems to be a legacy view that autism needs to be treated as “something separate”** from the rest of healthcare. In fact, many behavioral health programs explicitly do not accept individuals with autism because of a view that these individuals are somehow different types of patients.

Percentage of Children with Autism and Public Coverage with at Least One Co-Occurring Condition



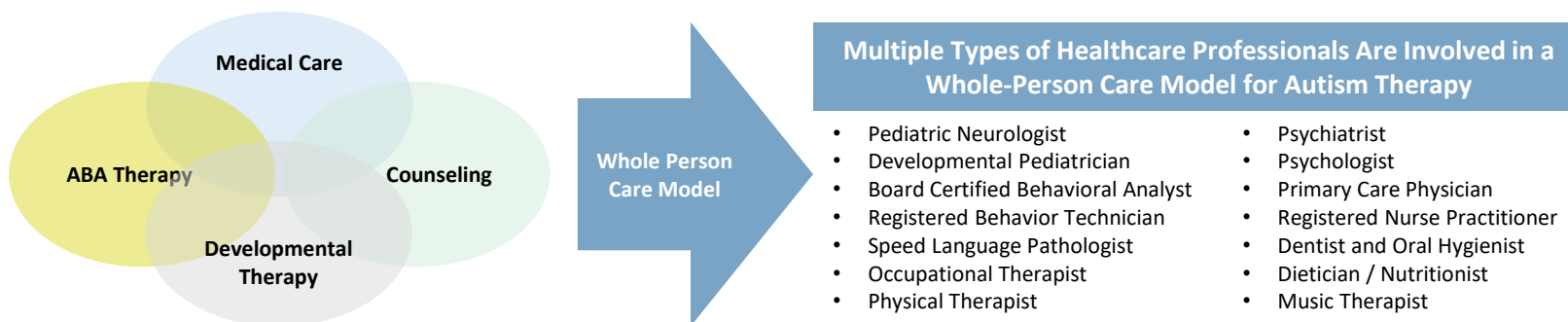
Building Effective Whole-Person Care Models for Autism

Autism providers with whole-person models can generate better outcomes in value-based contracting arrangements in some cases. Whole-person models require tight affiliations with area behavioral health and medical providers. Also, some providers are standing-up multi-disciplinary centers that treat multiple conditions simultaneously (on top of autism).

For years, **managed care organizations have emphasized the importance of “whole-person care” as critical for population health management**, and we have seen the rise of centers of excellence in diabetes/weight management, cardiac health, and cancer. Similarly, many autism therapy providers that we spoke with stress that the children that come to them must first be stable from a behavioral health, medical, and dental standpoint. Otherwise, therapy for autism becomes much less efficient and the outcomes will be suboptimal. Yet, the concept of whole-person care is still very nascent in autism and neurodevelopment.

Creating effective whole-person (integrated) care models in autism can consist of affiliations with local behavioral health and medical providers. Virtually all providers appreciate the concept of collaboration, but they often lack the time to engage and schedule conversations with each other. This is where interoperable information technology and artificial intelligence (AI) can automate the sharing of patient data at-the-point of care. For instance, providers can be alerted if an individual with autism has been diagnosed with an aggravating co-occurring condition and/or is taking concomitant medications.

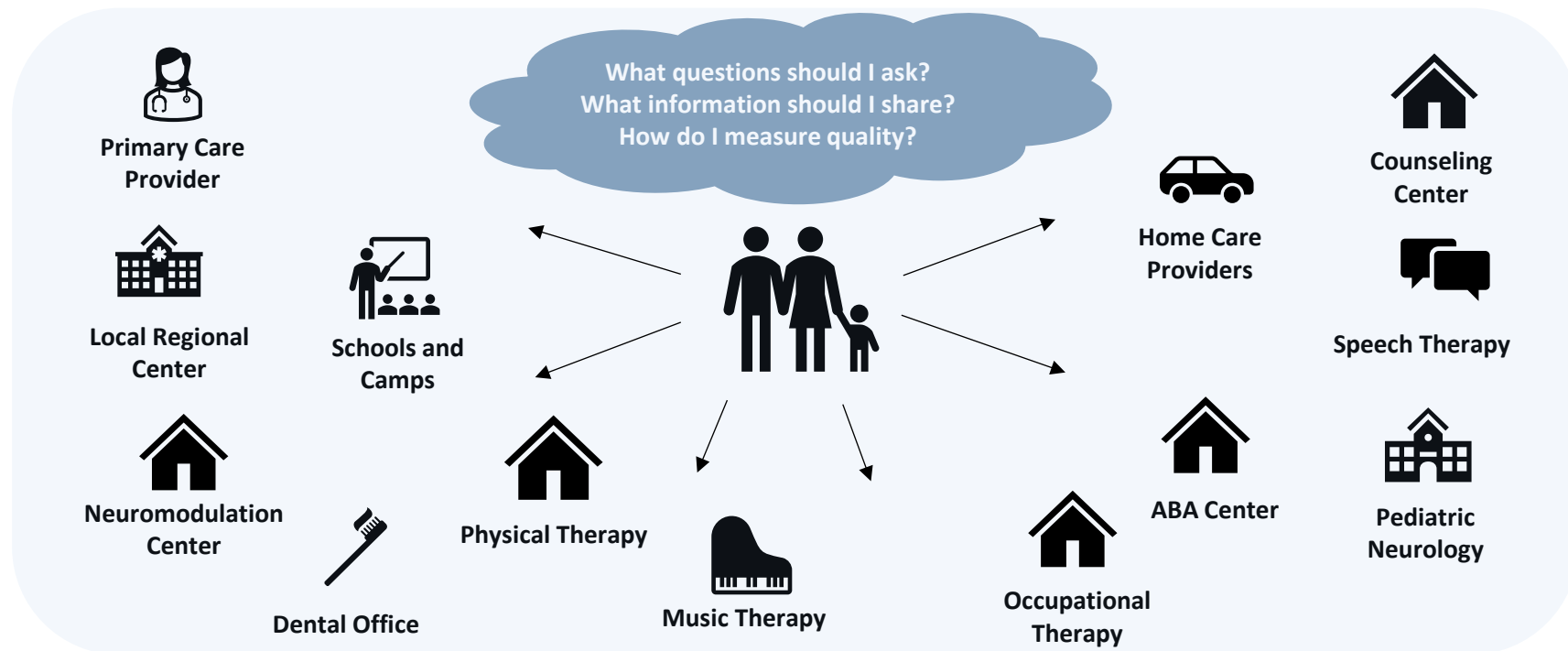
Collaboration among providers can still be a challenge even with interoperable information technology infrastructure. Whole person care requires a “culture of collaboration” that sometimes must be purposely developed from the ground up. Here, some providers have stood-up whole-person clinics focused on individuals with autism at which behavioral health, medical, and dental professionals all work together side-by-side under one roof (i.e., a “one-stop-shop”).



