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Field of Medical Debt Buyers Narrows Further with Capiro Partners Acquisition

In a recently completed deal, newly-created medical debt purchaser Capiro Partners acquired the healthcare debt buying operations of Atlantic Credit & Finance, further consolidating the sector.

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Another debt buyer is leaving the medical receivables space. Privately-held Atlantic Credit & Finance of Roanoke, Va., sold its two-year old health care division to Capiro Partners, LLC earlier this month. "We are pleased that going forward our healthcare clients will be working with Capiro Partners," Richard Woolwine, CEO of Atlantic Credit & Finance, said in a press release. "This transaction will allow Atlantic Credit & Finance to focus on our core business of purchasing unsecured consumer-distressed assets and allows our healthcare clients to be serviced by a debt-buyer that is 100% focused on the medical industry."

It's the second time Atlanta, Ga.-based Capiro has taken over the health care division of a debt buyer, said Jim Richards, Capiro's president and CEO. The year-old company now manages more than \$3 billion in hospital-related receivables, most of which was obtained through acquisitions. Richards said the purchases were privately financed, and most of the paper is being worked by Capiro's Sherman, Tex.-based collections operations.

"Right now being in our second year, we're very happy with where we are at with the performance on portfolios that we've already purchased," Richards said.

Richards told insideARM that Capiro wants to be the largest player in the medical receivables debt buying space. And although its first year was slower than company executives hoped, this year is "starting out a bit ahead of schedule" against growth plans, Richards noted.

Capiro will continue to grow by buying direct from sellers and by acquiring account receivables from debt buyers exiting the health care space, Richard said. The latter strategy, however, is limited by the number of remaining companies buying medical debt. Richards sees continued growth opportunities in buying late stage receivables between one and seven years old that stem from services connected to inpatient and outpatient hospital care.

"We specialize in health care surrounding the hospital event. If you get picked up by an ambulance, we're interested in the ambulance business. Hospital-affiliated physicians, radiologists, pathology and anesthesiology business," he said.

While some debt buyers are eyeing opportunities to participate in the U.S. Treasury Department's Financial Stability Plan, ("Debt Buyers Eagerly Eyeing Treasury Department's Recovery Plan," Feb. 13), Richards said Capiro will consider purchasing any toxic assets for sale by government owned hospitals. But overall, Capiro remains focused on medical receivables, he said.

"We think the space is complex and it will take all of our attention to do it well. To be the leader I don't think you can focus on other industries simultaneously," Richards said.