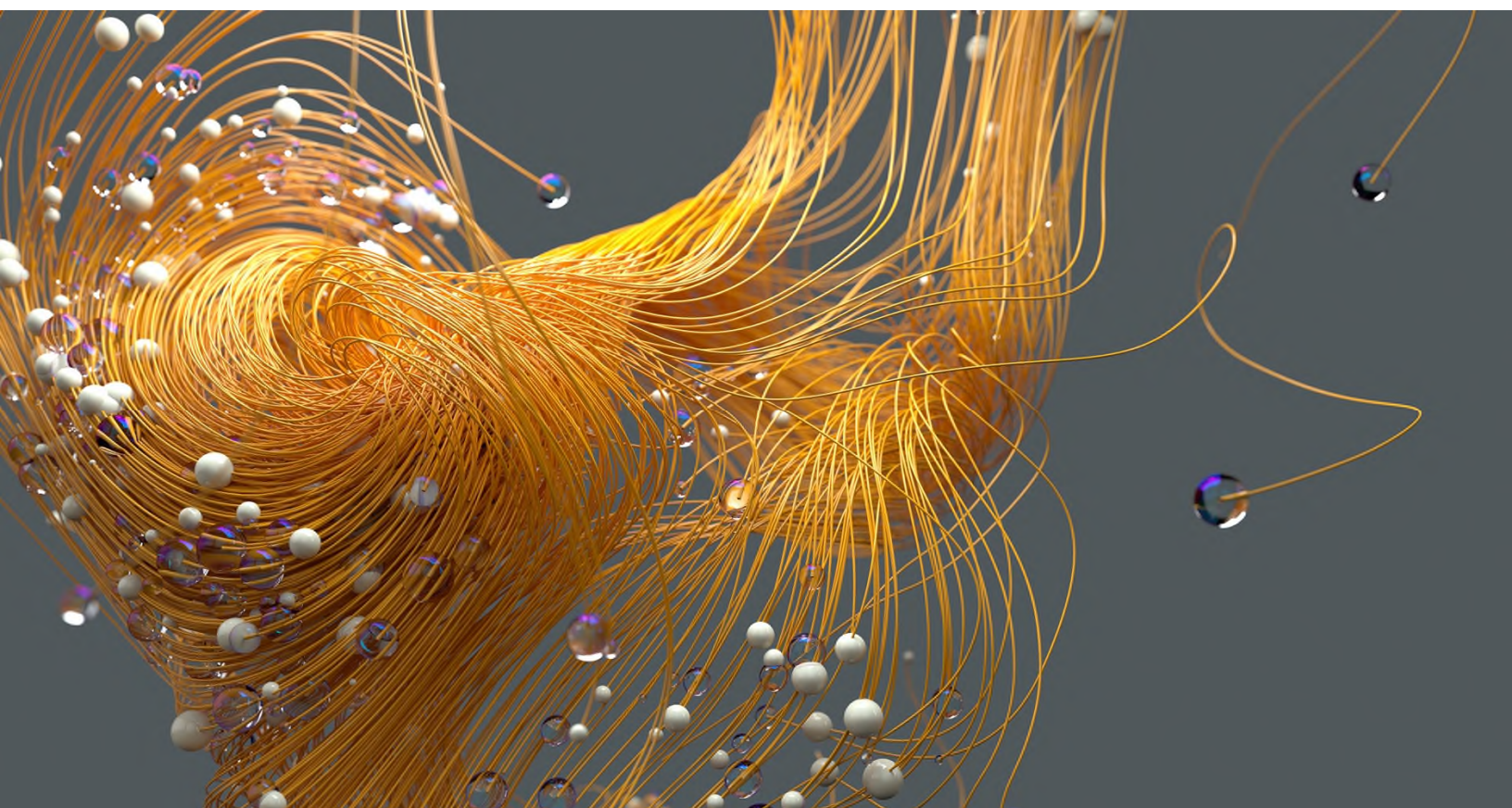


August 4, 2021

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**  
**Increased Antitrust Risk in Healthcare Mergers**

# Industry Insights

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## The Increased Antitrust Risk in Healthcare Mergers

*Banker Commentary by Andy Labovitz*

During the final stages of the 2020 presidential election, there was much speculation in some quarters about how a Biden/Harris administration would approach antitrust enforcement, particularly in the healthcare sector. The conjecture intensified when Xavier Becerra, Harris's successor as Attorney General in California, was nominated as Secretary of Health and Human Services. The two former California Attorneys General took an active role in encouraging competition among healthcare companies in the state. The stances they took against healthcare mergers were successful in a number of real-world circumstances, including:

- Investigating large hospital systems' leverage to grow reimbursement from insurers, ultimately resulting in a lawsuit against Sutter Health for anti-competitive behavior. Sutter settled the suit for \$575 million.
- Imposing a number of conditions on Prime's proposed purchase of six Daughters of Charity hospitals, a position that resulted in Prime withdrawing its bid.
- Joining a federal antitrust lawsuit to block the merger between Anthem and Cigna, an effort which successfully derailed the proposed transaction.
- Authoring a brief on the proposed merger between St. Luke's and Saltzer Medical Group, another successful challenge based on concerns around growing pricing power.

The market got its answer regarding this administration's approach on July 9th, as President Biden issued an executive order affirming that his administration's policy is to "enforce the antitrust laws to combat the excessive concentration of industry, the abuses of market power, and the harmful effects of monopoly and monopsony," calling out a number of industries, including healthcare and further specifying its application to hospitals. Regulatory agencies were "encouraged to enforce the antitrust laws fairly and vigorously," and to review and consider whether to revise merger guidelines in order to best achieve these objectives.

Biden's order reinforces actions that were already underway during the Trump administration, like the FTC's announcement that it will focus on retrospective analyses of consummated healthcare mergers, as well as its challenges to the health system

## Industry Insights

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mergers of Jefferson and Einstein (unsuccessful), Methodist Le Bonheur and Saint Francis (successful), and Hackensack Meridian and Englewood (ongoing).

This intensified focus on the regulatory examination of hospital mergers creates an increased burden on health systems that are considering consolidation transactions to do a significant amount of upfront homework. Parties considering a negotiated transaction should assess the antitrust risk as part of their upfront deliberations, and sellers undertaking a partnership solicitation process should factor that risk into their selection of potential counterparties to approach. Given the guidance contained in the executive order, antitrust risk could arise due to geographic proximity, service line overlap, or even because of vertical integration. If there is any concern, the transacting organizations, along with their advisors, should develop a thoughtful strategy in advance for engaging with the applicable regulatory bodies. The approach should be to proactively highlight the community benefits inherent in the combination, including delivery of increased services or points of access, and should include a plan to highlight the competitive benefits associated with the transaction. This may require a significant amount of planning completed earlier than usual in the process, in order to best articulate the transaction's value to regulators. The time spent laying this groundwork, in addition to the potential for protracted communications and addressing information requests from regulators, may extend the transaction process well beyond what is expected or typical. But a well-planned approach could prevent significant resources from being wasted in a blocked merger attempt.

Hiring experienced advisors, both legal and financial, is the first step in assessing this regulatory risk. Contact your Cain Brothers banker for a conversation about your organization's contemplated transactions, and we can assist you in beginning a risk evaluation process.

# Healthcare M&A Activity

## Recent Selected Healthcare M&A Transactions (\$MM)

| Date      | Target Name   | Acquirer  | EV    | Enterprise Value / |            | Description  |
|-----------|---|---|-------|--------------------|------------|--|
|           |   |   |       | LTM Rev.           | LTM EBITDA |  |
| 7/29/2021 | Healthify (SV Health Investors and Blue Venture Fund) | WellSky (TPG Capital, Leonard Green & Partners)                                     | NA    | NA                 | NA         | Healthcare and social service organization   |
| 7/29/2021 | Labor First   | Great Hill Partners   | NA    | NA                 | NA         | Provider of group retiree Medicare benefit management solutions  |
| 7/28/2021 | SilverCloud Health and Conversa Health                | Amwell (NYSE: AMWL)   | \$320 | NA                 | NA         | Digital mental health platform and   |
| 7/27/2021 | Elos Medtech  | TA Associates   | \$223 | 2.9x               | 10.7x      | Innovative full-service contract development and manufacturing   |
| 7/27/2021 | US Medical Supply (H.I.G. Capital)                    | Advanced Diabetes Supply (Court Square Capital Partners)                            | NA    | NA                 | NA         | Direct-to-consumer specialty distributors of continuous glucose monitors and medical supplies  |
| 7/28/2021 | Avera eCare (Avera Health)                            | Aquiline Capital Partners   | NA    | NA                 | NA         | Provider of telemedicine   |
| 7/26/2021 | CareFinders Total Care                                | Modiv Care (Nasdaq: MODV)   | \$340 | NA                 | NA         | Personal care provider in the Northeast, with a scaled presence in New Jersey, Pennsylvania, and Connecticut                         |
| 7/26/2021 | FDS Ampicare  | Omniceil (NASDAQ: OMCL)   | \$177 | NA                 | NA         | Pharmacy software solutions provider   |
| 7/26/2021 | Flexan (Linden)                                       | ILC Dover (New Mountain Capital)  | NA    | NA                 | NA         | Medical device contract design and manufacturing organization  |
| 7/26/2021 | Lighthouse Autism Center                              | Cerberus Capital Management   | NA    | NA                 | NA         | Provider of center-based applied behavioral analysis services for children diagnosed with autism spectrum disorder                   |
| 7/26/2021 | Dental365 (Regal Healthcare Capital Partners)         | The Jordan Company  | NA    | NA                 | NA         | Dental service organization serving 70 locations throughout the New York Metropolitan Area, Connecticut and New Jersey               |
| 7/14/2021 | PharmaSmart International                             | CPS Capital   | NA    | NA                 | NA         | Manufacturer of technology enabled health kiosks and related patient engagement and connected health solutions                       |
| 7/14/2021 | Today's Dental Network                                | HealthEdge and Synergistic Capital Partners   | NA    | NA                 | NA         | Multi-specialty concierge dental practice network and support organization   |
| 7/14/2021 | Sand Lake Imaging                                     | RAYUS Radiology (fka Center for Diagnostic Imaging) (Wellspring Capital Management) | NA    | NA                 | NA         | Florida based imaging centers  |
| 7/13/2021 | symplr (Clearlake and Sky Knight Capital)             | Charlesbank   | NA    | NA                 | NA         | Enterprise healthcare operations including governance, risk management, and compliance SaaS solutions                                |
| 7/13/2021 | GoodVets  | Sky Knight Capital  | NA    | NA                 | NA         | Veterinary hospital group  |
| 7/12/2021 | Reliance Medical Centers                              | AIM Associates Capital  | NA    | NA                 | NA         | Primary care provider in Florida for seniors with Medicare   |
| 7/12/2021 | EmpiRx Health   | Nautic Partners   | NA    | NA                 | NA         | Value-based pharmacy benefit manager   |
| 7/8/2021  | Gateway Health (Trinity Health)*                      | Highmark Health   | NA    | NA                 | NA         | Provider of Medicaid and Medicare managed care in Pennsylvania   |
| 7/7/2021  | Availity (Francisco Partners) (minority stake)        | Novo Holdings   | NA    | NA                 | NA         | Healthcare data and administrative networks connecting payers and providers  |
| 7/7/2021  | Paradigm Health                                       | Havencrest Capital Management   | NA    | NA                 | NA         | Provider of hospice and palliative care  |
| 7/7/2021  | Walden Behavioral Care                                | Monte Nido (Levine Leichtman Capital Partners)                                      | NA    | NA                 | NA         | Eating disorder treatment provider   |
| 7/6/2021  | DNF Medical Centers                                   | CareMax (NASDAQ: CMAX)  | \$110 | NA                 | NA         | Medical practice in the Orlando Metro area with six medical centers serving more than 4,000 Medicare Advantage members               |
| 7/6/2021  | Doctor's Medical Center                               | Cano Health (NYSE: CANO)  | \$300 | 1.5x               | 13.6x      | Primary care provider offering integrated approach to Medicare, Medicaid, and ACA members across 18 medical centers in South Florida |

# Healthcare Equity Private Placements Activity

## Recent Selected Healthcare Equity Private Placements (\$MM)

| Date      | Company                    | Investor(s)   | Type             | Amount                  | Description   |
|-----------|----------------------------|---|------------------|-------------------------|---|
| 7/28/2021 | Employer Direct Healthcare | Redmile Group (lead)  | Growth Capital   | Undisclosed             | Provider of high-quality and cost-efficient solutions for self-funded employers and their members             |
| 7/28/2021 | SonderMind                 | Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital                                     | Series C         | \$150                   | Provider of mental health services through a digital network of therapists and care providers                 |
| 7/21/2021 | TMRW Life Sciences         | Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund                                | Series C         | \$105                   | Software-guided embryology and cryo-management  |
| 7/21/2021 | WoeBot Health              | JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and AI Fund | Series B         | \$90                    | Mental healthcare tool  |
| 7/22/2021 | Trilliant Health           | Bon Secours Mercy Health  | Strategic Growth | Undisclosed             | Evidence-based analytics and data science company   |
| 7/20/2021 | OM1                        | Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and 7wire Ventures                                      | Series D         | \$85                    | Healthcare data and analytics company   |
| 7/19/2021 | Quit Genius                | Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health   | Series B         | \$64                    | Digital clinic for treating multiple addictions   |
| 7/1/2021  | Olive                      | Vista Equity Partners (lead), Base10 Partners Advancement Initiative  | Undisclosed      | \$400 (Valuation \$~4B) | AI technology that connects patients, providers and payers to automate workflows and support human workforces |
| 6/29/2021 | Cortica                    | Longitude Capital (lead), .406 Ventures, Questa Capital and Aperture Venture Partners   | Series C         | \$60                    | Technology-enabled clinical services for autism and other neurodevelopmental conditions                       |
| 6/28/2021 | HealthVerity               | Durable Capital Partners (lead), Flare Capital Partners, Foresite Capital and Greycoft  | Series D         | \$100                   | Real-world data infrastructure for pharmaceutical manufacturers, payers and government organizations          |
| 6/28/2021 | Hospital IQ                | Baxter Ventures and Health Velocity Capital, (co-leads), Pierpoint Capital and Allscripts   | Series C         | \$25                    | Provider of predictive hospital operations and communications software  |
| 6/28/2021 | Kindbody                   | Claritas Health Ventures (lead), groups Bramalea Partners, Monashee Investment Management, Eldridge, GV, Perceptive Advisors, RRE Ventures, and Rock Springs Capital  | Series C         | \$62                    | Provider of fertility, gynecology, and family-building services   |
| 6/28/2021 | Wellthy                    | Rethink Impact (lead), Hearst, Polaris Partners, and Eldridge   | Series B         | \$35                    | Digital care concierge platform   |



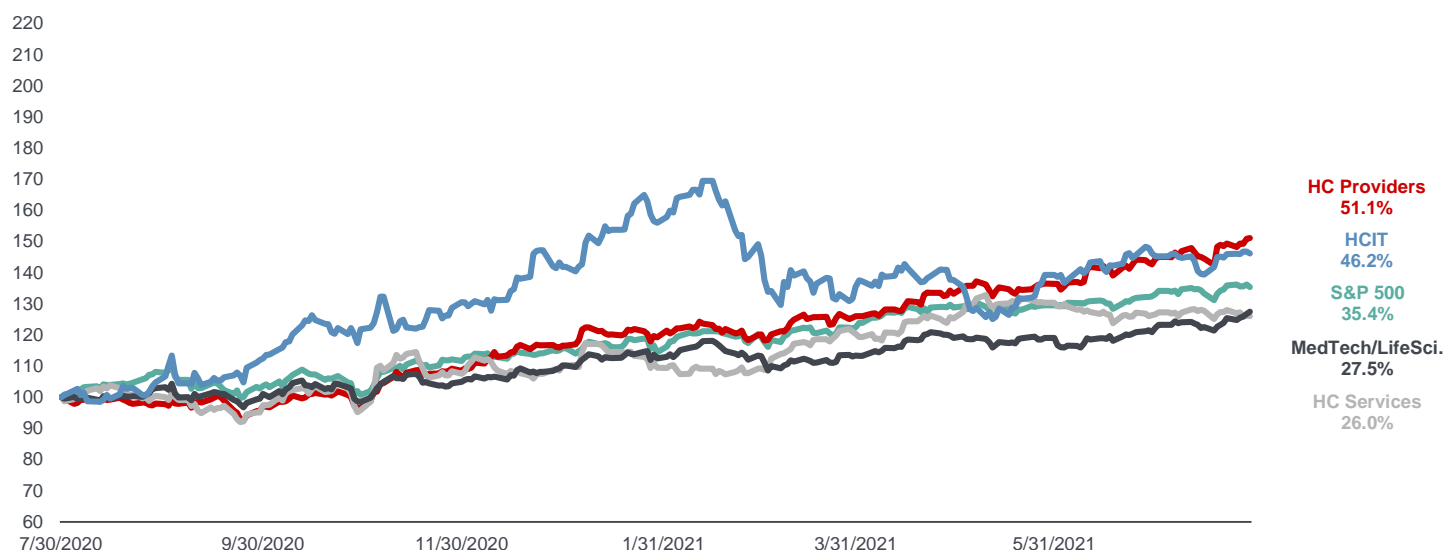
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of July 30, 2021

| Index           | Wk Open | Wk Close | Returns |        |
|-----------------|---------|----------|---------|--------|
|                 |         |          | 52 Week | Weekly |
| DJIA            | 35,062  | 34,935   | 32.8%   | (0.4%) |
| S&P 500         | 4,412   | 4,395    | 35.4%   | (0.4%) |
| NASDAQ          | 14,837  | 14,673   | 38.6%   | (1.1%) |
| Russell 2000    | 2,210   | 2,226    | 48.9%   | 0.8%   |
| NYSE Healthcare | 22,583  | 22,680   | 22.4%   | 0.4%   |

| Cain Brothers Indicies  | Returns |        |
|-------------------------|---------|--------|
|                         | 52 Week | Weekly |
| Acute Care              | 89.7%   | 0.5%   |
| Alternate Site Services | 18.8%   | (0.3%) |
| Diagnostics             | 39.3%   | 2.1%   |
| Distribution            | 22.5%   | 0.9%   |
| Healthcare IT           | 32.0%   | 0.0%   |
| Healthcare REITs        | 34.2%   | (0.2%) |
| Managed Care            | 29.9%   | (2.1%) |
| Medical Technology      | 24.8%   | 1.6%   |
| Outsourced Services     | 32.3%   | 0.2%   |
| Pharma Services         | 48.4%   | 2.5%   |
| Pharmacy                | 24.8%   | (0.4%) |
| Post-Acute Care         | 25.8%   | 1.3%   |