For Autism, Whole-Person Care *Is* Family Centric Care

The concept of “whole person” care is unique in autism therapy insofar that it needs to include parents, families, and schools. In turn, achieving financial success in a value-based reimbursement environment requires that providers invest in digital tools and virtual technologies to connect and engage with parents and educators.

True collaboration in autism therapy must include families and educators. Engaged families and schools is well known to be a key factor of success for autism therapy. Whole-person care allows for one point of contact, which can help prevent parents/families from becoming overwhelmed. Autism is extremely stressful on families, and the high volume of services that are often prescribed for these kids means that it can become essentially a full-time job for one parent. Parents (and educators) often lack the necessary background in autism to know what questions to ask, what information to share, and how to measure quality.



Valuation Considerations

A modern office interior with a large conference table and chairs, overlooking a city skyline through floor-to-ceiling windows. The text "Valuation Considerations" is overlaid in white on a dark blue background.

Improving Deal Momentum in Late 2024 / Early 2025

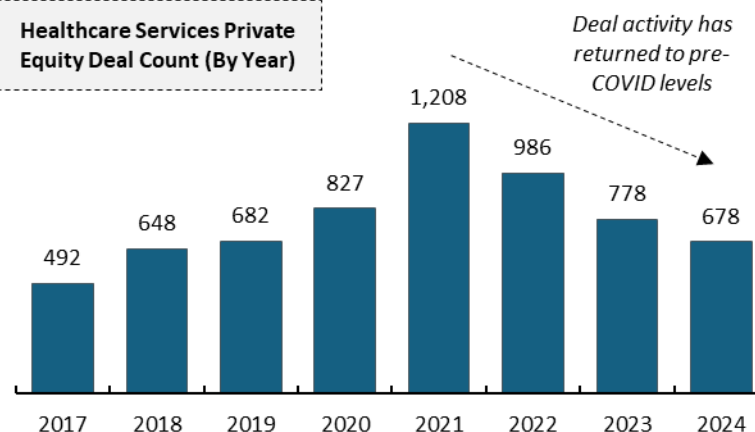
We expect the recent momentum of mergers and acquisitions (M&A) in the autism therapy space will continue in 2025 and 2026. In our view, private equity has a unique opportunity to bring much needed scale and financial discipline to providers, allowing for investments in information technology and a transition to value-based reimbursement.

Overall healthcare services private equity deal activity remains at healthy levels, in our view. Although deal activity is down from the “bubble levels” in 2021, it is important to keep in mind that deal activity is still generally in-line with pre-COVID levels -- despite the Federal Reserve raising its interest rate target by 500 bps since early 2022 -- the steepest rise in rates in the shortest period since the 1980s. Debt financing is common in acquisitions so acquirers may be now more willing/able to deploy cash with declining rates, and private equity funds have been holding on to record levels of dry powder.

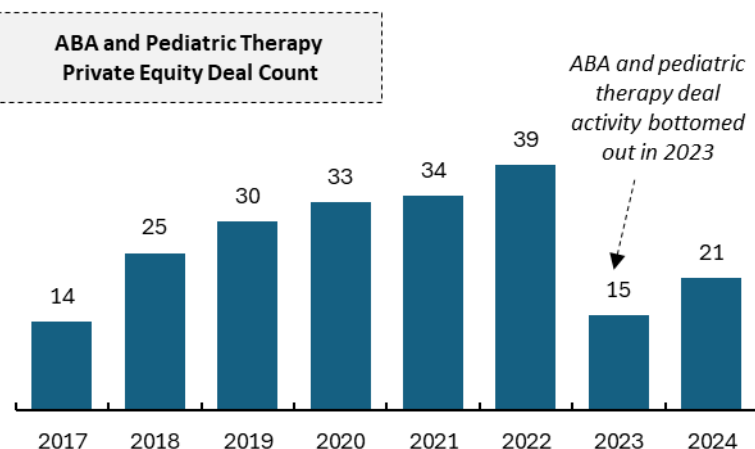
More specifically, **the volume of M&A in the autism therapy space has sharply bounced back in recent quarters** with solid valuations. M&A activity tumbled in 2023 due to a lagged impact of high inflation and interest rates as well as the lingering effects of COVID-19. Adding to this was the high-profile bankruptcy of *The Centers for Autism and Related Disorders* in 2023, which had a chilling temporary effect on investor sentiment.

Already in early 2025, the autism therapy space has seen several notable deals. In January, *Already Autism* attracted multiple new private equity investors, and *Ascend Capital Partners* purchased *Unison Therapy Services*. Also, in February, *Nautic Partners* acquired *Proud Moments ABA*.

Healthcare Services Private
Equity Deal Count (By Year)



ABA and Pediatric Therapy
Private Equity Deal Count



Key Drivers of Valuation for Autism Therapy Providers

Valuations for autism therapy providers can vary, in our view, depending on the economies of scale of the provider's operations, the ability of the provider to offer "whole-person" care, the degree of the provider's technology enablement, and the quality of the provider's payer relationships, among other factors. Over the past five years, we have seen valuations (EBITDA multiples) average in mid-teens for large scale, professionalized assets.



