

STRATEGIC SALE

KNOWLEDGE.
VISION.
RESULTS.

TMG Health



was acquired by



COMPANY DESCRIPTION

Founded in 1998, TMG Health is the leading national provider of technology-enabled business process outsourcing (BPO) services focused on managed government healthcare programs such as Medicare Advantage, Medicare Part D, managed Medicaid plans, and employer and union-sponsored retiree health plans. TMG provides comprehensive operational outsourcing solutions, utilizing best-of-breed and proprietary information systems, for health plans and organizations within this highly complex and tightly regulated sector of the health insurance market. TMG's breadth of services include full turn-key BPO solutions such as outsourced information systems, enrollment, premium billing, reconciliation, claims and capitation processing, customer services, reporting, and compliance as well as a subset of individual services like enrollment, billing, and reconciliation. Having created the BPO category targeting health plans for the managed Medicare and retiree populations, TMG is the most experienced vendor in the market and has the market's broadest solution set serving over 40 regional and national health plans (including 14 Blue Cross Blue Shield plans) with offerings in all 50 U.S. states.

OBJECTIVES

TMG's executive management team and outside investors – including NewSpring Capital and SCP Partners – retained TripleTree as its advisor to pursue a possible recapitalization or strategic sale of the business. The primary objective in the engagement was to provide the Company's long-time outside investors with a liquidity exit and give the management team an opportunity to grow the business aggressively under new ownership.

RESULTS

TripleTree approached a select group of global strategic acquirers that could provide TMG Health with adequate capital resources and industry expertise to propel the Company down a path of rapid growth. In parallel to this process, TripleTree held a series of discussions with a select group of marquee private equity investors that could provide the Company's management team with strategic insight and proper capital investment support to take advantage of the rapidly growing market for managed government and employer-sponsored group health benefit programs. A series of management meetings were ultimately facilitated with several potential strategic buyers and investors due to TMG's attractive financial performance and leading position in the multi-billion dollar market for outsourced managed CMS services.

Ultimately, TMG decided to partner with Health Care Service Corporation (HCSC), the largest customer-owned health insurer and fourth largest health insurer in the United States, operating Blue Cross and Blue Shield plans in Illinois, New Mexico, Oklahoma, and Texas. The Company's Board of Directors determined that a partnership with HCSC presented several key benefits including an attractive, strategic valuation; a strong, pre-existing customer relationship; and the ability of TMG to perform administrative services for HCSC's considerable enrollee base of over 12.4 million members. In addition to these benefits, HCSC also committed to retain the Company's 1,200+ employees in Northeastern Pennsylvania and increase investment in the business following the transaction.

"TMG Health has utilized TripleTree's services over the past few years with extraordinary success. They initially invested the time to learn our business and as a result were able to provide both strategic and tactical thinking to our recent merger with Health Care Service Corporation (HCSC). Their expertise and positioning in this industry regularly provides us with quick and efficient results. I have continued to be impressed by TripleTree's understanding of the healthcare and technology sectors, and their ability to evaluate how changes affect our company specifically has proven to be an important line of assistance to our organization."

*- Jack Tighe
Founder, President & CEO,
TMG Health*