## Cain Brothers Core Healthcare Indices (1YR Performance)



## Recent Selected Healthcare IPOs and Follow-Ons (\$MM)

| Issuer (Ticker)                | Pricing Date | Offering  | Deal Value | Mkt Cap. <sup>1</sup> | Offer Price | Current / Offer | Description                                     |
|--------------------------------|--------------|-----------|------------|-----------------------|-------------|-----------------|---|
| RxSight (RXST)                 | 7/29/2021    | IPO       | \$118      | \$421                 | \$16.00     | 0.0%            | Ophthalmic medical device company               |
| Stevanato Group (STVN)*        | 7/16/2021    | IPO       | \$588      | \$5,909               | \$21.00     | (3.9%)          | Provider of drug containment, drug delivery     |
| LeMaitre Vascular (LMAT)*      | 7/15/2021    | Follow On | \$55       | \$1,188               | \$54.50     | (0.1%)          | National, integrated system of care             |
| Bright Health Group (BHG)      | 6/24/2021    | IPO       | \$924      | \$10,671              | \$18.00     | (38.4%)         | National, integrated system of care             |
| Doximity (DOCS)                | 6/24/2021    | IPO       | \$494      | \$966                 | \$26.00     | 138.1%          | Digital platform for U.S. medical professionals |
| Codex DNA (DNAY)*              | 6/18/2021    | IPO       | \$107      | \$526                 | \$16.00     | (1.3%)          | Synthetic biology company                       |
| Convey (CNVY)                  | 6/16/2021    | IPO       | \$163      | \$891                 | \$14.00     | (35.9%)         | IT solutions for the payer market               |
| LifeStance Health Group (LFST) | 6/10/2021    | IPO       | \$590      | \$9,210               | \$18.00     | 45.6%           | Offers online psychiatry and therapy services   |

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of July 30, 2021

| Security                                  | Current (%) | One Week Ago (%) | One Year Ago (%) |
|---|-------------|------------------|------------------|
| A-rated Tax-Exempt Hospital Bonds (30-Yr) | 1.69%       | 1.66%            | 2.27%            |
| AA Tax-Exempt Hospital Bonds (30-Yr)      | 1.49%       | 1.44%            | 1.92%            |
| SIFMA (Variable Rate Demand Notes)        | 0.02%       | 0.02%            | 0.16%            |
| Revenue Bond Index                        | 2.40%       | 2.39%            | 2.51%            |
| SIFMA/ 1Month LIBOR                       | 20.00%      | 22.22%           | 100.00%          |
| RBI/30 Yr Treasury (%)                    | 126.98%     | 124.48%          | 209.17%          |
| 30-Yr Floating to Fixed Sway (81% LIBOR)  | 1.29%       | 1.30%            | 0.60%            |

## Tax-Exempt Healthcare Issuance Information<sup>1</sup> (\$MM)

| Borrower  | Par             | State | Rating         | Maturity | Call, Put or Reprice* | Coupon | Yield to Call | Yield to Mat. | AAA   |
|---|-----------------|-------|----------------|----------|-----------------------|--------|---------------|---------------|-------|
| Adams County Memorial Hospital Project** (Taxable)        | \$23.875        | IN    | NR / AA** / NR | 2033     | NC                    | 2.10%  | 2.10%         | N/A           | 1.28% |
| Kiawah Life Plan Village, Inc. Project (Limited Offering) | \$21.305        | SC    | NR / NR / NR   | 2025     | NC                    | 8.75%  | 8.75%         | N/A           | 1.39% |
| <b>Total</b>  | <b>\$45.180</b> |       |                |          |                       |        |               |               |       |

\*Key: NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1st Put, (R) = Reprice Date

\*\*Insured By: Assured Guaranty Municipal Corp. (AGM)

1. Bloomberg, Capital IQ

## What's On Deck: Tax-Exempt Healthcare Issuances<sup>1</sup> (\$MM)

| Issuer  | Date     | Amount    | Rating         |
|---|----------|-----------|----------------|
| Northwestern Memorial Healthcare Obligated Group<br>Taxable Revenue Bonds, Series 2021  | 8/3/2021 | \$518.445 | Aa2 / AA+ / NR |
| Illinois Finance Authority<br>Revenue Refunding Bonds, Series 2021A<br>(Northwestern Memorial Healthcare)<br>(Fixed Period Bonds)   | 8/3/2021 | \$211.640 | Aa2 / AA+ / NR |
| Baptist Health South Florida Obligated Group<br>Taxable Notes<br>Series 2021  | 8/3/2021 | \$300.000 | A1 / AA- NR    |
| The Industrial Development Authority of the County of Pima, Arizona<br>Revenue Bonds<br>(Tuscon Medical Center)   | 8/4/2021 | \$197.250 | NR / A / NR    |
| Arizona Industrial Development Authority<br>Hospital Revenue Bonds<br>(Phoenix Children's Hospital)<br>Series 2021A<br>(Forward Delivery)   | 8/5/2021 | \$151.995 | A1 / A+ / AA-  |
| Virginia Small Business Financing Authority<br>Residential Care Facilities Revenue and Refunding Bonds<br>(LifeSpire of Virginia) Series 2021   | Week of  | \$83.715  | NR / NR / BBB  |
| Health and Educational Facilities Authority of the State of Missouri<br>Health Facilities Revenue Bonds<br>(Lake Regional Health System)<br>Series 2021   | 8/5/2021 | \$51.240  | NR / BBB+ / NR |
| City of Goshen, Indiana<br>Multifamily Housing Revenue Bonds, Series 2021A (Green Oaks of Goshen Project)<br>Multifamily Housing Revenue Bonds, Series 2021B (Federally Taxable - Green Oaks of Goshen Project) | 8/5/2021 | \$22.130  | NR / NR / NR   |
| Lee County Industrial Development Authority (Florida)<br>Healthcare Facilities Refunding Revenue Bonds, Series 2021<br>(Shell Point Obligated Group)  | 8/3/2021 | \$16.405  | NR / BBB+ / NR |

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

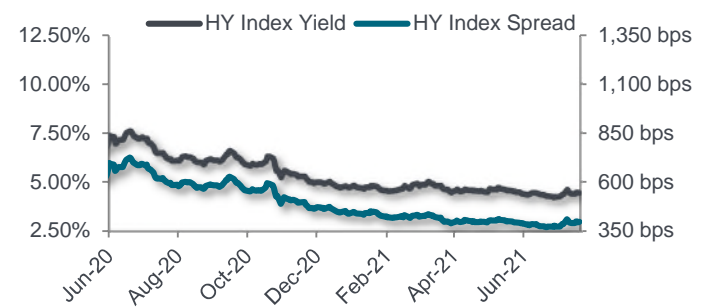
### High Yield

- Last week experienced a \$996 million inflow, following the prior week's outflows of \$742 million; YTD net outflows total \$16.1 billion, which compares to YTD 2020 net inflows of \$31.0 billion

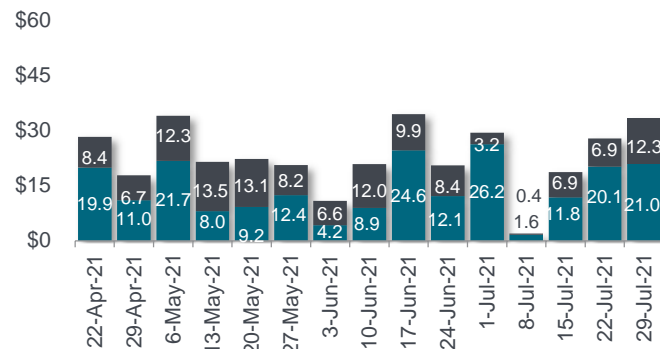
### Leveraged Loans

- Leveraged loan funds experienced a \$298 million inflow last week after the first outflow the week prior since early January. There have been 28 inflows in 2021; net inflows total \$29.0 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 34 deals price last week for \$21.0 billion

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



## New-Issue Clearing Yields<sup>1</sup> (\$MM)

|               | 1Q21  | 2Q21  | 30-Day Rolling Average |           |          |
|---------------|-------|-------|------------------------|-----------|----------|
|               |       |       | May 2021               | June 2021 | 07/29/21 |
| Overall       | 4.40% | 4.64% | 4.55%                  | 4.46%     | 4.71%    |
| 4B            | 3.00% | 2.98% | 2.83%                  | 2.96%     | 3.40%    |
| 2B            | 4.63% | 4.99% | 4.98%                  | 4.81%     | 5.07%    |
| Middle Market | 4.79% | 5.15% | 5.74%                  | 5.15%     | 6.10%    |

## Most Recent Healthcare High-Grade Issuances (\$MM)

| Date      | Issuer         | Security   | Size    | Ratings          | Coupon | Maturity  | Spread | IPT-Pricing |
|-----------|----------------|------------|---------|------------------|--------|-----------|--------|-------------|
| 7/29/2021 | Humana Inc     | Sr. Notes  | \$1,500 | Baa3 / BBB+ / NR | 0.650% | 8/3/2023  | +50    | 20 bps      |
| 7/29/2021 | Humana Inc     | Sr. Notes  | \$750   | Baa3 / BBB+ / NR | 1.350% | 2/3/2027  | +65    | 25 bps      |
| 7/29/2021 | Humana Inc     | Sr. Notes  | \$750   | Baa3 / BBB+ / NR | 2.150% | 2/3/2032  | +90    | 25 bps      |
| 7/15/2021 | Royalty Pharma | Sr. Notes  | \$600   | Baa3/BBB-/BBB-   | 2.150% | 9/2/2031  | +105   | 20 bps      |
| 7/15/2021 | Royalty Pharma | Sr. Notes  | \$700   | Baa3/BBB-/BBB-   | 3.350% | 9/2/2051  | +155   | 20 bps      |
| 6/21/2021 | HCA Inc        | Sec. Notes | \$850   | Baa3/BBB-/BBB-   | 2.375% | 7/15/2031 | +95    | 35 bps      |

## Most Recent Healthcare High-Yield Issuances (\$MM)

| Date      | Issuer           | Security       | Size    | Ratings  | Coupon | Maturity  | Spread  | Price Talk   |
|-----------|------------------|----------------|---------|----------|--------|-----------|---------|--------------|
| 7/29/2021 | Akumin           | Sr. Sec. Notes | \$375   | B2/B-    | 7.500% | 8/1/2028  | 648 bps | 7.25%-7.50%  |
| 7/29/2021 | Centene (add-on) | Sr. Notes      | \$500   | Ba1/BBB- | 2.450% | 7/15/2028 | 130 bps | 100.75 area  |
| 7/29/2021 | Centene          | Sr. Notes      | \$1,300 | Ba1/BBB- | 2.625% | 8/1/20231 | 136 bps | 2.625% area  |
| 7/15/2021 | HCRX Investments | Sr. Notes      | \$650   | B3/NR    | 4.500% | 8/1/2029  | 331 bps | 4.625% area  |
| 6/24/2021 | Centene          | Sr. Notes      | \$1,800 | Ba1/BBB- | 2.450% | 7/15/2028 | 121 bps | 2.45%-2.625% |

## Most Recent Healthcare Leveraged Loan Issuances (\$MM)

| Date      | Issuer                  | Ownership                   | Ratings | Use of Proceeds | Size  | Pricing              | Yield  |
|-----------|-------------------------|-----------------------------|---------|-----------------|-------|----------------------|--------|
| 7/29/2021 | Alvogen Pharma US Inc   | CVC                         | B2/B-   | Refinancing     | \$160 | L+525, 1.00% @ 96.25 | 7.188% |
| 7/22/2021 | Upstream Rehabilitation | Revelstoke Capital Partners | B3/B    | Acquisition     | \$883 | L+425, 0.00% @ 99.75 | 4.438% |
| 7/15/2021 | MedData                 | Frazier Healthcare          | B3/B-   | Acquisition     | \$230 | L+500, 0.75% @ 99    | 6.000% |
| 7/15/2021 | Healthcare Royalty Inc  | Public                      | Ba3/NR  | Corp Purpose    | \$850 | L+225, 0.50% @ 99.75 | 2.813% |
| 7/2/2021  | Gastro Health LLC       | OMERS Capital Partners      | B3/B-   | LBO             | \$400 | L+450, 0.75% @ 99.5  | 5.375% |



## Healthcare News

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### Medicare Eligibility Erases Many Healthcare Disparities in U.S.<sup>1</sup>

Healthcare Dive | July 26, 2021

Medicare became the first single-payer insurance program in the U.S., guaranteeing medical coverage to almost every American once they turned 65 and has proven to be a critical safety net for many Americans. The JAMA Internal Medicine study has validated the importance of Medicare in terms of leveling the playing field for Americans when it comes to healthcare access. According to the study, insurance coverage for Latinos increased from 77.4% to 91.3% while for Black people, coverage rose from 86.3% to 95.8%. "These results highlight the importance of understanding how the effects of public insurance programs differ by locality and race and ethnicity when assessing their potential to advance health equity," the study concluded.

### Medicare Part D Average Premiums to Increase Nearly 22% in 2022, CMS Says<sup>2</sup>

Healthcare Finance | July 30, 2021

The Centers for Medicare and Medicaid Services has released its projections for average basic monthly premiums for standard Medicare Part D coverage in 2022. The agency expects the premiums will be about \$33 – a 4.9% increase from the \$31.47 average premium in 2021, which is calculated based on plans' expectations of per capita drug spending in the coming year. The projections help beneficiaries understand premium trends before open enrollment, when they can select from plan options for the upcoming year. Overall, Medicare Part D remains one of Medicare's most popular programs, with over 48 million Medicare beneficiaries enrolled for prescription drug coverage. Decreasing prescription drug costs remains a priority for the Biden Administration and earlier this month Biden signed an executive order intended to address the rise in competition and reduce drug costs.

### Amazon Rolls Out AWS for Health Cloud Services for Healthcare, Genomics and Biopharma<sup>3</sup>

Fierce Healthcare | July 19, 2021

Amazon's cloud division has rolled out AWS for Health, a set of services and partner solutions for healthcare, genomics and biopharma. AWS for Health provides "proven and easily accessible capabilities" that help organizations increase the pace of innovation, unlock the potential of health data, and develop more personalized approaches to therapeutic development and care. The services within AWS for Health can help healthcare customers create holistic electronic health records to help clinicians make data-driven care plans and power population genomic initiatives to expand precision medicine accessibility. The service identifies each piece of clinical information, tags and indexes events in a timeline view with standardized labels so it can be easily searched, and structures all of the data into the Fast Healthcare Interoperability Resources (FHIR) industry-standard format for a complete view of the health of individual patients and entire populations. Amazon HealthLake was built to remove heavy lifting for healthcare organizations so they can transform health data in the cloud in minutes and begin analyzing that information securely at scale. Rush University Medical Center says that Amazon HealthLake was an integral part of its COVID-19 response. It enabled Rush Medical Center to quickly store disparate data from multiple data sources in FHIR format to gain critical insights into the care of COVID-19 patients.

# Healthcare News Continued...

## Specialists are Testing the Value-based Care Waters<sup>1</sup>

Managed Healthcare Executive | July 21, 2021

Specialists are key partners for delivering value-based care, particularly for patients with chronic diseases. This involves the appropriate diagnosis of conditions, including rare diseases, stewardship of diagnostics and value-based prescribing for specialty medications. Lawrence Kosinski, M.D., MBA, founder and chief medical officer of SonarMD, a tech-enabled care coordination solution for digestive health, notes the great majority of high per-capita cost of care comes from specialists' orders. "Right now, most specialty value-based care programs focus on procedure episodes like hip or knee surgery," he says. "But specialists also care for patients with complex, chronic medical conditions, and this care accounts for \$220 billion in healthcare spending annually — not including the fast-growing specialty pharma expense." A large proportion of that cost is variable. For example, among gastrointestinal (GI) diseases, inflammatory bowel disease (IBD) drives more than half the total variable cost. That's an indicator that there's an opportunity to better manage those patients with IBD through value-based care arrangements. "If clinical and financial incentives are aligned, specialists would be further incentivized to keep patients out of acute-care settings, lowering the overall cost of care and improving quality of life for patients with chronic disease," Kosinski says. A major challenge is that many chronic conditions do not have current published clinical pathways. "The care is provided in a reactive fashion, as it is dependent upon a patient recognizing symptom deterioration," observes Kosinski. "Unfortunately, they often don't detect this deterioration until a hospital visit is necessary."