Size and Scale of the Platform

We find that the market values for autism therapy providers are positively correlated with the size and scale of the provider's operations -- both financially and geographically. Larger platform autism providers have significant advantages with respect to negotiating with managed care plans, entering value-based contracts, and scaling software and other technology investments.



Continuum of Services

Investors should prioritize providers offering autism therapy as part of a "whole person" care model since individuals with autism often have multiple co-occurring behavioral and medical conditions. Also, whole-person care models resonate with parents and families who often find themselves juggling relationships with multiple, different providers in different specialties.



Value-Based Contracting

In our opinion, autism therapy providers who can develop and execute value-based contracting arrangements are better positioned to capture the full value of their services and avoid the pressures of fee-for-service reimbursement. An important factor in value-based care is being able to offer care across multiple settings/modalities to optimize how patients receive their therapy.



Technology Enablement

Advances in artificial intelligence (AI) are creating new opportunities for autism therapy providers to differentiate themselves, particularly in value-based reimbursement environments. We also see a bright future for telehealth-based autism therapy as a way to address labor shortages. And, the rise of parent-led/mediated therapy is another trend worth monitoring, in our view.










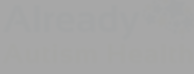

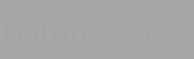

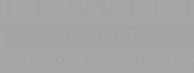






Financial Performance

As a general benchmark, we think investors should expect autism therapy providers to be generating ~10% annual revenue growth with 10%-15% EBITDA margins. Also, we look at a provider's staff turnover (retention) rates as another key indicator of growth and profitability. In our view, the ability of a provider to attract and retain staff defines its prospects for growth.

Selected Recent Acquisitions in Autism Therapy (1 of 4)

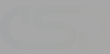

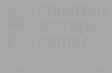








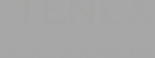


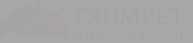



We have seen a sharp pick-up in private equity activity since late 2024 with increasing valuations, highlighted by the acquisition of *Proud Moments ABA* by private equity firm *Nautic Partners* in February 2025. Over the past three years, we estimate that autism therapy platform valuations have averaged in the ~mid-teens.

Date	Target	Acquirer	Commentary	EBITDA	Valuation
Mar-2025	 Gallagher Pediatric Therapy	 THE STEPPING STONES GROUP	Occupational and physical therapy services for children in school, home, and community settings in Southern California	Not Public	Not Public
Feb-2025	 Character Strong	 Full Bloom	Mental health services to school children, including anxiety, depression and executive functioning interventions	Not Public	Not Public
Feb-2025	 iQ Quality	 iQ Quality	Provider of ABA for autism and developmental issues through home-based programs	Not Public	Not Public
Feb-2025	 Proud Moments ABA	 Nautic Partners	ABA services for children, including ABA, speech and occupational therapy	Not Public	~17.0x
Jan-2025	 CARE	 Already Autism Health	Local providers of ABA therapy services in North Carolina, Georgia, and Illinois, among other states	Not Public	Not Public
Jan-2025	 Already Autism Health	 Trilon Pacific	National provider of ABA therapy through centers and home-based programs primarily in the Southeast of the United States	Not Public	Not Public
Jan-2025	 pediatrics PLUS	 LEAVITT PARTNERS	Physical therapy, occupational therapy, speech and language pathology, and ABA therapy for more than 6,000 children	Not Public	Not Public
Jan-2025	 unison	 ASCEND	Therapy for children with developmental and speech delays, autism, social and emotional needs	Not Public	Not Public
Dec-2024	 PRISM ABA	 PROVEN	Autism services in Connecticut, offering individualized treatment and family-centered care	Not Public	Not Public

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research@bourne-partners.com

Selected Recent Acquisitions in Autism Therapy (2 of 4)

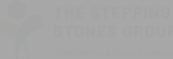
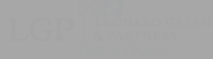
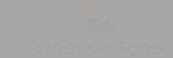
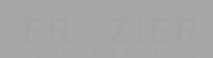




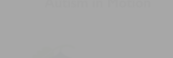

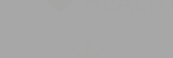
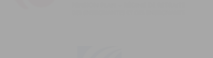
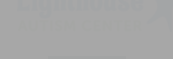
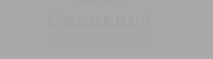

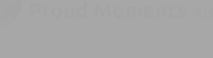


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Date	Target	Acquirer	Commentary	EBITDA	Valuation
Dec-2024	 CST Cognitive Social Therapies	 Goldman Sachs Alternatives	Behavioral health, including autism therapy, through virtual, school, and home-based settings as well as 20 clinics	~\$16 Mil	~12.0-13.0x
Nov-2024	 Children's Therapy Center	 Kelly Education	Provider of occupational, physical, and speech therapy for children from birth to eighteen years of age in Minnesota	Not Public	Not Public
Jul-2024	 AAPS Autism and Anxiety Practice Services	 AAPS	Provider of clinic, home, and school-based ABA therapy and Carolina	Not Public	Not Public
Jul-2024	 ABA Therapy of Houston, Inc.	 ABA Therapy of Houston, Inc.	ABA therapy through twelve	Not Public	Not Public
Jul-2024	 CARAVEL Autism Health	 GTCR	Operator of pediatric diagnosis and ABA therapy services for the treatment of autism and other developmental disorders	Not Public	~15.0-16.0x
Jun-2024	 behavioral	 TENEX	Center-based and home-based ABA, speech and occupational therapy to children with ASD and other developmental disabilities	~\$20.0 Mil	~14.0-15.0x
Jan-2024	 Renovus Behavioral Framework	 RENOVUS	Provider of mental health to children with autism, using a variety of ABA therapies out of three locations with ~800 employees	~\$8.9 Mil	~12.0-13.0x
Oct-2023	 TRUMPET Autism Health	 KKR BlueSprig	ABA provider for all ages across home, virtual, and school settings as well through 41 locations throughout the United States	Not Public	Not Public
Aug-2022	 ACTION Autism Health	 Charlesbank	Operator of Applied Behavior Analysis centers for children on the autism spectrum with over 3,000 employees	\$44.2 Mil	~19.0x

