

Debt valuation of private equity-backed dermatology groups down

March 9 2022



Debt valuation of dermatology private equity-backed groups (DPEGs)

decreased prior to the COVID-19 pandemic and then decreased further during the pandemic, according to a study published online March 9 in *JAMA Dermatology*.

Rohail Memon, from the Northwestern University Feinberg School of Medicine in Chicago, and colleagues conducted a cross-sectional study from Aug. 1, 2016, to Aug. 31, 2021, and examined public financial statements filed by business development corporations (BDCs) lending to DPEGs before and during the COVID-19 [pandemic](#). Ten BDCs contained data on nine unique DPEGs; overall, there were 15 trackable DPEG debt instruments.

- The researchers found that during the study period, the amortized cost of the loans for an individual DPEG varied from \$1.7 million to \$100 million.
- For many DPEGs, the valuation of debt instruments was stable until some were discounted starting in May 2018; a significant decrease was seen prior to the COVID-19 pandemic from May to August 2019 (–1.4%).
- During the pandemic, there was another significant decrease from February to June 2020 (–9.0%).
- A modest and significant improvement in [debt](#) valuations was seen after [pharmaceutical companies](#) announced effective COVID-19 vaccine candidates in November 2020 (2.3%), but they remained discounted.

"Dermatologists should be aware of the financial health of DPEGs, and the risks involved when considering selling their practice to or working for a DPEG," the authors write.

More information: Rohail Memon et al, Trends in Debt Valuations of Private Equity–Backed Dermatology Groups Before and During the COVID-19 Pandemic, *JAMA Dermatology* (2022). [DOI:](#)

[10.1001/jamadermatol.2022.0009](https://doi.org/10.1001/jamadermatol.2022.0009)

© 2022 HealthDay. All rights reserved.

Citation: Debt valuation of private equity-backed dermatology groups down (2022, March 9) retrieved 23 May 2024 from <https://medicalxpress.com/news/2022-03-debt-valuation-private-equity-backed-dermatology.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.