## 53 Health Systems Requiring Mandatory COVID-19 Vaccines for Their Workforces<sup>2</sup>

Fierce Healthcare | July 30, 2021

With cases spiking across the country, top health officials are making it clear that COVID-19 is becoming "a pandemic of the unvaccinated." A growing number of providers are shifting their policies away from simply encouraging staff vaccination to requiring the shots as a condition of employment. While this hard line has drawn protests and lawsuits from unvaccinated employees who say the requirements infringe on personal freedoms, mandatory COVID-19 vaccination policies have picked up the support of numerous professional and industry organizations. Organizations that have taken the leap include major names like Trinity Health, Banner Health, Atrium Health and the Veterans Health Administration. Across the board, the policies of these and other providers include exemptions for medical, religious or other legally protected reasons. At the same time, some health systems that are encouraging staff to vaccinate are holding back on making it a hard requirement. Ballad Health CEO Alan Levine, for instance, told local press that forcing shots on the 22-hospital system's remaining 38% of unvaccinated workers would likely exacerbate an ongoing nursing shortage. Others like Mass General Brigham and Southcoast Health told employees that the COVID-19 vaccines would be required, but only after they had received a full clearance from the Food and Drug Administration.

## Study Finds Primary Care And General Clinician EHR Use Is More Time-Consuming Than Pediatrician EHR Use<sup>3</sup>

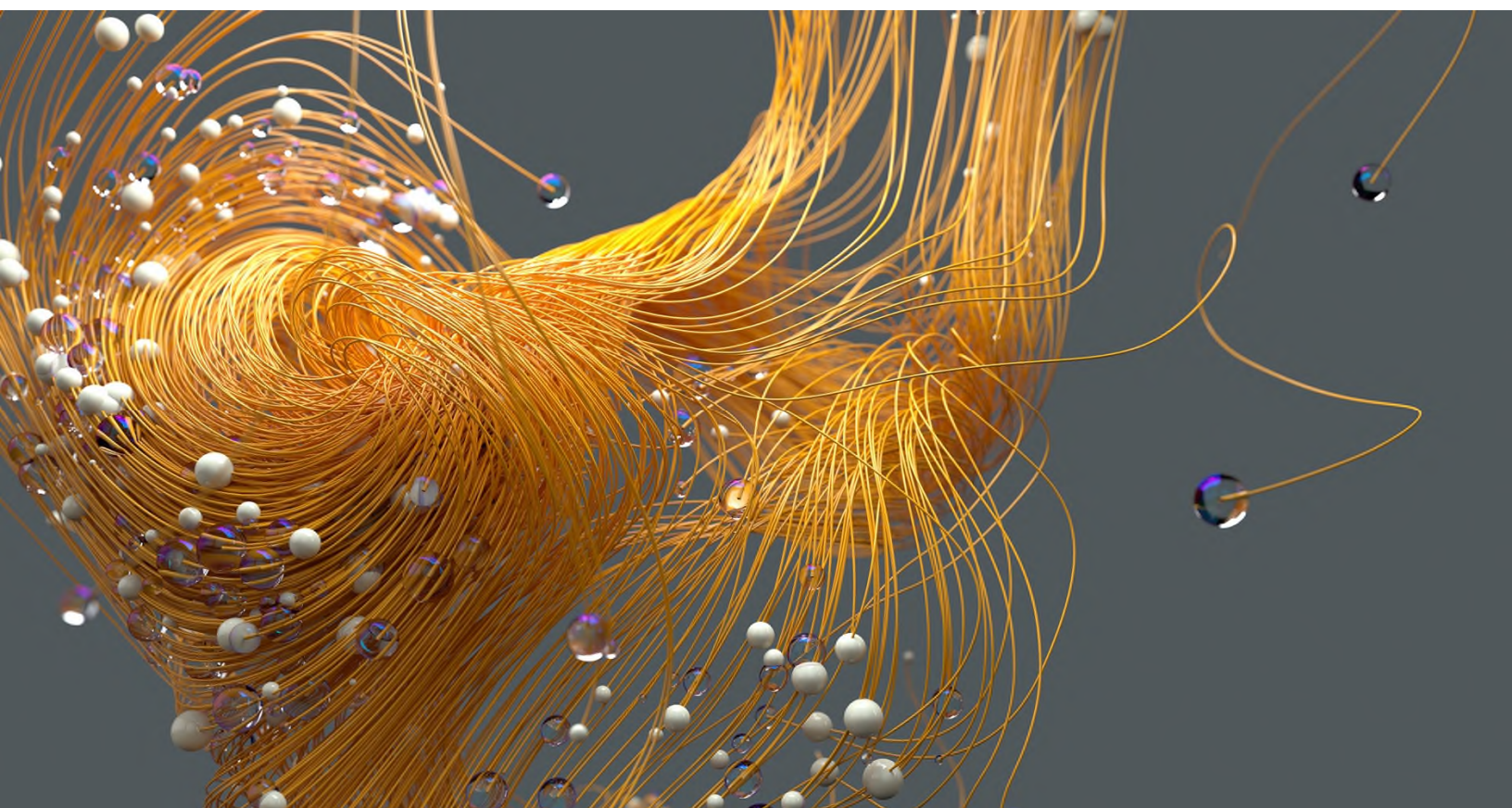
HealthLeaders | August 3, 2021

An all-Epic study spanned 349 health systems, and found pediatricians receive considerably fewer messages regarding patients, prescriptions, team activities, and results. Pediatricians spend significantly less time actively using electronic health record (EHR) software than general medicine and family medicine clinicians, according to a study recently published in JAMA Network Open. Some differences are due to the less medically complex health of pediatric patients, but the study authors, led by Lisa S. Rotenstein, MD, MBA, assistant medical director, population health and faculty wellbeing at Brigham and Women's Hospital, suggest that the burden of EHR documentation may be due to other factors.

August 12, 2021

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**  
**Home Health and Hospice M & A Trends**

# Industry Insights

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## Home Health and Hospice M & A Trends

*Banker Commentary by Matthew Margulies*

After several years of robust M&A activity in the home healthcare sector, including unprecedented valuations in 2020 and YTD 2021, the remainder of this year and 2022 are shaping up to be more of the same. Continued demographic tailwinds, a positive reimbursement and regulatory outlook, COVID-induced hyper-awareness of the importance, capabilities and efficacy of in-home care and undeterred consolidation strategies of strategic and financial buyers are all working in lockstep to drive sector interest and valuations.

Despite the significant volume of consolidation over the last 24 to 36 months, there still remains an ample supply of actionable platform targets that will continue to fuel the M&A markets, albeit at a slightly slower pace, but within the same general valuation range as in the recent past. We are anticipating solid deal activity in the coming quarters as businesses are preparing or planning to enter the market in the near-term.

The period from 2019 to YTD 2021 experienced the largest volume and total deal value of M&A in the sector's history. There were more than ~10 transactions individually exceeding \$500 million of value, involving target companies that provided services across the entire continuum of homecare services (home health, hospice, Medicaid PCS, pediatric PDN). And to boot, Aveanna Healthcare became the first home healthcare provider to go public since Addus' IPO in 2009.

This voracious M&A activity was fueled by significant private equity investment (Advent, HIG Capital, TH Lee, TowerBrook Capital, Vistria Group, et al.) and unparalleled strategic consolidation by both the publicly-traded and PE-backed players. Several examples of such activity include the: (i) \$750+ million acquisition of Abode Healthcare by BrightSpring Health Services, (ii) \$900+ million acquisition of Seasons Hospice & Palliative Care by AccentCare, (iii) \$1+ billion acquisition of Compassus by TowerBrook Capital and Ascension, (iv) \$780+ million acquisition of St. Croix Hospice by HIG Capital, and (v) \$575+ million acquisition of Simplura Health by ModivCare.

Valuations in the sector have also reached all-time highs, both in the public markets (despite recent downward pressure resulting from COVID's impact on hospice volumes) and in private M&A transactions. EBITDA multiples for precedent transactions across the sector are in the mid-teens, with several transactions pricing in the high teens and even north of 20x.



## Industry Insights

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These unprecedented sector valuations have been driven by a supply / demand imbalance of buyers and sellers and a litany of positive macro and company specific attributes, including strong organic growth, “white space” opportunity, attractive acquisition and de novo growth opportunities, and a strong near-term reimbursement / regulatory outlook.

It hasn't been all clear sailing for the home healthcare sector. PDGM (patient-driven groupings model) caused meaningful earnings and cash flow disruption in 2020, while COVID greatly impacted home health admissions via reduced elective procedures and continues to negatively impact hospice censuses, length of stay, and admission growth. Yet ironically, the sector's weaknesses will end up being its strengths as PDGM is expected to drive near-term consolidation and COVID will likely accelerate long-term sector growth by magnifying the critical role home healthcare plays in the care continuum -- higher quality outcomes and patient safety and satisfaction at materially lower costs. In addition, proposed increases in federal spending to support in-home care services, innovative CMS waivers, the continued evolution of value-based care models, and Medicare Advantage proliferation will all further buttress dynamic sector growth for the foreseeable future.

Which takes us back to the question of home healthcare sector valuations and where they will likely be over the next 12 to 18 months. While it is unlikely that EBITDA multiples have much room to move up, the sector's large white space opportunity and ever growing importance within value based care and expanding Home Health Value Based-Based Purchasing Models have likely established a sustainable valuation range within current levels for the foreseeable future.



## Recent Selected Healthcare M&amp;A Transactions (\$MM)

| Date      | Target Name   | Acquirer  | EV     | Enterprise Value / |            | Description  |
|-----------|---|---|--------|--------------------|------------|--|
|           |   |   |        | LTM Rev.           | LTM EBITDA |  |
| 8/5/2021  | Relatient   | Radix Health  | Merger | NA                 | NA         | SaaS-based, patient engagement platform,   |
| 8/4/2021  | Home Care Pulse                                       | Cressey & Company   | NA     | NA                 | NA         | Provider of satisfaction management, training, and performance benchmarking solutions for the post-acute care industry |
| 8/4/2021  | Vital Decisions (WindRose Health)                     | Evolent Health (NYSE: EVH)  | \$130  | NA                 | NA         | Provider of telehealth and digital solutions   |
| 8/3/2021  | Results Physiotherapy (Sterling Partners)             | Upstream Rehabilitation (Revelstoke Capital)  | NA     | NA                 | NA         | Physical therapy provider with more than 200 locations in 9 states   |
| 8/3/2021  | VRI   | ModivCare (Nasdaq: MODV)  | \$315  | 5.6x               | 15.0x      | Provider of remote patient monitoring solutions  |
| 8/2/2021  | Gen4 Dental Partners                                  | Thurston Group  | NA     | NA                 | NA         | Dental service organization  |
| 8/2/2021  | Kymanox   | WestView Capital Partners   | NA     | NA                 | NA         | Life science professional services organization  |
| 7/29/2021 | Healthify (SV Health Investors and Blue Venture Fund) | WellSky (TPG Capital, Leonard Green & Partners)                                     | NA     | NA                 | NA         | Healthcare and social service organization   |
| 7/29/2021 | Labor First   | Great Hill Partners   | NA     | NA                 | NA         | Provider of group retiree Medicare benefit management solutions  |
| 7/28/2021 | SilverCloud Health and Conversa Health                | Amwell (NYSE: AMWL)   | \$320  | NA                 | NA         | Digital mental health platform and   |
| 7/27/2021 | Elos Medtech  | TA Associates   | \$223  | 2.9x               | 10.7x      | Innovative full-service contract development and manufacturing organization  |
| 7/27/2021 | US Medical Supply (H.I.G. Capital)                    | Advanced Diabetes Supply (Court Square Capital Partners)                            | NA     | NA                 | NA         | Direct-to-consumer specialty distributors of continuous glucose monitors and medical supplies                          |
| 7/28/2021 | Avera eCare (Avera Health)                            | Aquiline Capital Partners   | NA     | NA                 | NA         | Provider of telemedicine   |
| 7/26/2021 | CareFinders Total Care                                | ModivCare (Nasdaq: MODV)  | \$340  | NA                 | NA         | Personal care provider in the Northeast, with a scaled presence in New Jersey, Pennsylvania, and Connecticut           |
| 7/26/2021 | FDS Amplicare   | Omniceil (NASDAQ:OMCL)  | \$177  | NA                 | NA         | Pharmacy software solutions provider   |
| 7/26/2021 | Flexan (Linden)                                       | ILC Dover (New Mountain Capital)  | NA     | NA                 | NA         | Medical device contract design and manufacturing organization  |
| 7/26/2021 | Lighthouse Autism Center                              | Cerberus Capital Management   | NA     | NA                 | NA         | Provider of center-based applied behavioral analysis services for children diagnosed with autism spectrum disorder     |
| 7/26/2021 | Dental365 (Regal Healthcare Capital Partners)         | The Jordan Company  | NA     | NA                 | NA         | Dental service organization serving 70 locations throughout the New York Metropolitan Area, Connecticut and New Jersey |
| 7/14/2021 | PharmaSmart International                             | CPS Capital   | NA     | NA                 | NA         | Manufacturer of technology enabled health kiosks and related patient engagement and connected health solutions         |
| 7/14/2021 | Today's Dental Network                                | HealthEdge and Synergistic Capital Partners   | NA     | NA                 | NA         | Multi-specialty concierge dental practice network and support organization   |
| 7/14/2021 | Sand Lake Imaging                                     | RAYUS Radiology (fka Center for Diagnostic Imaging) (Wellspring Capital Management) | NA     | NA                 | NA         | Florida based imaging centers  |
| 7/13/2021 | symplr (Clearlake and SkyKnight Capital)              | Charlesbank   | NA     | NA                 | NA         | Enterprise healthcare operations including governance, risk management, and compliance SaaS solutions                  |
| 7/13/2021 | GoodVets  | SkyKnight Capital   | NA     | NA                 | NA         | Veterinary hospital group  |
| 7/12/2021 | Reliance Medical Centers                              | AIM Associates Capital  | NA     | NA                 | NA         | Primary care provider in Florida for seniors with Medicare   |
| 7/12/2021 | EmpiRx Health   | Nautic Partners   | NA     | NA                 | NA         | Value-based pharmacy benefit manager   |
| 7/8/2021  | Gateway Health (Trinity Health)*                      | Highmark Health   | NA     | NA                 | NA         | Provider of Medicaid and Medicare managed care in Pennsylvania   |

# Healthcare Equity Private Placements Activity

## Recent Selected Healthcare Equity Private Placements (\$MM)

| Date      | Company  | Investor(s)   | Type             | Amount      | Description  |
|-----------|--|---|------------------|-------------|--|
| 8/5/2021  | Vera Whole Health  | Morgan Health   | Undisclosed      | \$50        | Value-based care services  |
| 8/5/2021  | Cricket Health   | Valtruis (lead: Welsh Carson port co), Oak HC/FT, Cigna Ventures and Health Ventures  | Series B         | \$84        | Provider of value-based kidney care  |
| 8/4/2021  | Connections Health Solutions                             | Heritage Group (lead)   | Growth           | \$31        | Provider of immediate-access behavioral health crisis stabilization services                       |
| 8/3/2021  | Bluestone Physician Services (WindRose Health Investors) | Blue Venture Fund   | Strategic        | Undisclosed | On-site care and care coordination services provider to high-risk, geriatric and disabled patients |
| 8/2/2021  | Modern Animal  | True Ventures and Founders Fund (co-leads)  | Undisclosed      | \$76        | Provider of veterinary services  |
| 7/28/2021 | Employer Direct Healthcare                               | Redmile Group (lead)  | Growth Capital   | Undisclosed | Provider of high-quality and cost-efficient solutions for self-funded employers and their members  |
| 7/28/2021 | SonderMind   | Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital                                     | Series C         | \$150       | Provider of mental health services through a digital network of therapists and care providers      |
| 7/21/2021 | TMRW Life Sciences                                       | Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund                                | Series C         | \$105       | Software-guided embryology and cryo-management   |
| 7/21/2021 | WoeBot Health  | JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and AI Fund | Series B         | \$90        | Mental healthcare tool   |
| 7/22/2021 | Trilliant Health   | Bon Secours Mercy Health  | Strategic Growth | Undisclosed | Evidence-based analytics and data science company  |
| 7/20/2021 | OM1  | Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and 7wire Ventures                                      | Series D         | \$85        | Healthcare data and analytics company  |
| 7/19/2021 | Quit Genius  | Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health   | Series B         | \$64        | Digital clinic for treating multiple addictions  |