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Selected Recent Acquisitions in Autism Therapy (3 of 4)

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Date	Target	Acquirer	Commentary	EBITDA	Valuation
Feb-2022	 THE STEPPING STONES GROUP	 LGP	Behavioral health for children with autism and special needs, operating in schools with a variety of services, including ABA	Not Public	~15.5x
Dec-2021	 Effective School Solutions	 FRAZIER HEALTHCARE PARTNERS	In-school mental health for students with behavioral challenges, offering programs that range from prevention to intensive support	Not Public	~17.6x
Dec-2021	 Full Bloom	 Amen	Provider of behavioral health solutions for K-12 students and their districts	Not Public	Not Public
Oct-2021	 AIM	 hop	Deliver ABA programs	~\$16.1 Mil	~15.7x
Aug-2021	 acorn HEALTH	 ONTARIO TEACHERS	ABA therapy provider for babies, toddlers and young children with autism through clinic-based and home-based care service offerings	~\$16.1 Mil	~15.5x
Jul-2021	 Lighthouse AUTISM CENTER	 CERBERUS	Midwest-based ABA provider with 45+ locations offering diagnostics, speech therapy and school readiness prep	~\$23.5 Mil	~17.0x
Feb-2021	 Proud Moments ABA	 Nautic Partners	New Mexico-based provider of ABA and other behavioral services to children and adults with autism, with a holistic care approach	Not Public	~11.7x
Mar-2020	 Florida Autism Center	 KKR BlueSpring	Center-based ABA, specializing in early intensive behavioral intervention, language training and social skills for children	~\$10.0 Mil	~12.0x
Jan-2020	 ACES	 GENERAL ATLANTIC	ABA provider for autism and other special needs, offering teaching and therapeutic services in homes, schools and communities	Not Public	~16.7x

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Selected Recent Acquisitions in Autism Therapy (4 of 4)

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Date	Target	Acquirer	Commentary	EBITDA	Valuation
Dec-2019			Provider of ABA in centers, at home, or via tele-supervision; joined entity with a pediatric nursing and staffing provider	\$25.2 Mil	~16.5x
Sep-2019			ABA, Behavioral Health and Staffing services provider to schools across the US with over 3,000 employees	Not Public	~14.0x
May-2019			Operator of autism therapy centers specializing in autism therapies	~\$16.5 Mil	~15.5x
May-2019			Autism, behavioral health, and staffing services	Not Public	~16.2x
Dec-2017			Provider of ABA therapy services for children and young adults with autism spectrum disorders and developmental disabilities	~\$17.0 Mil	~16.0x

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Summary Statistics	EBITDA	EV/ EBITDA
Upper Quartile:	\$31 Mil	17.5x
Median:	\$18 Mil	15.5x
Mean:	\$20 Mil	15.3x
Lower Quartile:	\$12 Mil	12.1x

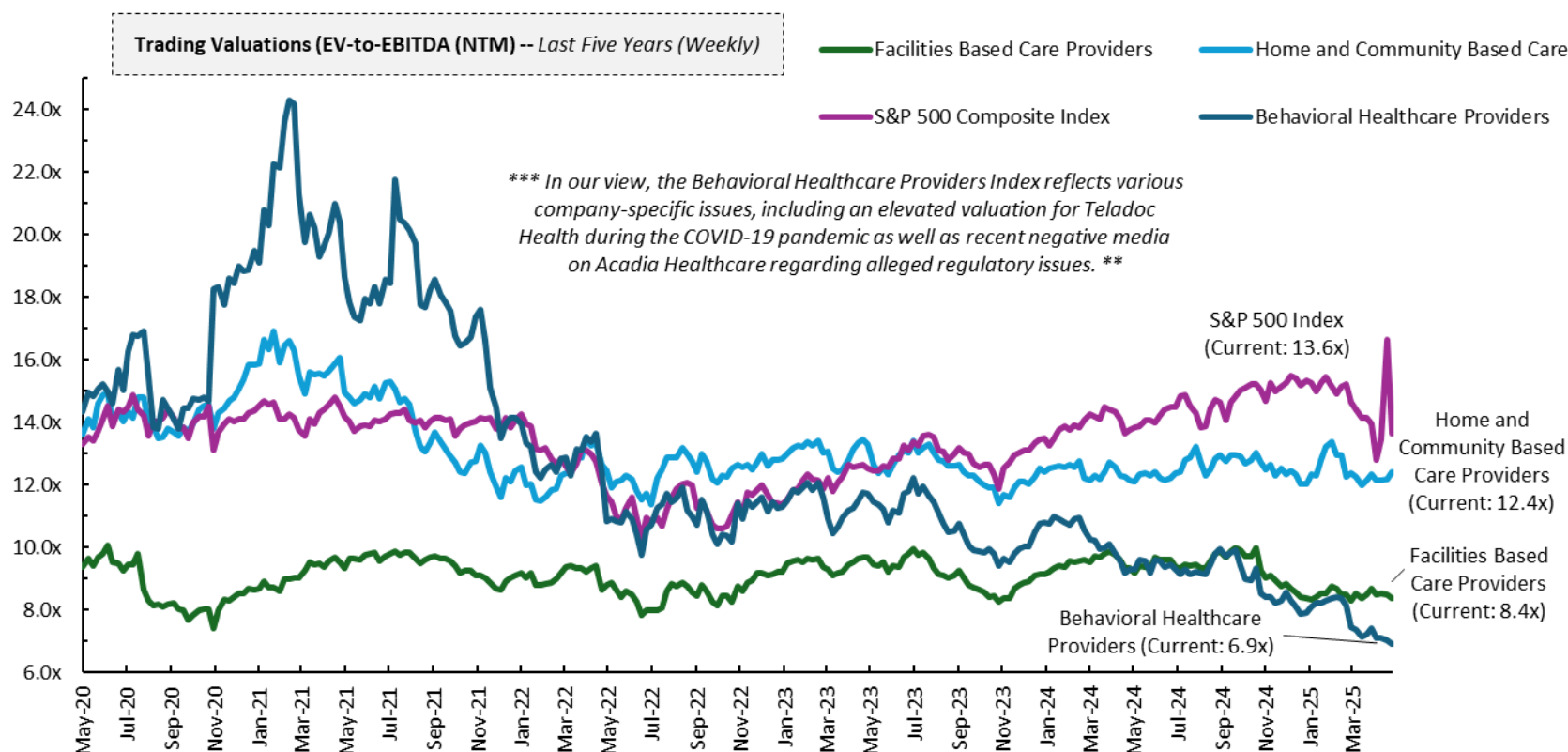
Current Valuations for Publicly Traded Behavioral Health

In our view, **autism therapy providers should trade at a significant premium to publicly traded behavioral health providers** given their superior growth profiles. Also, several public behavioral health providers are currently trading at discounted valuations, in our view, due to company-specific issues, e.g., **Acadia Healthcare (ACHC-NASDAQ)** and **Teladoc Health (TDOC-NASDAQ)**. Of the public behavioral health providers, we would look at **LifeStance Health (LFST-NASDAQ)** as having a growth and profitability profile that is most similar to the autism therapy providers that we talk to.

Company Name	Ticker	Enterprise Value	Projected CY2026		Projected CY2026			Debt Ratio
			Revenue	Growth	EBITDA	Growth	Multiple	
Behavioral Health Care								
Acadia Healthcare Company, Inc.	ACHC	\$4,063	\$3,624	7.7%	\$770	6.8%	5.3x	2.6x
LifeStance Health Group, Inc.	LFST	2,870	1,615	14.1%	176	37.1%	16.3x	1.9x
Teladoc Health, Inc.	TDOC	1,541	2,565	2.1%	315	7.3%	4.9x	0.9x
Universal Health Services, Inc.	UHS	16,242	18,090	5.0%	2,588	6.1%	6.3x	1.9x
Average (Mean / Median)				7.2%		14.3%	8.2x	1.8x
Facilities Based Care								
Community Health Systems, Inc.	CYH	\$11,900	\$12,835	4.4%	\$1,579	2.2%	7.5x	7.3x
DaVita Inc.	DVA	22,461	13,895	4.5%	2,913	6.0%	7.7x	3.9x
HCA Healthcare, Inc.	HCA	127,120	78,471	5.4%	15,504	5.4%	8.2x	2.9x
Pediatric Medical Group, Inc.	MD	1,354	1,916	5.1%	239	6.2%	5.7x	1.3x
Tenet Healthcare Corporation	THC	21,865	21,925	5.1%	4,310	5.9%	5.1x	2.4x
Average (Mean)				4.9%		5.2%	6.8x	3.6x
Average (Median)				5.1%		5.9%	7.5x	2.9x
Home and Community Based Care								
Amedisys, Inc.	AMED	\$3,275	\$2,582	4.7%	\$272	8.0%	12.1x	0.6x
Aveanna Healthcare Holdings Inc.	AVAH	2,290	2,221	4.8%	205	8.2%	11.1x	6.9x
BrightSpring Health Services, Inc.	BTSG	5,864	13,345	11.2%	627	11.8%	9.3x	4.5x
Encompass Health Corporation	EHC	14,251	6,391	7.2%	1,310	7.9%	10.9x	2.0x
Option Care Health, Inc.	OPCH	6,348	5,897	9.0%	512	10.2%	12.4x	1.8x
Select Medical Holdings Corporation	SEM	4,981	5,819	6.0%	578	8.2%	8.6x	4.6x
Average (Mean)				7.2%		9.1%	10.7x	3.4x
Average (Median)				6.6%		8.2%	11.0x	3.3x

Evaluating Valuation for Behavioral Health Over Time

Broader public company valuations have sharply ticked downwards in recent months given the uncertain effects of the trade policy of the new Trump administration. However, valuations are still approximately in line with their longer-term averages for the S&P 500 composite index as well as for facilities-based and home and community-based healthcare providers. Notably, we consider valuation trends for the publicly traded behavioral health space to be distorted by company-specific trading issues -- i.e., **Acadia Healthcare (ACHC-NASDAQ)** and **Teladoc Health (TDOC-NASDAQ)**.



A modern office interior with a large conference table and chairs, viewed through a large window overlooking a city skyline at dusk. The text "Profiles of Selected Autism Therapy Providers" is overlaid in white on a dark blue background.

Profiles of Selected Autism Therapy Providers

Profiles of Sample Autism Therapy Providers (1 of 8)



360 Behavioral Health

Van Nuys, California

www.360behavioralhealth.com

Founded in 2003, 360 Behavioral Health offers ABA therapy and related services for children and adults across a full range of settings, including telehealth to households in California.

As with other autism providers, 360 Behavioral Health appeared to struggle in 2021 and 2022, resulting in layoffs in 2022. However, the company quickly stabilized and returned to growth. Today, 360 Behavioral Health operates 21 centers with ancillary sites in California and Nebraska.

In August 2018, 360 Behavioral Health was acquired by DW Healthcare Partners for an undisclosed amount. Immediately thereafter, 360 Behavioral Health was merged with Passport to Adaptive Living.



ABA Centers of America

Fort Lauderdale, Florida

www.abacenters.com

Founded in 2020, the ABA Centers of America is a rapidly growing, founder-owned provider of diagnostics and ABA therapy services for kids in clinic and home settings. The company generates revenue from out-of-network carve-out arrangements with private health plans.

In August 2024, ABA Centers of America was named No. 5 on the latest "Inc. 5,000" list of fastest-growing companies with growth of 32,192% for the three years ending 2023.