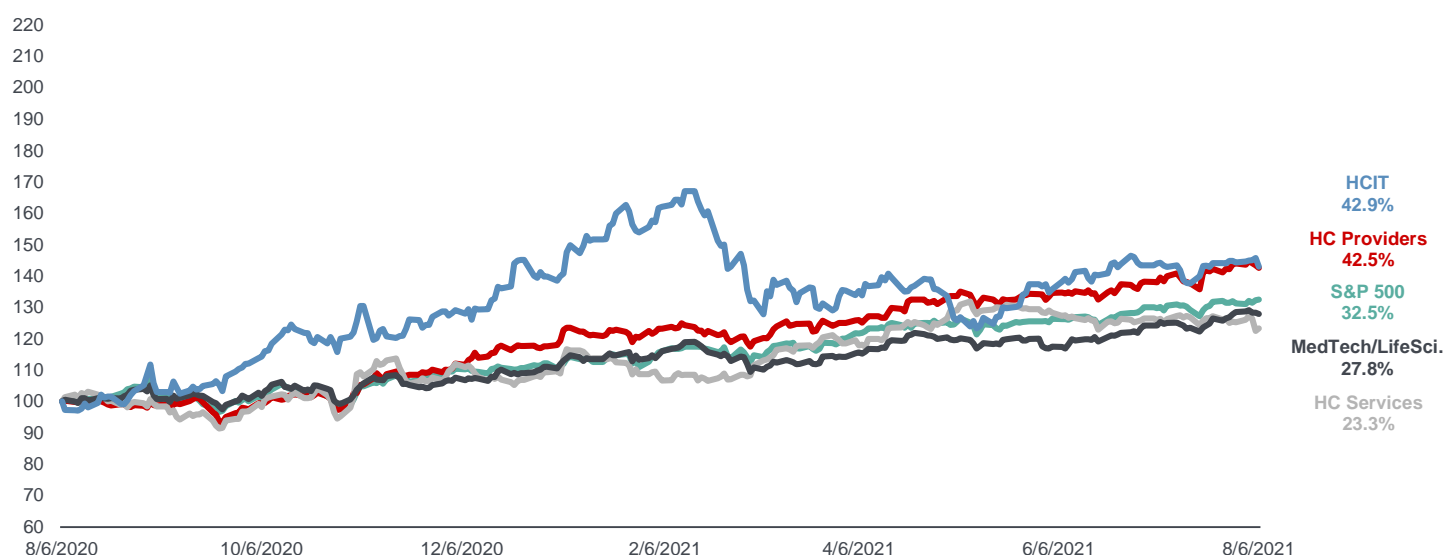
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of August 6, 2021

| Index           | Wk Open | Wk Close | Returns |        |
|-----------------|---------|----------|---------|--------|
|                 |         |          | 52 Week | Weekly |
| DJIA            | 34,935  | 35,209   | 28.6%   | 0.8%   |
| S&P 500         | 4,395   | 4,437    | 32.5%   | 0.9%   |
| NASDAQ          | 14,673  | 14,836   | 33.6%   | 1.1%   |
| Russell 2000    | 2,226   | 2,248    | 45.5%   | 1.0%   |
| NYSE Healthcare | 22,680  | 22,746   | 23.0%   | 0.3%   |

| Cain Brothers Indicies  | Returns |        |
|-------------------------|---------|--------|
|                         | 52 Week | Weekly |
| Acute Care              | 84.5%   | (0.4%) |
| Alternate Site Services | 24.2%   | 1.0%   |
| Diagnostics             | 41.0%   | 1.8%   |
| Distribution            | 19.2%   | (4.4%) |
| Healthcare IT           | 30.1%   | (0.9%) |
| Healthcare REITs        | 29.5%   | (2.4%) |
| Managed Care            | 27.1%   | (1.3%) |
| Medical Technology      | 25.4%   | (0.7%) |
| Outsourced Services     | 33.8%   | 2.9%   |
| Pharma Services         | 45.7%   | 1.4%   |
| Pharmacy                | 23.1%   | (1.0%) |
| Post-Acute Care         | 10.9%   | (6.1%) |

## Cain Brothers Core Healthcare Indices (1YR Performance)



## Recent Selected Healthcare IPOs and Follow-Ons (\$MM)

| Issuer (Ticker)                | Pricing Date | Offering  | Deal Value | Mkt Cap. <sup>1</sup> | Offer Price | Current / Offer | Description                                     |
|--------------------------------|--------------|-----------|------------|-----------------------|-------------|-----------------|---|
| RxSight (RXST)                 | 7/29/2021    | IPO       | \$118      | \$421                 | \$16.00     | 0.0%            | Ophthalmic medical device company               |
| Stevanato Group (STVN)*        | 7/16/2021    | IPO       | \$588      | \$5,909               | \$21.00     | (3.9%)          | Provider of drug containment, drug delivery     |
| LeMaitre Vascular (LMAT)*      | 7/15/2021    | Follow On | \$55       | \$1,188               | \$54.50     | (0.1%)          | National, integrated system of care             |
| Bright Health Group (BHG)      | 6/24/2021    | IPO       | \$924      | \$10,671              | \$18.00     | (38.4%)         | National, integrated system of care             |
| Doximity (DOCS)                | 6/24/2021    | IPO       | \$494      | \$966                 | \$26.00     | 138.1%          | Digital platform for U.S. medical professionals |
| Codex DNA (DNAY)*              | 6/18/2021    | IPO       | \$107      | \$526                 | \$16.00     | (1.3%)          | Synthetic biology company                       |
| Convey (CNVY)                  | 6/16/2021    | IPO       | \$163      | \$891                 | \$14.00     | (35.9%)         | IT solutions for the payer market               |
| LifeStance Health Group (LFST) | 6/10/2021    | IPO       | \$590      | \$9,210               | \$18.00     | 45.6%           | Offers online psychiatry and therapy services   |

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of August 6, 2021

| Security                                  | Current (%) | One Week Ago (%) | One Year Ago (%) |
|---|-------------|------------------|------------------|
| A-rated Tax-Exempt Hospital Bonds (30-Yr) | 1.73%       | 1.69%            | 2.17%            |
| AA Tax-Exempt Hospital Bonds (30-Yr)      | 1.53%       | 1.49%            | 1.82%            |
| SIFMA (Variable Rate Demand Notes)        | 0.02%       | 0.02%            | 0.11%            |
| Revenue Bond Index                        | 2.40%       | 2.40%            | 2.44%            |
| SIFMA/ 1Month LIBOR                       | 20.00%      | 20.00%           | 68.75%           |
| RBI/30 Yr Treasury (%)                    | 123.71%     | 126.98%          | 198.37%          |
| 30-Yr Floating to Fixed Sway (81% LIBOR)  | 1.31%       | 1.29%            | 0.66%            |

## Tax-Exempt Healthcare Issuance Information<sup>1</sup> (\$MM)

| Borrower   | Par                | State | Rating         | Maturity | Call, Put or Reprice* | Coupon | Yield to Call | Yield to Mat. | AAA   |
|--|--------------------|-------|----------------|----------|-----------------------|--------|---------------|---------------|-------|
| Northwestern Memorial HealthCare Obligated Group** (Taxable) | \$419.735          | IL    | Aa2 / AA+ / NR | 2051     | MWC**                 | 2.63%  | 2.63%         | N/A           | 1.85% |
| Northwestern Memorial HealthCare Obligated Group** (Taxable) | \$50.000           | IL    | Aa2 / AA+ / NR | 2031     | MWC**                 | 1.77%  | 1.77%         | N/A           | 1.19% |
| Northwestern Memorial HealthCare Obligated Group** (Taxable) | \$50.000           | IL    | Aa2 / AA+ / NR | 2030     | MWC**                 | 1.67%  | 1.67%         | N/A           | 1.19% |
| Northwestern Memorial HealthCare Obligated Group             | \$213.730          | IL    | Aa2 / AA+ / NR | 2043     | 2031 (C)              | 2.25%  | 2.27%         | N/A           | 1.43% |
| Baptist Health South Florida Obligated Group*** (Taxable)    | \$300.000          | FL    | A1 / AA- / NR  | 2071     | MWC***                | 3.12%  | 3.12%         | N/A           | 1.85% |
| Tucson Medical Center  | \$180.915          | AZ    | NR / A / NR    | 2051     | 2031 (C)              | 3.00%  | 2.23%         | 2.68%         | 1.43% |
| Tucson Medical Center (Taxable)                              | \$21.410           | AZ    | NR / A / NR    | 2030     | MWC                   | 2.00%  | 2.00%         | N/A           | 1.19% |
| Phoenix Children's Hospital****                              | \$150.370          | AZ    | A1 / A+ / AA-  | 2041     | 2032 (C)              | 3.00%  | 2.15%         | 2.49%         | 1.43% |
| LifeSpire of Virginia  | \$77.875           | VA    | NR / NR / BBB  | 2051     | 2029 (C)              | 4.00%  | 1.95%         | 3.19%         | 1.43% |
| Lake Regional Health System                                  | \$51.400           | MO    | NR / BBB+ / NR | 2051     | 2031 (C)              | 4.00%  | 2.01%         | 3.07%         | 1.43% |
| Green Oaks of Goshen Project*****                            | \$18.130           | IN    | NR / NR / NR   | 2041     | 2030 (C)              | 5.00%  | 5.00%         | N/A           | 1.43% |
| Green Oaks of Goshen Project***** (Taxable)                  | \$4.000            | IN    | NR / NR / NR   | 2024     | NC                    | 4.75%  | 4.75%         | N/A           | 0.42% |
| Shell Point Obligated Group                                  | \$16.405           | FL    | NR / BBB+ / NR | 2032     | 2028 (C)              | 4.00%  | 1.49%         | 2.26%         | 1.43% |
| Otterbin Homes Obligated Group                               | \$8.520            | OH    | NR / A / NR    | 2030     | NC                    | 4.00%  | 1.31%         | N/A           | 1.43% |
| Spencer Municipal Hospital Project                           | \$7.000            | IA    | NR / NR / NR   | 2036     | 2028 (C)              | 3.10%  | 3.10%         | N/A           | 1.02% |
| <b>Total</b>   | <b>\$1,569.490</b> |       |                |          |                       |        |               |               |       |

\*Key: NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1st Put, (R) = Reprice Date

\*\*\$419.735MM Tranche: Make whole at 15 bps; \$50.000MM Tranches (due 2030 & 2031): Make whole at 10 bps

\*\*\*Make whole at 20 bps

\*\*\*\*Forward Delivery

\*\*\*\*\*Limited Offering; HUD Housing Choice Voucher Program Section 8

1. Bloomberg, Capital IQ

## What's On Deck: Tax-Exempt Healthcare Issuances<sup>1</sup> (\$MM)

| Issuer   | Date      | Amount   | Rating         |
|--|-----------|----------|----------------|
| National Finance Authority<br>Federal Lease Revenue Bonds<br>(VA Tampa Health Care Center Project),<br>Federally Taxable Series 2021     | 8/10/2021 | \$39.720 | Baa2 / NR / NR |
| Economic Development Authority of James City County, Virginia<br>Residential Care Facility Revenue Bonds, Series 2021A<br>(Windsormeade) | 8/11/2021 | \$26.875 | NR / NR / NR   |

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

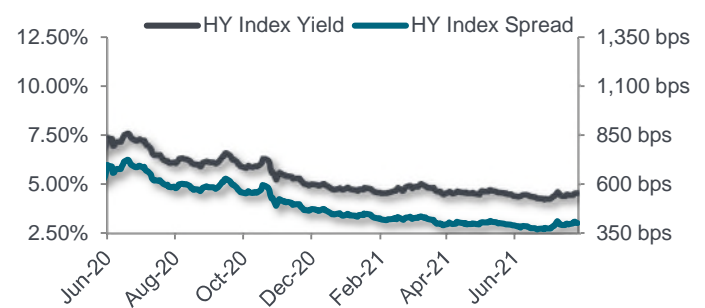
### High Yield

- Last week experienced a \$1.2 billion outflow, following the prior week's inflows of \$996 million; YTD net outflows total \$17.3 billion, which compares to YTD 2020 net inflows of \$30.6 billion

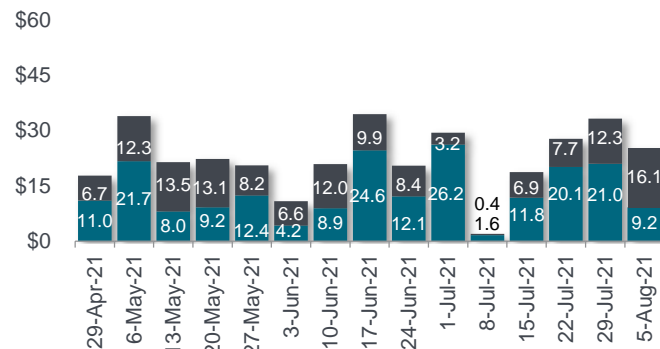
### Leveraged Loans

- Leveraged loan funds experienced a \$130 million inflow last week after the first outflow two weeks prior since early January. There have been 29 inflows in 2021; net inflows total \$30.0 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 22 deals price last week for \$9.2 billion

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



## New-Issue Clearing Yields<sup>1</sup> (\$MM)

|               | 1Q21  | 2Q21  | 30-Day Rolling Average |           |          |
|---------------|-------|-------|------------------------|-----------|----------|
|               |       |       | June 2021              | July 2021 | 08/06/21 |
| Overall       | 4.40% | 4.64% | 4.44%                  | 4.69%     | 4.77%    |
| 4B            | 3.00% | 2.98% | 2.89%                  | 3.29%     | 3.29%    |
| 2B            | 4.63% | 4.99% | 4.84%                  | 5.04%     | 5.05%    |
| Middle Market | 4.79% | 5.15% | 5.15%                  | 6.10%     | 5.78%    |

## Most Recent Healthcare High-Grade Issuances (\$MM)

| Date      | Issuer     | Security  | Size    | Ratings          | Coupon | Maturity  | Spread | IPT-Pricing |
|-----------|------------|-----------|---------|------------------|--------|-----------|--------|-------------|
| 8/5/2021  | Amgen Inc  | Sr. Notes | \$1,250 | Baa1 / A- / BBB+ | 1.650% | 8/15/2028 | +65    | 23 bps      |
| 8/5/2021  | Amgen Inc  | Sr. Notes | \$1,250 | Baa1 / A- / BBB+ | 2.000% | 1/15/2032 | +85    | 18 bps      |
| 8/5/2021  | Amgen Inc  | Sr. Notes | \$1,150 | Baa1 / A- / BBB+ | 2.800% | 8/15/2041 | +105   | 18 bps      |
| 8/5/2021  | Amgen Inc  | Sr. Notes | \$1,350 | Baa1 / A- / BBB+ | 3.000% | 1/15/2052 | +115   | 18 bps      |
| 7/29/2021 | Humana Inc | Sr. Notes | \$1,500 | Baa3 / BBB+ / NR | 0.650% | 8/3/2023  | +50    | 20 bps      |
| 7/29/2021 | Humana Inc | Sr. Notes | \$750   | Baa3 / BBB+ / NR | 1.350% | 2/3/2027  | +65    | 25 bps      |

## Most Recent Healthcare High-Yield Issuances (\$MM)

| Date      | Issuer           | Security       | Size    | Ratings  | Coupon | Maturity  | Spread  | Price Talk   |
|-----------|------------------|----------------|---------|----------|--------|-----------|---------|--------------|
| 7/29/2021 | Akumin           | Sr. Sec. Notes | \$375   | B2/B-    | 7.500% | 8/1/2028  | 648 bps | 7.25%-7.50%  |
| 7/29/2021 | Centene (add-on) | Sr. Notes      | \$500   | Ba1/BBB- | 2.450% | 7/15/2028 | 130 bps | 100.75 area  |
| 7/29/2021 | Centene          | Sr. Notes      | \$1,300 | Ba1/BBB- | 2.625% | 8/1/20231 | 136 bps | 2.625% area  |
| 7/15/2021 | HCRX Investments | Sr. Notes      | \$650   | B3/NR    | 4.500% | 8/1/2029  | 331 bps | 4.625% area  |
| 6/24/2021 | Centene          | Sr. Notes      | \$1,800 | Ba1/BBB- | 2.450% | 7/15/2028 | 121 bps | 2.45%-2.625% |

## Most Recent Healthcare Leveraged Loan Issuances (\$MM)

| Date      | Issuer                     | Ownership                   | Ratings | Use of Proceeds | Size    | Pricing              | Yield  |
|-----------|----------------------------|-----------------------------|---------|-----------------|---------|----------------------|--------|
| 8/6/2021  | UDG Healthcare PLC         | Clayton, Dubilier & Rice    | B2/B    | LBO             | \$1,600 | L+425, 0.50% @ 99    | 5.000% |
| 8/5/2021  | Ardent Health Services LLC | Equity Group Investments    | B2/B    | Refinancing     | \$900   | L+350, 0.50% @ 99.5  | 4.130% |
| 8/5/2021  | TEAM Services Group        | Alpine Investors            | B3/B-   | Acquisition     | \$34    | L+500, 1.00% @ 98    | 6.500% |
| 7/29/2021 | Alvogen Pharma US Inc      | CVC                         | B2/B-   | Refinancing     | \$160   | L+525, 1.00% @ 96.25 | 7.188% |
| 7/22/2021 | Upstream Rehabilitation    | Revelstoke Capital Partners | B3/B    | Acquisition     | \$883   | L+425, 0.00% @ 99.75 | 4.438% |



## Healthcare News

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### Insurers Came Back Down to Earth in Q2 Following Sky-high Profits a Year Ago<sup>1</sup>

**Fierce Healthcare | August 6, 2021**

UnitedHealth Group was again the most profitable insurer in a quarter filled with companies warning that the pandemic is likely to remain a significant headwind through the end of 2021, especially as the Delta variant spreads. UHG brought in \$4.3 billion in profit in Q2 on \$71.3 billion in revenue. CVS Health was the highest revenue earner in the quarter, with \$72.6 billion; the healthcare giant also posted the second-highest profit at \$2.8 billion. While multiple national payers raised their guidance or surpassed Wall Street analysts' quarterly projections, all six companies fell short of the massive earnings they brought in during the height of the pandemic in Q2 2020.