In September, ABA Centers of America onboarded a new CEO to help attract financial sponsors and to scale the company as it continues to rapidly expand. Today, ABA Centers of America operates out of 24 clinics with plans to open another 40 in 2025.



ABS Kids

Salt Lake City, Utah

www.abskids.com

Founded in 2011, ABS Kids (formerly Alternative Behavior Strategies) offers ABA, speech, and occupational therapy, as well as psychological services, to children at clinics, homes, and schools as well as via telehealth. The company also offers diagnostic services as well.

ABS Kids has been going through an intense growth spurt over the past two years, adding 22 new centers and growing its staff by 50%. Today, ABS Kids operates 40+ centers in California, North Carolina, South Carolina, Tennessee, and Utah.

ABS Kids has been owned by Petra Capital Partners, a private equity firm, since 2017, with additional capital subsequently raised from Morgan Stanley Expansion Capital.

Profiles of Sample Autism Therapy Providers (2 of 8)



|| Charlesbank ||



TritonPacific



LEFT
LANE

Action Behavior Centers

Austin, Texas

www.actionbehavior.com

Action Behavior Centers was founded in 2016 to offer individualized ABA therapy for children with autism. The company operates over 320 locations across sixteen states, making it one of the largest providers (by number of locations) in the United States.

In a recent white paper, Action Behavior Centers was shown to be able to reduce challenging behaviors by 80%+ in its first year with a child. Other key empirical outcomes included the company's ability to improve a child's academic performance and lower parental/family stress.

In August 2022, Charlesbank Capital Partners acquired Action Behavior Centers with an implied market value of \$840 million, per media reports.

Already Autism Health

Asheville, North Carolina

www.alreadyautismhealth.com

Already Autism Health was founded in 2020, very rapidly expanding in the subsequent four years with a balanced model of home and clinic-based care. In 2024, Already Autism Health was treating 3,000+ children of which ~80% were reimbursed by Medicaid.

In January 2025, Already Autism Health raised capital from multiple private equity investors led by Triton Pacific Healthcare Partners (the company's majority shareholder).

Immediately thereafter, Already Autism Health acquired Commonwealth ABA and C.A.B.S Autism & Behaviour Specialists. All told, Already Autism now operates 28 clinics in six states with home-based care also being offered in an additional state.

AnswersNow

Richmond, Virginia

www.getanswersnow.com

AnswersNow provides telehealth-based ABA therapy. The company does not employ RBTs, instead it directly pairs a BCBA with a family via its proprietary technology platform that includes various ABA related digital tools, activities, and games, to make its virtual sessions as impactful as possible.

Also, AnswersNow offers text-based support for families, including training for parent-led therapy. At a recent conference, management commented that over 25% of its BCBA hours are directed towards parent training.

In February 2023, AnswersNow closed a Series A funding round led by Left Lane Capital. Today, AnswersNow employs over 100 BCBAs with 70% of its revenues generated from Medicaid.

Profiles of Sample Autism Therapy Providers (3 of 8)



Associates in Pediatric Therapy

Shelbyville, Kentucky

www.kidtherapy.org

Another provider we are closely watching is Associates in Pediatric Therapy (APT). Founded in 2007, APT offers center, home, and telehealth-based ABA within a suite of pediatric services -- e.g., physical, occupational, speech, and behavioral therapy.

In our view, APT is another good example of treating children with autism as part of a holistic care management model.

In November 2020, APT was acquired via a leveraged buyout by VersiCare Group, with the backing of Seven Hills Capital and Tenth Street Capital. Shortly thereafter, in early 2022, APT acquired Jones Therapy Services expanding its services in language, occupational, and physical therapy.



Behavioral Framework

Rockville, Maryland

www.behavioralframework.com

Behavioral Framework provides home-based ABA therapy to well over 1,100 children in Maryland, Virginia, and Washington D.C. The company tracks outcomes data using curriculum guides like ABLLS, and questionnaires like the Vineland Adaptive Behavior Scales.

In July 2024, Behavioral Framework acquired Behavior Consultation & Psychological Services (BCPS) adding clinic, home and school-based ABA therapy and autism diagnostic services for children in North Carolina.

Renovus Capital Partners invested in Behavioral Framework in January 2024 to recapitalize and professionalize its operations. Prior to Renovus Capital Partners, Behavioral Framework was founder-owned.



Behavioral Innovations

Addison, Texas

www.behavioral-innovations.com

Behavioral Innovations is among the largest providers of autism therapy in the United States with over 90 centers mainly in Texas -- as well as in Colorado and Oklahoma.

Dating back to 2000, Behavioral Innovations provides center-based ABA, speech therapy, and occupational therapy for children with autism and developmental disabilities. In our view, the company is particularly known for its focus on early intervention and family education and support. The company also offers after-school social skills training for children as well.

In May 2024, Behavioral Innovations was acquired by Tenex Capital Management for upwards of \$300 million, according to media reports.

Profiles of Sample Autism Therapy Providers (4 of 8)



Bend Health

Madison, Wisconsin

www.bendhealth.com

Founded in 2021, Bend Health provides a range of virtual behavioral health for kids, teens, and young adults. Bend Health is venture-backed, and the company closed a Series A round in March 2023 (raising \$32 million).

What is most interesting to us about Bend Health is that in July 2023 the company launched a virtual/tele-neuropsychological service to diagnose autism and other developmental conditions. This results in Bend Health being able to get children diagnosed with autism very rapidly – often within two to three weeks.

Bend Health's virtual diagnostic testing is in-network with multiple national health plans, e.g., UnitedHealth, Aetna, Cigna, and various Blues, among others.



Blue Sprig Pediatrics

Houston, Texas

www.bluesprigautism.com

KKR created Blue Sprig Pediatrics in January 2018, and, today, it is one of the largest providers of autism therapy with 170+ locations across 19 states, including its October 2023 acquisition of *Trumpet Behavioral Health*, which added 37 sites in seven states.