### CMS Proposes Pulling Model that Ties Part B Drug Prices to Those Paid Overseas<sup>2</sup>

**Fierce Healthcare | August 6, 2021**

The Biden administration has pulled a Trump-era regulation that ties Medicare Part B prices for certain products to prices paid overseas. The proposed rule, released Friday by the Centers for Medicare & Medicaid Services, comes in response to a series of legal defeats that the Biden administration faced over the controversial model. The model would tie the prices for certain Part B single-source drugs and biologics to the average price paid by several overseas countries. The decision is a big win for the pharmaceutical industry and the hospital industry, which were worried about cuts in Medicare drug reimbursements for Part B drugs that are dispensed in an office setting.

### US Averaging 100,000 New COVID-19 Infections a Day<sup>3</sup>

**US News | August 7, 2021**

The COVID-19 outbreak in the United States crossed 100,000 new confirmed daily infections Saturday, a milestone last exceeded during the winter surge and driven by the highly transmissible delta variant and low vaccination rates in the South. Health officials fear that cases, hospitalizations and deaths will continue to soar if more Americans don't embrace the vaccine. Nationwide, 50% of residents are fully vaccinated and more than 70% of adults have received at least one dose. It took the U.S. about nine months to cross 100,000 average daily cases in November before peaking at about 250,000 in early January. Cases bottomed out in June, averaging about 11,000 per day, but six weeks later the number is 107,143. Hospitalizations and deaths are also increasing, though all are still below peaks seen early this year before vaccines became widely available. More than 44,000 Americans are currently hospitalized with COVID-19, according to the CDC, up 30% in a week and nearly four times the number in June. More than 120,000 were hospitalized in January.

# Healthcare News Continued...

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## Pushing the Frontiers of Interoperability<sup>1</sup>

Healthcare IT News | August 9, 2021

The delivery of health and care services is undergoing a revolution. Medical devices, wearables, and remote monitoring technologies are being widely implemented, with the support of advances in artificial intelligence (AI) and advanced analytics. By gathering critical data in real-time, connected devices can enable healthcare organisations to have a precise and continuous view of their patients, monitor and adapt care pathways and treatments, and rapidly react to prevent complications. Mobility solutions have also been deployed to provide clinicians with quick access to patients' health status during the COVID crisis. These include technology such as tetherless, wearable sensors which can measure temperature or prevent pressure ulcers.

## BMA: Number of MA plans offering social determinants of health benefits increased threefold in 2021<sup>2</sup>

Fierce Healthcare | August 5, 2021

The number of Medicare Advantage plans investing in supplemental benefits to address social determinants of health tripled in a single year, but additional guidance and standards from the Biden administration are needed, a new report said. The report, released Thursday by the Better Medicare Alliance, comes as the Biden administration has made it a priority to address health equity and has called for collection of race and ethnicity data from providers and payers. "This report paints an encouraging picture of the significant investments Medicare Advantage plans and partners are already making in this space, with the number of Medicare Advantage plans providing [supplemental benefits] increasing more than three-fold in a single year," said Kenneth Thorpe, chair of the Better Medicare Alliance's board of directors, in a statement. The report found that 845 separate Medicare Advantage plans offered special supplemental benefits for the chronically ill this year, compared with 245 in 2020, according to data from NORC at the University of Chicago. The plans typically offer benefits that target social determinants of health such as social isolation, food and housing. But a major barrier among plans is trying to find out how to identify a patient's social determinants of health.

## ACO Participation May Keep SNFs 'In the Game'<sup>3</sup>

Skilled Nursing News | August 8, 2021

Although accountable care organizations (ACOs) have never been particularly popular among skilled nursing facilities, timing may be ripe to take on more risk to stay competitive in the market. ACO participation may help operators maintain referrals when so many potential residents are being diverted to home health care, hospice and other tracks along the continuum of care. The industry's move toward value-based care makes it more imperative to strengthen physician relationships too; physicians are at the core of ACO membership, along with hospital systems and other health care providers to care for Medicare fee-for-service beneficiaries and in turn reduce medical errors and duplicate services. "It's more of a macro, or market-driven view of things. By not doing it, you run the risk of going backwards, you don't run the risk of staying still," said Jason Feuerman, senior vice president for strategic development and managed care at Genesis HealthCare. "It keeps you in the game, but it doesn't mean you're going to run faster." Feuerman is also president of LTC ACO, a wholly owned subsidiary of Genesis serving approximately 900 nursing homes across the country. The ACO's reach is growing too, increasing from 13,000 lives in their care to an expected 25,000 by 2022. Roughly 90% of LTC ACO's growth is coming from physician groups, Feuerman added.

1. <https://www.healthcareitnews.com/news/emea/pushing-frontiers-interoperability>

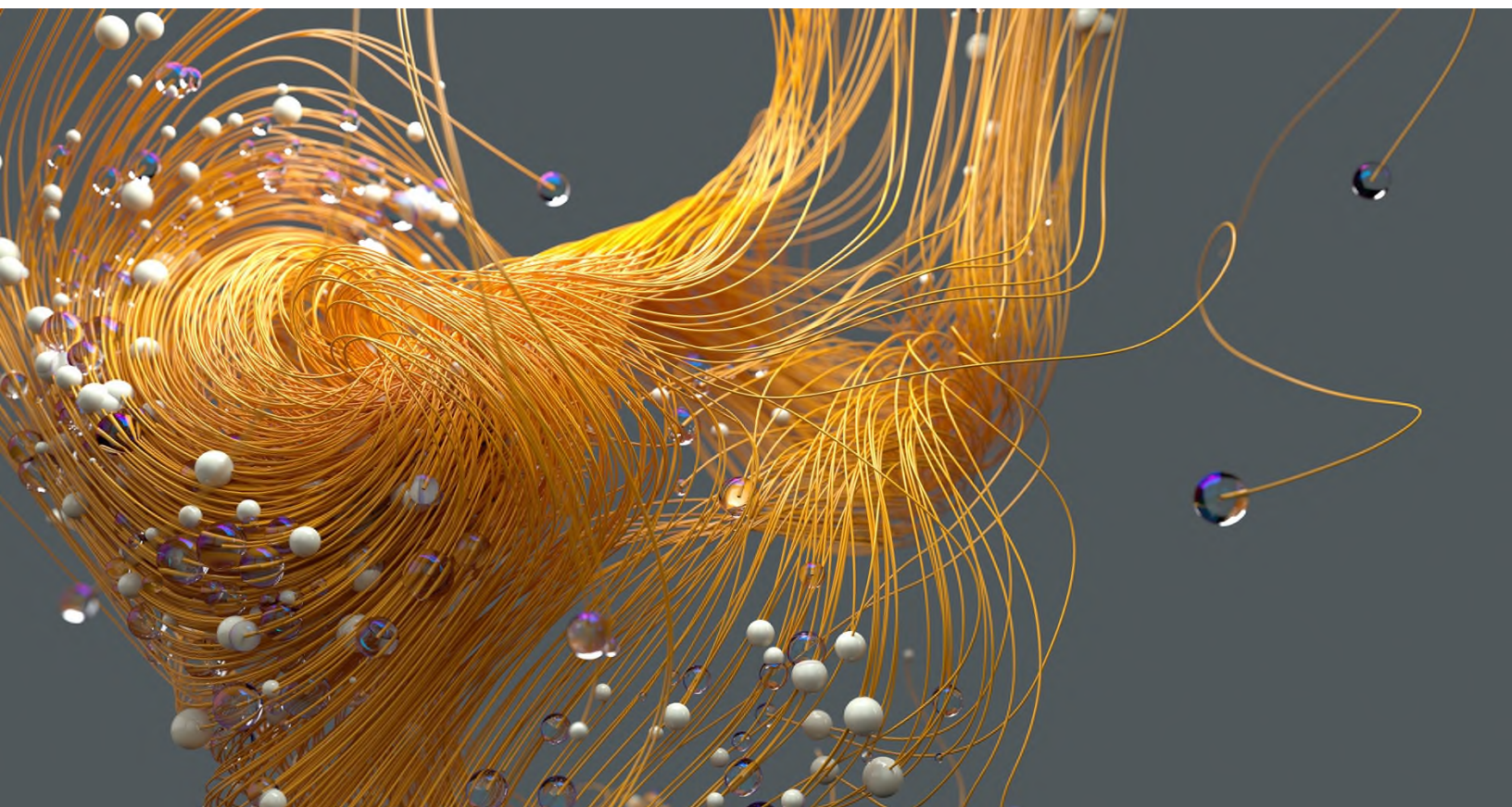
2. <https://www.fiercehealthcare.com/payer/bma-ma-plans-offering-social-determinants-health-benefits-increased-three-fold-2021>

3. <https://skillednursingnews.com/2021/08/aco-participation-may-keep-snfs-in-the-game/>

August 18, 2021

# Cain Brothers Industry Insights

## Healthcare Weekly Market Report



**This week's banker commentary:**

**Key Healthcare Policies in the \$1 Trillion Infrastructure Investment and Jobs Act**

# Industry Insights

## Contents

- Industry Insights
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- Healthcare Equity Private Placement Activity
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- Tax-Exempt Debt Markets
- Corporate High Grade, High Yield & Leveraged Loan Market
- Healthcare News
- Cain Brothers Recent Transactions Spotlight
- Cain Brothers Recent Transactions



## Key Healthcare Policies in the \$1 Trillion Infrastructure Investment and Jobs Act

*Banker Commentary by Tom Culhane*

On Tuesday, August 10th, the Senate passed a nearly \$1 trillion bipartisan infrastructure package that will be funded in part by delaying a rebate rule and restarting Medicare payment cuts.

President Biden initially proposed a much larger, \$2.2 trillion bill that included funds for expanding access to home-based or community-based care. The original bill would have also boosted home healthcare worker wages and provided a path for home healthcare workers to unionize. The actual bill, which passed the Senate by a 69 to 30 vote, now heads to the House of Representatives, which is expected to approve it, albeit with some minor tweaks.

The legislation includes new funding for numerous projects involving roads, bridges, public transportation, broadband access and other infrastructure areas. To assist with funding for the bill, the Senate looked to several healthcare policies that has received a mixed review from providers and payers.

Against pleas from provider advocacy groups, the bill calls for the continuation of an automatic 2% annual Medicare payment cut to start next year and run through fiscal year 2031. This will add approximately \$8 billion in funding for the infrastructure proposal. The cuts were originally created under sequestration in 2013 but were put on pause last year to assist providers with the financial impact of the pandemic. Alternatively, in what can be viewed as a win for providers, lawmakers left COVID-19 Provider Relief Funds ("PRFs") untouched. The possibility of raiding COVID-19 relief funds was initially floated last month as a way to pay for the infrastructure bill. In fact, Sens. Michael Bennet (D-Colo.) and Kevin Cramer (R-N.D.) introduced a separate bipartisan bill on Wednesday, August 11th that would extend the PRF's deadline to use the funds until December 31st, or until the end of the COVID-19 public health emergency, whichever comes later.

Secondly, the infrastructure package calls for more domestic production of personal protective equipment ("PPE"). This provision will push to rebuild the domestic PPE supply chain by incentivizing domestic production of PPE, materials, and components. The pandemic exposed enervating gaps in the supply chain for medical equipment that include PPE. Manufacturing is currently based primarily overseas, and providers experienced long delays right as demand accelerated with the onset of the pandemic.

## Industry Insights

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The legislation also postpones a contentious rule that gets rid of the safe harbor for Medicare Part D drug rebates unless the reduction in price is required by law. These changes were initially set to take effect on January 1, 2022, but now, under this legislation, they will not be implemented until January 1, 2026.

The legislation also postpones a contentious rule that gets rid of the safe harbor for Medicare Part D drug rebates unless the reduction in price is required by law. These changes were initially set to take effect on January 1, 2022, but now, under this legislation, they will not be implemented until January 1, 2026.

Lastly, the infrastructure package calls for manufacturers of single-dose container or single use package drugs dispensed under Medicare Part B to refund Medicare for any discarded portions of that drug. Each quarter starting in 2023, the rebates will be charged to manufacturers for any single-use or single dose products that were discarded during that period.

The House will return early from its scheduled summer recess the week of August 23rd and look to pass the \$1 trillion bipartisan infrastructure bill along with the \$3.5 trillion budget blueprint that the Senate adopted along party lines on Wednesday, August 11th.



## Recent Selected Healthcare M&amp;A Transactions (\$MM)

| Date      | Target Name   | Acquirer   | EV     | Enterprise Value / |            | Description  |
|-----------|---|--|--------|--------------------|------------|--|
|           |   |  |        | LTM Rev.           | LTM EBITDA |  |
| 8/12/2021 | Ovia Health   | Labcorp (NYSE: LH)                                       | NA     | NA                 | NA         | Digital health platform for fertility information and support  |
| 8/11/2021 | CareLinx  | Sharecare (Nasdaq: SHCR)                                 | \$65   | 3.3x               | NA         | Digital on-demand platform of tech-enabled care providers  |
| 8/11/2021 | Generations Hospice Care                              | Charter Health Care Group (Pharos Capital Group)         | NA     | NA                 | NA         | Provider of hospice care   |
| 8/11/2021 | Healthcare Components Group                           | RoundTable Healthcare Partners                           | NA     | NA                 | NA         | Manufacturing, assembly, and distribution business for replacement components used in the repair of endoscopes         |
| 8/11/2021 | North Carolina Retina Associates*                     | Retina Consultants of America (Webster Equity Partners)  | NA     | NA                 | NA         | Retina-focused practice in North Carolina  |
| 8/10/2021 | Health Connect America                                | Palladium Equity Partners*                               | NA     | NA                 | NA         | Provider of mental and behavioral health services to children, families, and adults                                    |
| 8/10/2021 | Myndshft  | HCAP Partners  | NA     | NA                 | NA         | Provider of real-time medical benefits check and electronic prior authorization technology                             |
| 8/10/2021 | Pyramid Innovation                                    | StatLab Medical Products (Audax and Linden)              | NA     | NA                 | NA         | Automated pathology slide and cassette printers  |
| 8/9/2021  | ARC Health  | Thurston Group   | NA     | NA                 | NA         | Provider of mental health treatment services focused on virtual and in-patient outpatient mental healthcare            |
| 8/5/2021  | Relatient   | Radix Health   | Merger | NA                 | NA         | SaaS-based, patient engagement platform,   |
| 8/4/2021  | Home Care Pulse                                       | Cressey & Company  | NA     | NA                 | NA         | Provider of satisfaction management, training, and performance benchmarking solutions for the post-acute care industry |
| 8/4/2021  | Vital Decisions (WindRose Health)                     | Evolent Health (NYSE: EVH)                               | \$130  | NA                 | NA         | Provider of telehealth and digital solutions   |
| 8/3/2021  | Results Physiotherapy (Sterling Partners)             | Upstream Rehabilitation (Revelstoke Capital)             | NA     | NA                 | NA         | Physical therapy provider with more than 200 locations in 9 states   |
| 8/3/2021  | VR1   | Modiv Care (Nasdaq: MODV)                                | \$315  | 5.6x               | 15.0x      | Provider of remote patient monitoring solutions  |
| 8/2/2021  | Gen4 Dental Partners                                  | Thurston Group   | NA     | NA                 | NA         | Dental service organization  |
| 8/2/2021  | Kymanox   | WestView Capital Partners                                | NA     | NA                 | NA         | Life science professional services organization  |
| 7/29/2021 | Healthify (SV Health Investors and Blue Venture Fund) | WellSky (TPG Capital, Leonard Green & Partners)          | NA     | NA                 | NA         | Healthcare and social service organization   |
| 7/29/2021 | Labor First   | Great Hill Partners                                      | NA     | NA                 | NA         | Provider of group retiree Medicare benefit management solutions  |
| 7/28/2021 | SilverCloud Health and Conversa Health                | Amwell (NYSE: AMWL)                                      | \$320  | NA                 | NA         | Digital mental health platform and   |
| 7/27/2021 | Elos Medtech  | TA Associates  | \$223  | 2.9x               | 10.7x      | innovative full-service contract development and manufacturing organization  |
| 7/27/2021 | US Medical Supply (H.I.G. Capital)                    | Advanced Diabetes Supply (Court Square Capital Partners) | NA     | NA                 | NA         | Direct-to-consumer specialty distributors of continuous glucose monitors and medical supplies                          |
| 7/28/2021 | Avera eCare (Avera Health)                            | Aquiline Capital Partners                                | NA     | NA                 | NA         | Provider of telemedicine   |
| 7/26/2021 | CareFinders Total Care                                | Modiv Care (Nasdaq: MODV)                                | \$340  | NA                 | NA         | Personal care provider in the Northeast, with a scaled presence in New Jersey, Pennsylvania, and Connecticut           |
| 7/26/2021 | FDS Ampicare  | Omnicell (NASDAQ:OMCL)                                   | \$177  | NA                 | NA         | Pharmacy software solutions provider   |
| 7/26/2021 | Flexan (Linden)                                       | ILC Dover (New Mountain Capital)                         | NA     | NA                 | NA         | Medical device contract design and manufacturing organization  |
| 7/26/2021 | Lighthouse Autism Center                              | Cerberus Capital Management                              | NA     | NA                 | NA         | Provider of center-based applied behavioral analysis services for children diagnosed with autism spectrum disorder     |