In our view, Blue Sprig Pediatrics has been on the vanguard of mobile applications and e-learning platforms. The company has been in the press recently due to its success integrating virtual reality technology into ABA therapy for children.

Most recently, in March 2025, BlueSprig Pediatrics named a new CEO. Notably, the new CEO previously led InnovaCare Health, a provider of value-based health care services.



BrightPath Behavior

Austin, Texas

www.brightpathbehavior.com

Founded in 2013, BrightPath Behavior (previously ABA Connect) is a provider of naturalistic, play-based ABA, autism diagnostics, and parent training.

BrightPath Behavior has doubled in size over the past two years as a result of two acquisitions, including its most recent acquisition of ABA Therapy of Houston (July 2024). Today, BrightPath Behavior operates 12 locations in Texas and Colorado, and management continues to evaluate acquisitions in underserved areas.

BrightPath Behavior has been backed by private equity investor MBF Healthcare Partners since 2022. Of note, MBF Healthcare Partners previously founded Acorn Health before expanding and selling it in 2021.

Profiles of Sample Autism Therapy Providers (5 of 8)



Butterfly Effects

Dearfield Beach, Florida

www.butterflyeffects.com

Butterfly Effects offers a full range of ABA and other therapies for individuals and families with autism and other developmental conditions.

Since its founding in 2005, Butterfly Effects has steadily expanded, mostly organically, with one acquisition in 2015. Today, the company operates thirteen centers across North Carolina, Georgia, Florida, Texas, California, and Virginia -- coupled with home and community-based services.

Butterfly Effects prioritizes in-person services. However, the company has seen success with telehealth/virtual care to optimize staffing in certain geographies. The company has also reported success using virtual care as a way to better engage with families.



Caravel Autism Health

Green Bay, Wisconsin

www.caravelautism.com

Caravel Autism Health offers diagnostic services and therapy for children with autism and developmental delays. Since 2009, the company has opened 60 locations across nine states coupled with home-based and telehealth services as well.

Notably, Caravel Autism Therapy has developed a proprietary software platform (called “PathTap”) to track outcomes for payers and families. This has led to meaningful improvements in performance, in our view, as measured by skill development and parental satisfaction as well as reduced administrative work for clinicians.

In June 2024, private equity firm GTCR acquired Caravel Autism Health from Frazier Healthcare Partners.



Catalight

Walnut Creek, California

www.catalight.org

Catalight is a non-profit provider of behavioral health therapies, including ABA, for children. Today, Catalight is one of the largest behavioral health networks in the United States serving 24,000 clients and families every day.

Interestingly, Catalight has been particularly focused on improving access to care for children with autism and developmental delays, and we see Catalight as a pioneer in parent-led ABA. In fact, the company has funded research that has shown that parent-led ABA can, on some measures, produce better outcomes.

Separately, Catalight also plans to launch a direct-to-consumer platform in 2025 to get more children into autism therapy and behavioral care.

Profiles of Sample Autism Therapy Providers (6 of 8)

**DEERFIELD****Cortica**

San Diego, California

www.corticacare.com

Founded in 2017, Cortica offers a full continuum of services supporting 24k+ individuals (and families) with autism, neurodevelopmental disorders, and other related behavioral health (and medical) conditions. Today, the company operates out of 24 locations.

In our view, Cortica is on the vanguard of many trends we are monitoring in the autism space. For instance, Cortica operates a “whole-person” model that includes integrated teams of behavioral health and medical providers.

Also, Cortica has seen early success with value-based reimbursement contacts with a number of health plans, including a recently publicized relationship with the Massachusetts health plan *Point32Health*.

**Gracent**

Manhattan Beach, California

www.gracentcares.com

Gracent was launched in March 2022 as the spin-out of investments from Altamont Capital and KKR. The vision was to create of a “whole-person” pediatrics therapy company offering ABA, speech therapy, neuropsychology and occupational therapy. The company also focuses on parental support and training as a driver of value.

Today, Gracent operates under the names “Pine Cone Therapies” (3 clinics in Texas) and “North Shore Pediatric Therapy” (10 clinics in Illinois).

Looking ahead, management prefers acquisitions that involve partnerships with existing providers/clinicians. Also, Gracent is evaluating new underserved markets since it views its current markets as fully saturated.



Arsenal Capital Partners

Hopebridge

Indianapolis, Indiana

www.hopebridge.com

Founded in 2005, Hopebridge offers a range of pediatric therapy services (mainly for autism) via a network of 117 centers across 12 states. These centers include large gyms, playrooms, and classroom-like rooms to support school-readiness and socialization.

Services at each of Hopebridge’s centers vary, but they are based on the company’s “360 Care” approach that blends ABA, occupational, speech and physical therapy together -- with the company’s stated “vision” being that each therapy enhances the impact of the others. Also, many centers offer autism testing, insurance support, and parental/family education.

Hopebridge has been backed by Arsenal Capital Partners since 2019.

Profiles of Sample Autism Therapy Providers (7 of 8)



Learn Behavioral

Baltimore, Maryland

www.learnbehavioral.com

Learn Behavioral offers educational services mainly for preschool-age children with autism and development delays in small classroom settings -- coupled with online programs. Most of the company's revenues (80%+) come from private/commercial health plans.

Learn Behavioral has been acquisitive and it now operates in 18 states. The strategy has been to target companies and clinicians that are well regarded in their local communities.

The company was acquired by Gryphon Investors through an LBO in March 2019. Previous owners included Milestone Partners and LLR Partners. Despite the changes in ownership, the management and operations have been stable, in our view.



Lighthouse Autism Center

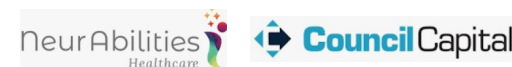
Mishawaka, Indiana

www.lighthouseautismcenter.com

Founded in 2012, the Lighthouse Autism Center offers center-based autism therapy to children out of 20+ sites in Indiana, Michigan, Illinois, Iowa, and Nebraska. Lighthouse emphasizes comprehensive care, including testing and the company's "Lighthouse Fusion" speech therapy program.