# Healthcare Equity Private Placements Activity

## Recent Selected Healthcare Equity Private Placements (\$MM)

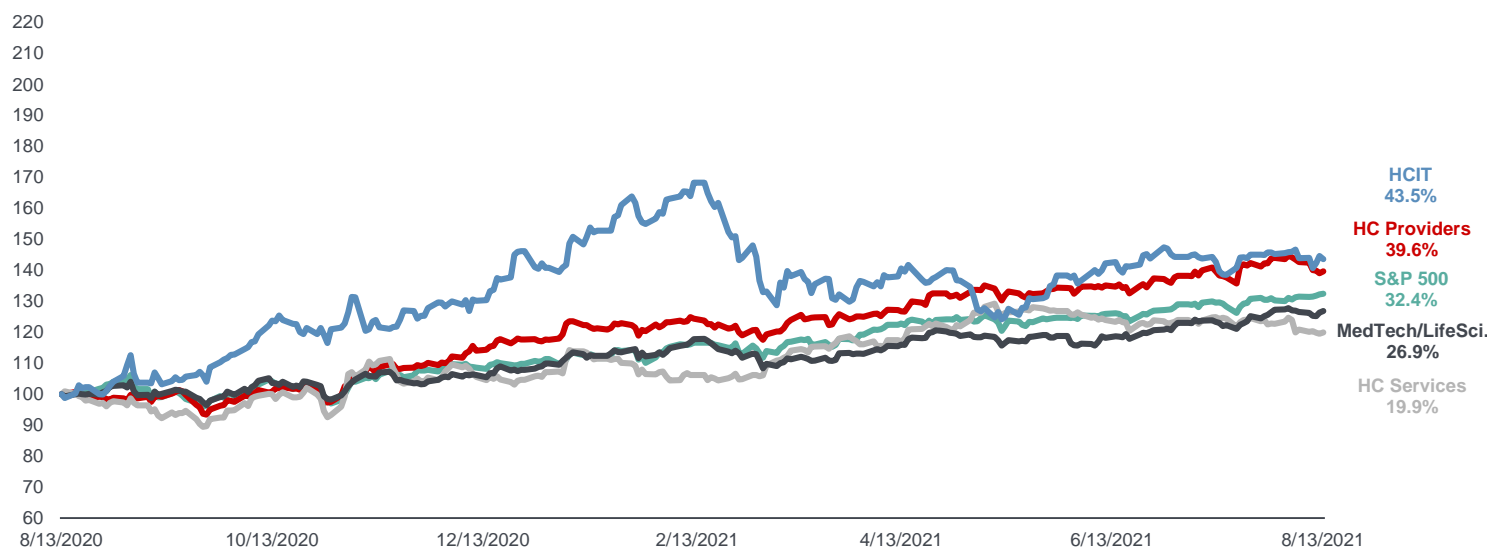
| Date      | Company  | Investor(s)   | Type             | Amount      | Description  |
|-----------|--|---|------------------|-------------|--|
| 8/5/2021  | Vera Whole Health  | Morgan Health   | Undisclosed      | \$50        | Value-based care services  |
| 8/5/2021  | Cricket Health   | Valtruis (lead: Welsh Carson port co), Oak HC/FT, Cigna Ventures and Health Ventures  | Series B         | \$84        | Provider of value-based kidney care  |
| 8/4/2021  | Connections Health Solutions                             | Heritage Group (lead)   | Growth           | \$31        | Provider of immediate-access behavioral health crisis stabilization services                       |
| 8/3/2021  | Bluestone Physician Services (WindRose Health Investors) | Blue Venture Fund   | Strategic        | Undisclosed | On-site care and care coordination services provider to high-risk, geriatric and disabled patients |
| 8/2/2021  | Modern Animal  | True Ventures and Founders Fund (co-leads)  | Undisclosed      | \$76        | Provider of veterinary services  |
| 7/28/2021 | Employer Direct Healthcare                               | Redmile Group (lead)  | Growth Capital   | Undisclosed | Provider of high-quality and cost-efficient solutions for self-funded employers and their members  |
| 7/28/2021 | SonderMind   | Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital                                     | Series C         | \$150       | Provider of mental health services through a digital network of therapists and care providers      |
| 7/21/2021 | TMRW Life Sciences                                       | Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund                                | Series C         | \$105       | Software-guided embryology and cryo-management   |
| 7/21/2021 | WoeBot Health  | JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and AI Fund | Series B         | \$90        | Mental healthcare tool   |
| 7/22/2021 | Trilliant Health   | Bon Secours Mercy Health  | Strategic Growth | Undisclosed | Evidence-based analytics and data science company  |
| 7/20/2021 | OM1  | Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and 7wire Ventures                                      | Series D         | \$85        | Healthcare data and analytics company  |
| 7/19/2021 | Quit Genius  | Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health   | Series B         | \$64        | Digital clinic for treating multiple addictions  |

# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of August 13, 2021

| Index           | Wk Open | Wk Close | Returns |        | Cain Brothers Indices   | Returns |        |
|-----------------|---------|----------|---------|--------|-------------------------|---------|--------|
|                 |         |          | 52 Week | Weekly |                         | 52 Week | Weekly |
| DJIA            | 35,209  | 35,515   | 27.3%   | 0.9%   | Acute Care              | 81.2%   | (2.5%) |
| S&P 500         | 4,437   | 4,468    | 32.4%   | 0.7%   | Alternate Site Services | 22.7%   | (0.3%) |
| NASDAQ          | 14,836  | 14,823   | 34.2%   | (0.1%) | Diagnostics             | 38.4%   | (1.9%) |
| Russell 2000    | 2,248   | 2,223    | 40.7%   | (1.1%) | Distribution            | 18.2%   | (0.5%) |
| NYSE Healthcare | 22,746  | 22,928   | 22.4%   | 0.8%   | Healthcare IT           | 28.8%   | (0.6%) |
|                 |         |          |         |        | Healthcare REITs        | 29.5%   | (1.3%) |
|                 |         |          |         |        | Managed Care            | 21.5%   | (1.9%) |
|                 |         |          |         |        | Medical Technology      | 24.4%   | 0.2%   |
|                 |         |          |         |        | Outsourced Services     | 34.5%   | (0.8%) |
|                 |         |          |         |        | Pharma Services         | 46.2%   | 0.6%   |
|                 |         |          |         |        | Pharmacy                | 27.2%   | 4.1%   |
|                 |         |          |         |        | Post-Acute Care         | 9.8%    | (9.1%) |

## Cain Brothers Core Healthcare Indices (1YR Performance)



## Recent Selected Healthcare IPOs and Follow-Ons (\$MM)

| Issuer (Ticker)           | Pricing Date | Offering  | Deal Value | Mkt Cap. <sup>1</sup> | Offer Price | Current / Offer | Description  |
|---------------------------|--------------|-----------|------------|-----------------------|-------------|-----------------|--|
| Health Catalyst (HCAT)    | 8/11/2021    | Follow On | \$225      | \$2,771               | \$53.00     | (1.0%)          | Data and analytics technology and services to healthcare organizations |
| RxSight (RXST)            | 7/29/2021    | IPO       | \$118      | \$421                 | \$16.00     | (22.9%)         | Ophthalmic medical device company                                      |
| Stevanato Group (STVN)*   | 7/16/2021    | IPO       | \$588      | \$5,909               | \$21.00     | (1.4%)          | Provider of drug containment, drug delivery                            |
| LeMaitre Vascular (LMAT)* | 7/15/2021    | Follow On | \$55       | \$1,188               | \$54.50     | 1.3%            | National, integrated system of care                                    |
| Bright Health Group (BHG) | 6/24/2021    | IPO       | \$924      | \$10,671              | \$18.00     | (53.3%)         | National, integrated system of care                                    |
| Doximity (DOCS)           | 6/24/2021    | IPO       | \$494      | \$966                 | \$26.00     | 192.3%          | Digital platform for U.S. medical professionals                        |
| Codex DNA (DNAY)*         | 6/18/2021    | IPO       | \$107      | \$526                 | \$16.00     | (14.3%)         | Synthetic biology company  |

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of August 13, 2021

| Security                                  | Current (%) | One Week Ago (%) | One Year Ago (%) |
|---|-------------|------------------|------------------|
| A-rated Tax-Exempt Hospital Bonds (30-Yr) | 1.80%       | 1.73%            | 2.11%            |
| AA Tax-Exempt Hospital Bonds (30-Yr)      | 1.60%       | 1.53%            | 1.81%            |
| SIFMA (Variable Rate Demand Notes)        | 0.02%       | 0.02%            | 0.11%            |
| Revenue Bond Index                        | 2.50%       | 2.40%            | 2.47%            |
| SIFMA/ 1Month LIBOR                       | 20.00%      | 20.00%           | 68.75%           |
| RBI/30 Yr Treasury (%)                    | 128.87%     | 123.71%          | 170.34%          |
| 30-Yr Floating to Fixed Sway (81% LIBOR)  | 1.29%       | 1.31%            | 0.81%            |

## Tax-Exempt Healthcare Issuance Information<sup>1</sup> (\$MM)

| Borrower     | Par             | State | Rating       | Maturity | Call, Put or Reprice* | Coupon | Yield to Call | Yield to Mat. | AAA   |
|--------------|-----------------|-------|--------------|----------|-----------------------|--------|---------------|---------------|-------|
| Windsormeade | \$26.800        | VA    | NR / NR / NR | 2047     | 2030                  | 4.00%  | 3.03%         | 3.56%         | 1.50% |
| <b>Total</b> | <b>\$26.800</b> |       |              |          |                       |        |               |               |       |

\*Key: NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1st Put, (R) = Reprice Date

1. Bloomberg, Capital IQ

## What's On Deck: Tax-Exempt Healthcare Issuances<sup>1</sup> (\$MM)

| Issuer  | Date      | Amount    | Rating           |
|---|-----------|-----------|------------------|
| California Statewide Communities Development Authority<br>Revenue Bonds<br>(Front Porch Communities and Services)<br>Series 2021A   | 8/19/2021 | \$196.285 | NR / A- / A      |
| California Statewide Communities Development Authority<br>Revenue Bonds<br>(Front Porch Communities and Services)<br>Series 2021B (Federally Taxable)                             | 8/19/2021 | \$109.610 | NR / A- / A      |
| State of Connecticut Health and Educational Facilities Authority<br>Forward Delivery Revenue Bonds<br>Stanford Hospital Issue, Series M   | 8/18/2021 | \$193.050 | NR / BBB+ / BBB+ |
| The Hospital Facilities Authority of Multnomah County, Oregon<br>Revenue and Refunding Bonds, Series 2021A, B-1, B-2&C<br>(Terwilliger Plaza - Parkview Project)<br>(Green Bonds) | 8/18/2021 | \$159.680 | NR / NR / BB+    |
| Iowa Finance Authority / Palm Beach County Health Facilities Authority<br>Revenue Bonds, Series 2021A, B, & C<br>(Lifespace Communities, Inc.)                                    | 8/19/2021 | \$120.465 | NR / NR / BBB    |
| Maryland Health and Higher Educational Facilities Authority<br>Revenue Bonds<br>Greater Baltimore Medical Center Issue<br>Series 2021<br>(Fixed Rate Bonds)                       | 8/18/2021 | \$93.375  | NR / A / A+      |
| Midland County Hospital District<br>(Midland County, Texas)<br>Limited Tax General Obligation   | 8/19/2021 | \$70.235  | NR / NR / NR     |
| The Hospital Authority of Crisp County, Georgia<br>Revenue Anticipation Certificates<br>(Crisp Regional Hospital Project)<br>Series 2021  | 8/17/2021 | \$41.135  | A1 / NR / NR     |
| National Finance Authority<br>Federal Lease Revenue Bonds<br>(VA Tampa Health Care Center Project)<br>Federally Taxable Series 2021   | 8/18/2021 | \$39.720  | Baa2 / NR / NR   |
| Northeast Ohio Medical University<br>(A State University of Ohio)<br>General Receipts Refunding Bonds, Series 2021B<br>Insured By: Build America Mutual Assurance Co.             | 8/17/2021 | \$19.225  | Baa2 / AA / NR   |

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

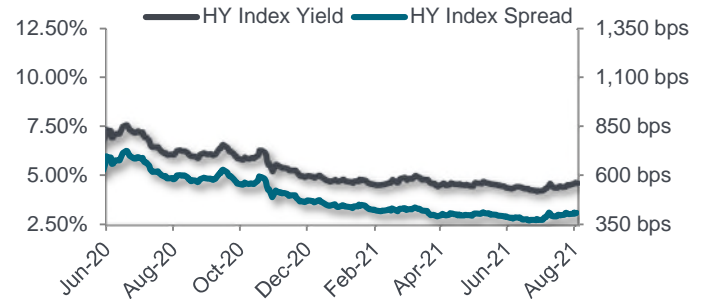
### High Yield

- Last week experienced a \$510 million inflow, following the prior week's outflows of \$1.2 billion; YTD net outflows total \$16.8 billion, which compares to YTD 2020 net inflows of \$37.0 billion

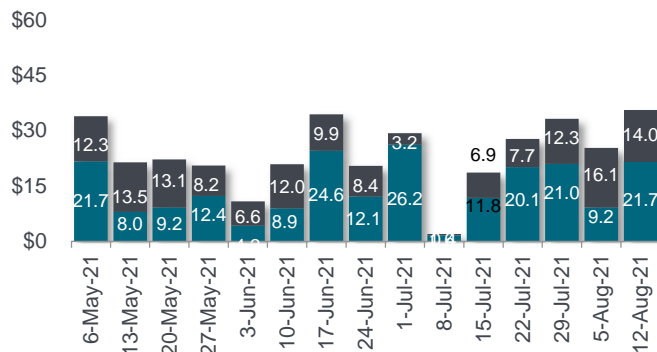
### Leveraged Loans

- Leveraged loan funds experienced a \$423 million inflow last week after the first outflow three weeks prior since early January. There have been 30 inflows in 2021; net inflows total \$30.4 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 33 deals price last week for \$21.7 billion

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



## New-Issue Clearing Yields<sup>1</sup> (\$MM)

|               | 1Q21  | 2Q21  | 30-Day Rolling Average |           |          |
|---------------|-------|-------|------------------------|-----------|----------|
|               |       |       | June 2021              | July 2021 | 08/13/21 |
| Overall       | 4.40% | 4.64% | 4.44%                  | 4.69%     | 4.89%    |
| 4B            | 3.00% | 2.98% | 2.89%                  | 3.29%     | 3.33%    |
| 2B            | 4.63% | 4.99% | 4.84%                  | 5.04%     | 5.12%    |
| Middle Market | 4.79% | 5.15% | 5.15%                  | 6.10%     | 6.23%    |

## Most Recent Healthcare High-Grade Issuances (\$MM)

| Date      | Issuer                        | Security | Size    | Ratings            | Coupon | Maturity   | Spread | IPT-Pricing |
|-----------|-------------------------------|----------|---------|--------------------|--------|------------|--------|-------------|
| 8/10/2021 | Universal Health Services Inc | Secured  | \$700   | Baa3 / BBB- / BBB- | 1.650% | 9/1/2026   | +85    | 25 bps      |
| 8/10/2021 | Universal Health Services Inc | Secured  | \$500   | Baa3 / BBB- / BBB- | 2.650% | 1/15/2032  | +133   | 22 bps      |
| 8/9/2021  | Thermo Fisher Scientific Inc  | Sr Notes | \$700   | Baa1 / BBB+ / BBB+ | 1.750% | 10/15/2028 | +65    | 25 bps      |
| 8/9/2021  | Thermo Fisher Scientific Inc  | Sr Notes | \$1,200 | Baa1 / BBB+ / BBB+ | 2.000% | 10/15/2031 | +80    | 25 bps      |
| 8/9/2021  | Thermo Fisher Scientific Inc  | Sr Notes | \$1,200 | Baa1 / BBB+ / BBB+ | 2.800% | 10/15/2041 | +95    | 20 bps      |

## Most Recent Healthcare High-Yield Issuances (\$MM)

| Date      | Issuer                   | Security       | Size  | Ratings | Coupon | Maturity   | Spread  | Price Talk    |
|-----------|--------------------------|----------------|-------|---------|--------|------------|---------|---------------|
| 8/12/2021 | AdaptHealth*             | Sr. Notes      | \$600 | B1/B    | 5.125% | 3/1/2030   | 387 bps | 5.25% area    |
| 8/10/2021 | P&L Development (add-on) | 1st Lien Notes | \$50  | B3/B-   | 7.750% | 11/15/2025 | 610 bps | 103.00-103.50 |
| 8/10/2021 | Modiv Care               | Sr. Notes      | \$500 | B2/B+   | 5.000% | 10/1/2029  | 380 bps | 5.00%-5.25%   |
| 7/29/2021 | Akumin                   | Sr. Sec. Notes | \$375 | B2/B-   | 7.500% | 8/1/2028   | 648 bps | 7.25%-7.50%   |

## Most Recent Healthcare Leveraged Loan Issuances (\$MM)

| Date      | Issuer                      | Ownership                | Ratings  | Use of Proceeds | Size    | Pricing              | Yield  |
|-----------|-----------------------------|--------------------------|----------|-----------------|---------|----------------------|--------|
| 8/12/2021 | Unified Women's Healthcare  | Altas Partners LP        | B3/B-    | Acquisition     | \$130   | L+425, 0.75% @ 99.5  | 5.125% |
| 8/11/2021 | Western Dental Services Inc | New Mountain Capital     | B3/B-    | Refinancing     | \$490   | L+450, 0.75% @ 99.75 | 5.375% |
| 8/10/2021 | International SOS Pte Ltd   | Private                  | Ba3 / BB | Acquisition     | \$700   | L+375, 0.50% @ 99    | 4.500% |
| 8/6/2021  | UDG Healthcare PLC          | Clayton, Dubilier & Rice | B2/B     | LBO             | \$1,600 | L+425, 0.50% @ 99    | 5.000% |
| 8/5/2021  | Ardent Health Services LLC  | Equity Group Investments | B2/B     | Refinancing     | \$900   | L+350, 0.50% @ 99.5  | 4.130% |

## Healthcare News

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### Salesforce Rolls Out Cloud-Based Remote Monitoring, Patient Access Tools<sup>1</sup>

**Fierce Healthcare | August 10, 2021**

Technology company Salesforce has rolled out updates to its Health Cloud that advance its strategy of providing a front door to electronic health records. The company, which launched its Health Cloud in 2015 as a "patient relationship management tool," added new tools that enable providers to reach patients where they are, company executives said. The new tools, announced in conjunction with the Healthcare Information and Management Systems Society (HIMSS) Global Conference this week in Las Vegas, include cloud-based remote patient monitoring to allow patients to use connected devices and technology to gather patient-generated health data and send it to healthcare professionals. Providers can then see the data within a single dashboard to better monitor patients' health conditions from home. Care coordinators can access charts that show patients' vital signs and other health metrics such as heart rate, blood glucose levels and weight to track patient health, company executives said.