The Lighthouse Autism Center has also embraced telehealth with a remote clinical team to better service families in remote or underserved areas. Other areas of investment include data analytics to enable more personalized and effective treatment plans.

In 2021, the Lighthouse Autism Center was purchased by Cerberus Capital Management. Abry Partners was the previous owner (since 2018).



NeurAbilities Healthcare

Voorhees, New Jersey

www.neurabilities.com

NeurAbilities Healthcare was founded in 2005 to help children with autism and neurodivergent issues. We view this company as a good example of an integrated "whole-person" care model.

Today, NeurAbilities Healthcare operates out of eighteen locations in New Jersey and Pennsylvania.

NeurAbilities has also invested heavily in information technology to track quality and outcomes. This appears to have led to more collaborative relationships with payers, including some unique value-based contracting arrangements based on speed to care, rate utilization and satisfaction scores.

NeurAbilities Healthcare has been backed by private equity firm Council Capital since 2018.

Profiles of Sample Autism Therapy Providers (8 of 8)



Proud Moments ABA

Brooklyn, New York

www.proudmomentsaba.com

Proud Moments was founded in 2014 to care for children with autism and other behavioral health therapies out of 74 centers across seven states as well as home-based and telehealth therapy. In total, the company averages a weekly census of 3,000 children.

Proud Moments ABA was recently acquired by Nautic Partners in February 2025. The previous owner, Audax Private Equity, funded significant growth including seven acquisitions since 2019 including the acquisition of two centers from the bankruptcy reorganization of the Center for Autism and Related Disorders (CARD).

Notably, Proud Moments ABA was a founding member of the National Autism Data Registry (NADR).

The Point Quest Group

Sacramento, California

www.pointquestgroup.com

The Point Quest Group provides adolescent behavioral health and special education services for K-12 school districts in California. The company employs a wide range of professionals including speech-language pathologists, occupational therapists, mental health therapists, and paraprofessionals.

Point Quest's delivers its services in public schools as well as the company's own operated non-public, special needs schools in Lodi, Sacramento, and El Dorado Hills, California.

The Point Quest Group received an investment from Avesi Partners in August 2022. This was followed by a debt issuance in May 2024 to fund future acquisitions.

The Stepping Stones Group

Boston, Massachusetts

www.thesteppingstonesgroup.com

Founded in 2014, the Stepping Stones Group offers autism therapy, behavioral healthcare, special education, school nursing, and other related services in a variety of settings.

The Stepping Stones Group has been owned by Leonard Green & Partners since December 2021. Since then, the company has been named on the "Inc. 5000" list of fastest growing private companies for almost a decade.

Acquisitions have been a key element of growth. Most recently, in March 2025, the Stepping Stones Group acquired *Gallagher Pediatric Therapy*, a provider of occupational and physical therapy in California. This adds to the company's diversified approach to school-based services.



Appendix: Bourne Partners Overview

Bourne Partners Overview

Since 2001, Bourne Partners has been offering a unique perspective and unmatched expertise while remaining highly focused on fulfilling the needs of established healthcare and life sciences companies across the globe

Our Passion

*“Working with **great people** and **great companies** to achieve **extraordinary results**.”*

Highly-Focused Firm



Therapeutics

Pharma
Services

Healthcare
Services

Bourne Partners Investment Banking

Mergers & Acquisitions	
<i>Sell-Side Advisory</i>	<i>Buy-Side Advisory</i>
<i>Company & Product Focus</i>	<i>\$100M - \$1B+ Enterprise Value</i>
Capital Advisory Services	
<i>Equity Capital Raising</i>	<i>Debt Capital Raising</i>
<i>Alternative Financing Options</i>	<i>\$100M+ Capital Raises</i>

Value-Add Advisors with a Global Reach

\$15B+

Transaction
Value

15

Years of Average
Tenure at Bourne¹

25+

Year Track
Record

Six

Continents
Reached

Sector Expertise and Dedicated Coverage Professionals

Therapeutics

Representative Focus Areas

- Commercial-Stage Specialty & Rare Disease Biopharma Therapeutics
- Generic Pharma
- Legacy / Established Brands
- 505(b)(2)
- De-Risked Clinical Stage Biotech
- Cell & Gene Therapies
- Medical Devices

Representative Solutions

- Public & Private Sell-Side M&A
- Debt & Equity Financing
- Synthetic Royalty / Revenue Interest Financing
- Royalty Monetization
- Priority Review Voucher (PRV) Monetization & Financing



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Pharma Services

Representative Supply Chain Services

- Full-Service & Specialty CMOs & CDMOs
- Biostorage, Distribution & Logistics Services
- Commercial Lab & Analytical Services
- Contract Packaging & Labeling
- Manufacturing Consulting & Strategy Services

Representative Clinical Services

- Full-Service & Specialty CROs
- SMOs & Clinical Research Site Networks
- Patient Recruitment & Engagement
- Research Site-Enabling Services & Technologies
- Clinical Regulatory Consulting & Strategy Services

Representative Commercialization Services

- HCP, Patient & Omnichannel Engagement
- Market Access & Pricing, HEOR, RWE
- Medcomms & Healthcare Marketing / Advertising
- Medical & Regulatory Affairs & Pharmacovigilance
- Patient Support & Hub Services



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Healthcare Services

Representative Healthcare Services

- Post Acute Care
- Behavioral Health
- Managed Care
- Physician Practice Management
- Alternate Site

Representative Outsourced Services

- Distribution
- Home Medical Supplies & DME
- Labs & Lab Services
- Staffing
- Virtual Care-Enablement & Provider Technologies

Representative Pharmacy Services

- Infusion Services
- 503A Compounding Pharmacy
- 503B Hospital Outsourcing
- Specialty and Retail Pharmacy
- Medication Management & Adherence



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Director



Carson Riley
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Transaction Execution Team

Vice Presidents



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Analysts

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CIO, BPSC



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Calli Lewis
Chief of Staff

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