### New Survey Finds COVID-19 is Taking a Significant Toll on Physicians<sup>2</sup>

**Fierce Healthcare | August 10, 2021**

A recent survey by The Physicians Foundation found 8 in 10 U.S. physicians were impacted in a variety of ways due to COVID-19 and that the pandemic continues to negatively impact the well-being of physicians and patients a year later. The 2021 Survey of America's Physicians, conducted by the Physicians Foundation, was implemented from the end of May through the start of June 2021 and received responses from more than 2,500 U.S. physicians. Nearly half of physicians experienced reduced income in the past year, while nearly a third experienced reduced staff, and the majority, or 61%, of physicians reported experiencing burnout often, a nearly 53% increase since 2018. Even before the pandemic, physician burnout and mental health concerns were prevalent, according to Gary Price M.D., president of the Physicians Foundation. "A bad situation has gotten worse," Price said. For years, physicians have expressed frustrations over time-consuming and cumbersome processes that take their time and autonomy away from patient care, such as electronic health record-keeping and preapproval requirements for medications or diagnostic procedures. Some of these processes have since been simplified, but not enough—and then the pandemic hit.

### FDA Authorizes Third Coronavirus Vaccine Dose for Immunocompromised People<sup>3</sup>

**Healthcare Dive | August 13, 2021**

The Food and Drug Administration will allow certain people with weakened immune systems to receive a third dose of either Pfizer's or Moderna's coronavirus vaccine, announcing late Thursday an expanded authorization for the two shots. The move, which comes as the highly contagious delta variant has driven COVID-19 case counts in the U.S. to their highest levels since January, is aimed at better protecting people who experts view as most at risk of breakthrough infections, such as those who've received an organ transplant. Both Pfizer and Moderna have pressed the Biden administration to administer booster shots to guard against the risk of waning immunity as well as the greater threat posed by delta. After turning back the companies earlier this summer, U.S. government officials now reportedly view booster shots as likely to be necessary for a number of groups. The FDA's update Thursday applies to fewer than 3% of U.S. adults, however. After a thorough review of the available data, the FDA determined that this small, vulnerable group may benefit from a third dose of the Pfizer-BioNTech or Moderna Vaccines," said Acting FDA Commissioner Janet Woodcock in a Friday statement. "Other individuals who are fully vaccinated are adequately protected and do not need an additional dose of COVID-19 vaccine at this time." The expanded authorization does not apply to Johnson & Johnson's vaccine, however. (Healthcare Dive, 8/13)



## Healthcare News Continued...

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### Predicting the future of healthcare: 10 takeaways from HIMSS21<sup>1</sup>

Healthcare Dive | August 13, 2021

The crowds at HIMSS this year may have been smaller due to COVID-19 concerns, but the conversations at the annual health IT conference were just as weighty as prior years. The conference, which spanned several Las Vegas resorts from Caesars to Wynn, netted roughly 19,300 in-person attendees and 5,000 digital, organizers estimated late Thursday. Roughly 700 exhibitors stood up booths on-site. The figures were about half of attendance numbers in 2018 and 2019, but higher than some feared as COVID-19 cases continue to rise in Nevada. At HIMSS, experts shared their thoughts on the future of digital health, artificial intelligence and virtual care; methods to tackle health disparities and cybersecurity breaches; evolving fraud regulations; mental health and more.

### Can an App be Medicine? These Companies Think So<sup>2</sup>

Fast Company | August 16, 2021

Software applications—apps—drive everything about how we function in the world. But can apps function as medicine? Can they treat our health problems, or better yet, prevent them? An organization founded in 2017 called the Digital Therapeutics Alliance believes that software can prevent, treat, and manage a range of health issues. And now its members, armed with stacks of peer reviewed papers, are trying to get the government to write legislation that creates a pathway for their success. "Think of us as a digital drug," says Big Health founder Peter Hames. The company has two mobile apps, Daylight, which treats anxiety, and Sleepio, which treats insomnia. The apps deliver cognitive behavioral therapy, a skills based therapy that, through a virtual professor, teaches you techniques for falling asleep and mitigating anxiety. It also asks users to log progress through a sleep diary. This level of data collection allows Big Health to document whether or not its app is working.

### Mental Health Is The Next Big Workplace Issue<sup>3</sup>

Axios | August 16, 2021

Employees' mental health is quickly becoming a top concern for companies as they try to hold on to workers through the pandemic.

Why it matters: The firms that confront mental health are poised to win the war for talent.

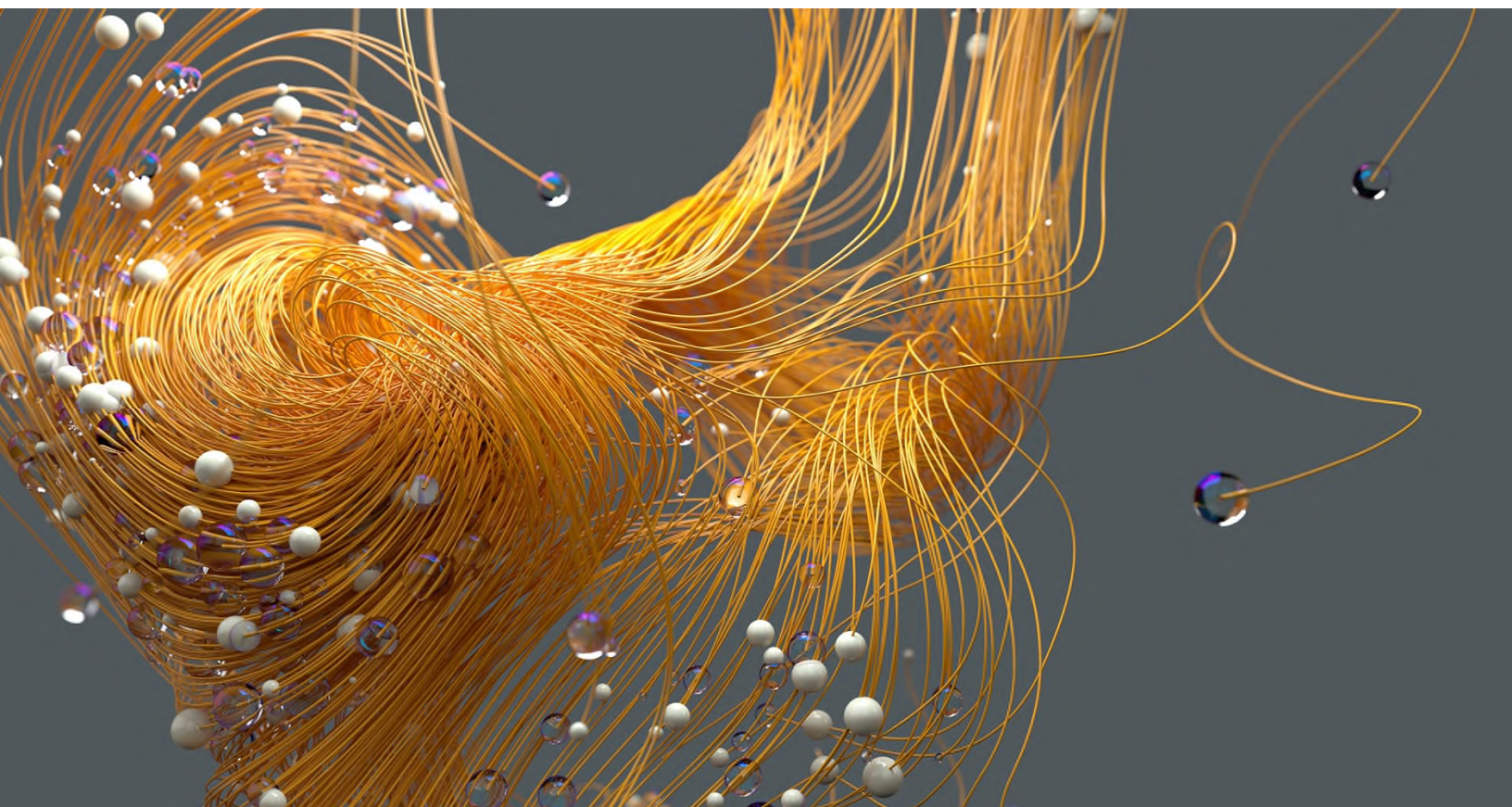
"These days there are worker shortages everywhere," says Chris Swift, CEO of The Hartford, a financial services and insurance company. Mental health is a massive contributor to that, he says.

What's happening: The pandemic has dragged on, and people are dealing with even more loss and isolation — at the same time that America's opioid crisis has gotten worse. Burnout and addiction are seeping into the workplace.

August 25, 2021

# Cain Brothers Industry Insights

## Healthcare Weekly Market Report



**This week in Insights:**

**Looking Back at Our Summer 2021 Commentaries**

# Industry Insights

## Contents

- Industry Insights
- Cain Brothers Conference Save the Date
- Healthcare M&A Activity
- Healthcare Equity Private Placement Activity
- Public Equity Capital Markets Activity & Indices
- Tax-Exempt Debt Markets
- Corporate High Grade, High Yield & Leveraged Loan Market
- Healthcare News
- Cain Brothers Recent Transactions Spotlight
- Cain Brothers Recent Transactions

## Summer 2021 Cain Brothers Banker Commentary

### [Key Healthcare Policies in the \\$1 Trillion Infrastructure Investment and Jobs Act](#)

*August 18, 2021*

Tom Culhane reviews significant healthcare-related provisions in the \$1 Trillion Infrastructure and Jobs Act recently passed by the Senate.

### [Home Health and Hospice M & A Trends](#)

*August 12, 2021*

Matt Margulies discusses the M&A environment for home health and hospice businesses.

### [Increased Antitrust Risk in Healthcare Mergers](#)

*August 4, 2021*

Andy Labovitz discusses the heightened antitrust risk in horizontal healthcare mergers, and even vertical mergers, because of President Biden's recent executive order on antitrust matters in general.

### [The Evolving Model of Children's Medicine](#)

*July 28, 2021*

Ben Cohen examines the increasingly important role of children's medicine as the healthcare industry shifts to a value-based care model.

### [Healthcare and the Proposed Infrastructure Legislation](#)

*July 21, 2021*

Maura Davalos reviews what is in the proposed infrastructure legislation for healthcare but points out that it is not a meaningful part of the legislation.

### [The Importance of Value-Added Revenue Cycle Partners Persists](#)

*July 14, 2021*

Bryan Cloncs discusses the importance of aligning with revenue cycle partners given the current market environment.

### [Three Alarming Facts That Pose Challenging Realities](#)

*July 7, 2021*

Jonah Schutzman relates three alarming facts about U.S. healthcare.

# Industry Insights

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## **Big Tech's Continued March Into The World of Commercialized Medicine**

*June 30, 2021*

Jill Frew points out Big Tech's increasingly deep involvement in many aspects of the overall healthcare industry.

## **Rational Exuberance for Medicare Advantage Market Disrupters**

*June 23, 2021*

Carsten Beith discusses the reasons for the high valuations afforded to Medicare Advantage companies.

## **Can the Changing Calculus of Tail Risks Lead to Increased Collaboration in Healthcare?**

*June 16, 2021*

Joe Pollock expresses the hope that the operational solutions put in place by providers to deal with unexpected crises, like COVID-19, natural disasters, like drought and hurricanes, and the newer threat of ransomware will create opportunities to accelerate on the path toward lower national healthcare costs over time.

## **An Update on Potential Reforms to the PBM Industry**

*June 8, 2021*

Steven Alcauskas brings us up to date on recent reform efforts impacting the pharmacy benefit management sector.



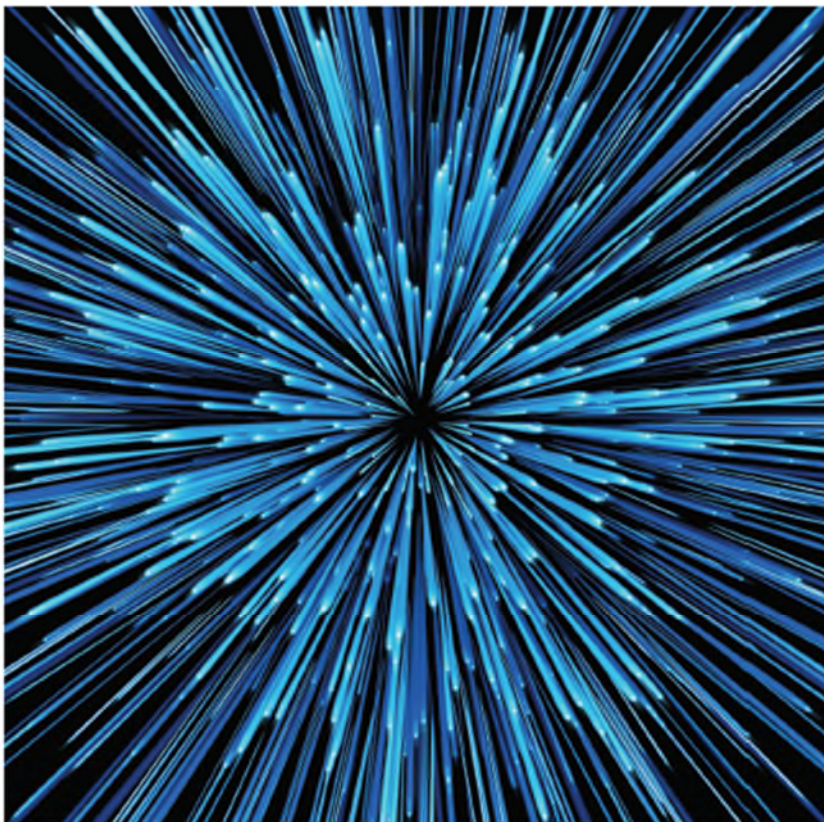
# CAIN BROTHERS HEALTHCARE CONFERENCE

SAVE  
THE DATE  
**WED.10/20**  
**-THU.10/21**  
**2021**

#CainBrothersConf

In-Person Event

**Lotte New York Palace**  
455 Madison Avenue  
New York, NY 10022



We are looking forward to hosting  
our first live, in-person-only  
event of 2021 in New York City.  
Invitation with complete event  
and registration detail to follow.

**CAIN BROTHERS**  
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Event attendees who are fully vaccinated for COVID-19 are not required to wear a mask unless required by applicable state or municipal law. Event attendees who are not fully vaccinated for COVID-19 must wear a mask. Please note that Key may require proof of your vaccination status to comply with state or local requirements. Thank you for helping us host a safe event.

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## Recent Selected Healthcare M&amp;A Transactions (\$MM)

| Date      | Target Name   | Acquirer  | EV      | Enterprise Value / |            | Description  |
|-----------|---|---|---------|--------------------|------------|--|
|           |   |   |         | LTM Rev.           | LTM EBITDA |  |
| 8/18/2021 | Prevention & Recovery Center (Memorial Hermann)     | Discovery Behavioral Health (Webster Equity Partners)           | NA      | NA                 | NA         | Provider of behavioral health services for alcoholism, drug addiction and dual diagnosis patients                      |
| 8/16/2021 | 360biolabs  | BioAgilytix Labs (GHO Capital Partners)                         | NA      | NA                 | NA         | Contract service organization  |
| 8/18/2021 | MicroConstants                                      | BioAgilytix Labs (GHO Capital Partners)                         | NA      | NA                 | NA         | Clinical and preclinical contract research organization  |
| 8/18/2021 | PatientKeeper (HCA Healthcare and General Catalyst) | Commure   | NA      | NA                 | NA         | Provider of intuitive software and mobile applications for patient information   |
| 8/19/2021 | Inovalon (Nasdaq: INOV)                             | Nordic Capital (lead), Insight Partners, 22C Capital            | \$7,300 | 10.2x              | 32.9x      | Provider of cloud-based platforms for the healthcare industry  |
| 8/19/2021 | MDVIP (Leonard Green & Partners)                    | Goldman Sachs Asset Management and Charlesbank Capital Partners | NA      | NA                 | NA         | Membership-based healthcare with a national network of over 1,100 primary care physicians                              |
| 8/17/2021 | CyberMaxx   | Periscope Equity  | NA      | NA                 | NA         | Provider of MSSP and MDR solutions for the healthcare industry   |
| 8/16/2021 | RQM+ Corp (DFW Capital Partners)                    | Linden Capital Partners   | NA      | NA                 | NA         | Provider of regulatory, quality, and compliance consulting services for medical device sector                          |
| 8/16/2021 | Ethos Veterinary Health (BBH Capital Partners)      | National Veterinary Associates (JAB)                            | NA      | NA                 | NA         | Operator of 23 veterinary hospitals with over doctors  |
| 8/12/2021 | Ovia Health   | Labcorp (NYSE: LH)  | NA      | NA                 | NA         | Digital health platform for fertility information and support  |
| 8/11/2021 | CareLinx  | Sharecare (Nasdaq: SHCR)  | \$65    | 3.3x               | NA         | Digital on-demand platform of tech-enabled care providers  |
| 8/11/2021 | Generations Hospice Care                            | Charter Health Care Group (Pharos Capital Group)                | NA      | NA                 | NA         | Provider of hospice care   |
| 8/11/2021 | Healthcare Components Group                         | RoundTable Healthcare Partners                                  | NA      | NA                 | NA         | Manufacturing, assembly, and distribution business for replacement components used in the repair of endoscopes         |
| 8/11/2021 | North Carolina Retina Associates*                   | Retina Consultants of America (Webster Equity Partners)         | NA      | NA                 | NA         | Retina-focused practice in North Carolina  |
| 8/10/2021 | Health Connect America                              | Palladium Equity Partners*                                      | NA      | NA                 | NA         | Provider of mental and behavioral health services to children, families, and adults                                    |
| 8/10/2021 | Myndshft  | HCAP Partners   | NA      | NA                 | NA         | Provider of real-time medical benefits check and electronic prior authorization technology                             |
| 8/10/2021 | Pyramid Innovation                                  | StatLab Medical Products (Audax and Linden)                     | NA      | NA                 | NA         | Automated pathology slide and cassette printers  |
| 8/9/2021  | ARC Health  | Thurston Group  | NA      | NA                 | NA         | Provider of mental health treatment services focused on virtual and in-patient outpatient mental healthcare            |
| 8/5/2021  | Relatient   | Radix Health  | Merger  | NA                 | NA         | SaaS-based, patient engagement platform,   |
| 8/4/2021  | Home Care Pulse                                     | Cressey & Company   | NA      | NA                 | NA         | Provider of satisfaction management, training, and performance benchmarking solutions for the post-acute care industry |
| 8/4/2021  | Vital Decisions (WindRose Health)                   | Evolent Health (NYSE: EVH)                                      | \$130   | NA                 | NA         | Provider of telehealth and digital solutions   |
| 8/3/2021  | Results Physiotherapy (Sterling Partners)           | Upstream Rehabilitation (Revellstoke Capital)                   | NA      | NA                 | NA         | Physical therapy provider with more than 200 locations in 9 states   |
| 8/3/2021  | VR1   | ModivCare (Nasdaq: MODV)  | \$315   | 5.6x               | 15.0x      | Provider of remote patient monitoring solutions  |
| 8/2/2021  | Gen4 Dental Partners                                | Thurston Group  | NA      | NA                 | NA         | Dental service organization  |
| 8/2/2021  | Kymanox   | WestView Capital Partners                                       | NA      | NA                 | NA         | Life science professional services organization  |

# Healthcare Equity Private Placements Activity

## Recent Selected Healthcare Equity Private Placements (\$MM)

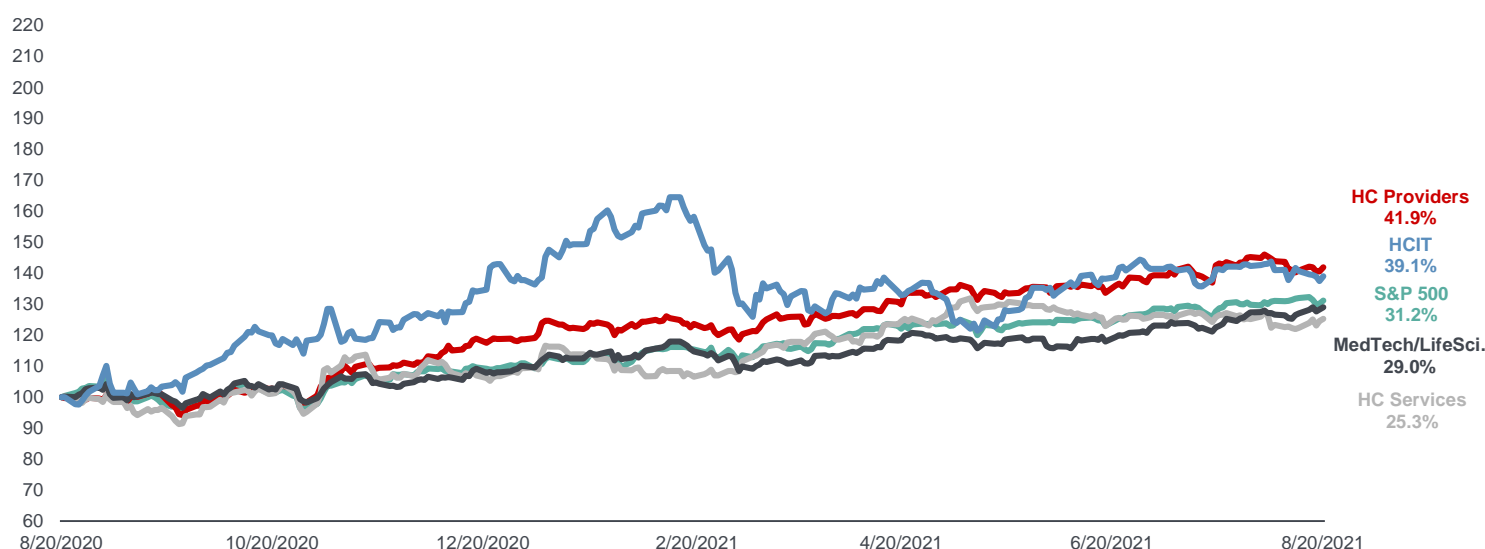
| Date      | Company  | Investor(s)   | Type             | Amount      | Description  |
|-----------|--|---|------------------|-------------|--|
| 8/5/2021  | Vera Whole Health  | Morgan Health   | Undisclosed      | \$50        | Value-based care services  |
| 8/5/2021  | Cricket Health   | Valtruis (lead: Welsh Carson port co), Oak HC/FT, Cigna Ventures and Health Ventures  | Series B         | \$84        | Provider of value-based kidney care  |
| 8/4/2021  | Connections Health Solutions                             | Heritage Group (lead)   | Growth           | \$31        | Provider of immediate-access behavioral health crisis stabilization services                       |
| 8/3/2021  | Bluestone Physician Services (WindRose Health Investors) | Blue Venture Fund   | Strategic        | Undisclosed | On-site care and care coordination services provider to high-risk, geriatric and disabled patients |
| 8/2/2021  | Modern Animal  | True Ventures and Founders Fund (co-leads)  | Undisclosed      | \$76        | Provider of veterinary services  |
| 7/28/2021 | Employer Direct Healthcare                               | Redmile Group (lead)  | Growth Capital   | Undisclosed | Provider of high-quality and cost-efficient solutions for self-funded employers and their members  |
| 7/28/2021 | SonderMind   | Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital                                     | Series C         | \$150       | Provider of mental health services through a digital network of therapists and care providers      |
| 7/21/2021 | TMRW Life Sciences                                       | Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund                                | Series C         | \$105       | Software-guided embryology and cryo-management   |
| 7/21/2021 | WoeBot Health  | JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and AI Fund | Series B         | \$90        | Mental healthcare tool   |
| 7/22/2021 | Trilliant Health   | Bon Secours Mercy Health  | Strategic Growth | Undisclosed | Evidence-based analytics and data science company  |
| 7/20/2021 | OM1  | Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and 7wire Ventures                                      | Series D         | \$85        | Healthcare data and analytics company  |
| 7/19/2021 | Quit Genius  | Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health   | Series B         | \$64        | Digital clinic for treating multiple addictions  |

# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of August 13, 2021

| Index           | Wk Open | Wk Close | Returns |        | Cain Brothers Indices   | Returns |        |
|-----------------|---------|----------|---------|--------|-------------------------|---------|--------|
|                 |         |          | 52 Week | Weekly |                         | 52 Week | Weekly |
| DJIA            | 35,515  | 35,120   | 26.6%   | (1.1%) | Acute Care              | 86.3%   | 2.7%   |
| S&P 500         | 4,468   | 4,442    | 31.2%   | (0.6%) | Alternate Site Services | 21.6%   | (0.3%) |
| NASDAQ          | 14,823  | 14,715   | 30.6%   | (0.7%) | Diagnostics             | 42.5%   | 2.2%   |
| Russell 2000    | 2,223   | 2,168    | 38.6%   | (2.5%) | Distribution            | 21.3%   | (0.2%) |
| NYSE Healthcare | 22,928  | 23,356   | 24.7%   | 1.9%   | Healthcare IT           | 24.7%   | (1.0%) |
|                 |         |          |         |        | Healthcare REITs        | 27.1%   | (2.8%) |
|                 |         |          |         |        | Managed Care            | 28.1%   | 3.4%   |
|                 |         |          |         |        | Medical Technology      | 26.0%   | 1.4%   |
|                 |         |          |         |        | Outsourced Services     | 40.0%   | (0.6%) |
|                 |         |          |         |        | Pharma Services         | 53.0%   | 3.5%   |
|                 |         |          |         |        | Pharmacy                | 29.7%   | (0.1%) |
|                 |         |          |         |        | Post-Acute Care         | 7.5%    | (1.8%) |

## Cain Brothers Core Healthcare Indices (1YR Performance)



## Recent Selected Healthcare IPOs and Follow-Ons (\$MM)

| Issuer (Ticker)           | Pricing Date | Offering  | Deal Value | Mkt Cap. <sup>1</sup> | Offer Price | Current / Offer | Description  |
|---------------------------|--------------|-----------|------------|-----------------------|-------------|-----------------|--|
| Health Catalyst (HCAT)    | 8/11/2021    | Follow On | \$225      | \$2,771               | \$53.00     | (5.9%)          | Data and analytics technology and services to healthcare organizations |
| RxSight (RXST)            | 7/29/2021    | IPO       | \$118      | \$421                 | \$16.00     | (24.9%)         | Ophthalmic medical device company                                      |
| Stevanato Group (STVN)*   | 7/16/2021    | IPO       | \$588      | \$5,909               | \$21.00     | 17.6%           | Provider of drug containment, drug delivery                            |
| LeMaitre Vascular (LMAT)* | 7/15/2021    | Follow On | \$55       | \$1,188               | \$54.50     | 0.6%            | National, integrated system of care                                    |
| Bright Health Group (BHG) | 6/24/2021    | IPO       | \$924      | \$10,671              | \$18.00     | (45.0%)         | National, integrated system of care                                    |
| Doximity (DOCS)           | 6/24/2021    | IPO       | \$494      | \$966                 | \$26.00     | 193.1%          | Digital platform for U.S. medical professionals                        |
| Codex DNA (DNAY)*         | 6/18/2021    | IPO       | \$107      | \$526                 | \$16.00     | (21.8%)         | Synthetic biology company  |

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of August 20, 2021

| Security                                  | Current (%) | One Week Ago (%) | One Year Ago (%) |
|---|-------------|------------------|------------------|
| A-rated Tax-Exempt Hospital Bonds (30-Yr) | 1.80%       | 1.80%            | 2.21%            |
| AA Tax-Exempt Hospital Bonds (30-Yr)      | 1.60%       | 1.60%            | 1.91%            |
| SIFMA (Variable Rate Demand Notes)        | 0.02%       | 0.02%            | 0.10%            |
| Revenue Bond Index                        | 2.50%       | 2.50%            | 2.57%            |
| SIFMA/ 1Month LIBOR                       | 22.22%      | 20.00%           | 55.56%           |
| RBI/30 Yr Treasury (%)                    | 133.69%     | 128.87%          | 190.37%          |
| 30-Yr Floating to Fixed Sway (81% LIBOR)  | 1.26%       | 1.29%            | 0.74%            |

## Tax-Exempt Healthcare Issuance Information<sup>1</sup> (\$MM)

| Borrower  | Par                | State | Rating         | Maturity | Call, Put or Reprice* | Coupon | Yield to Call | Yield to Mat. | AAA   |
|---|--------------------|-------|----------------|----------|-----------------------|--------|---------------|---------------|-------|
| Front Porch Communities and Services**  | \$198.940          | CA    | NR / A- / A    | 2051     | 2031 (C)              | 4.00%  | 2.01%         | 3.01%         | 1.50% |
| Front Porch Communities and Services (Taxable)                                      | \$106.625          | CA    | NR / A- / A    | 2036     | MWC                   | 2.64%  | 2.64%         | N/A           | 1.24% |
| Stamford Hospital (Forward Delivery)  | \$206.350          | CT    | NR/BBB+/BBB+   | 2042     | 2032 (C)              | 4.00%  | 2.32%         | 2.99%         | 1.50% |
| Terwilliger Plaza - Parkview Project (Green Bonds (Vigeo Eiris-verified))           | \$88.885           | OR    | NR / NR / BB+  | 2056     | 2031 (C)              | 4.00%  | 2.60%         | 3.39%         | 1.50% |
| Terwilliger Plaza - Parkview Project (Green Bonds (Vigeo Eiris-verified); TEMPS-50) | \$42.600           | OR    | NR / NR / BB+  | 2027     | 2022 (C)              | 0.95%  | 0.95%         | N/A           | 1.50% |
| Terwilliger Plaza - Parkview Project (Green Bonds (Vigeo Eiris-verified); TEMPS-65) | \$15.300           | OR    | NR / NR / BB+  | 2028     | 2023 (C)              | 1.20%  | 1.20%         | N/A           | 1.50% |
| Terwilliger Plaza - Parkview Project (Green Bonds (Vigeo Eiris-verified); Taxable)  | \$7.835            | OR    | NR / NR / BB+  | 2026     | 2022 (C)              | 1.25%  | 1.25%         | N/A           | 0.79% |
| Lifespace Communities, Inc.   | \$73.650           | IA    | NR / NR / BBB  | 2053     | 2031 (C)              | 4.00%  | 2.52%         | 3.35%         | 1.50% |
| Lifespace Communities, Inc.   | \$30.000           | IA    | NR / NR / BBB  | 2056     | 2026 (P)              | 0.75%  | 0.75%         | N/A           | 1.50% |
| Lifespace Communities, Inc.   | \$16.715           | FL    | NR / NR / BBB  | 2036     | 2031 (C)              | 4.00%  | 2.07%         | 2.61%         | 1.50% |
| Greater Baltimore Medical Center***   | \$104.095          | MD    | NR / A / A+    | 2051     | 2031 (C)              | 3.00%  | 2.38%         | 2.73%         | 1.50% |
| Midland County Hospital District (Taxable)  | \$54.355           | TX    | Aa3 / NR / NR  | 2051     | 2031 (C)              | 3.12%  | 3.12%         | N/A           | 1.88% |
| Midland County Hospital District  | \$15.290           | TX    | Aa3 / NR / NR  | 2032     | 2030 (C)              | 5.00%  | 1.34%         | 1.90%         | 1.50% |
| VA Tampa Health Care Center Project (Taxable)                                       | \$41.660           | VA    | Baa2 / NR / NR | 2034     | MWC                   | 2.82%  | 2.82%         | N/A           | 1.27% |
| Crisp Regional Hospital Project (County-guaranteed)                                 | \$41.385           | GA    | A1 / NR / NR   | 2051     | 2031 (C)              | 4.00%  | 2.04%         | 3.11%         | 1.50% |
| Open Door Community Health Centers****  | \$30.580           | CA    | NR / AA- / NR  | 2051     | 2031 (C)              | 4.00%  | 1.92%         | 3.04%         | 1.50% |
| Northeast Ohio Medical University*****  | \$19.095           | OH    | Baa2 / AA / NR | 2042     | 2030 (C)              | 4.00%  | 2.01%         | 2.94%         | 1.50% |
| <b>Total</b>  | <b>\$1,093.360</b> |       |                |          |                       |        |               |               |       |

\*Key: NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1st Put, (R) = Reprice Date

\*\*Overlapping final maturity #1: Coupon / YTC / YTM of 3.00% / 2.44% / 2.76%; Overlapping final maturity #2: Coupon / YTC / YTM of 2.50% / 2.65% / N/A

\*\*\*Overlapping final maturity with Coupon / YTC / YTM of 2.50% / 2.58% / N/A

\*\*\*\* 'AA-' S&P rating reflects Cal-Mortgage insurance

\*\*\*\*\* 'AA' S&P rating reflects Build America Mutual Assurance Co. insurance

### 1. Bloomberg, Capital IQ

# Tax-Exempt Debt Markets

## What's On Deck: Tax-Exempt Healthcare Issuances<sup>1</sup> (\$MM)

| Issuer   | Date      | Amount    | Rating         |
|--|-----------|-----------|----------------|
| <b>California Public Finance Authority</b><br><b>Insured Refunding Revenue Bonds (O'Connor Woods)</b><br><b>Series 2022 (Forward Delivery)</b><br><b>Insured by: Cal-Mortgage Loan Insurance</b><br><b>Cain Brothers Sole-Managed Expected Pricing</b> | 8/24/2021 | \$34.340  | NR / AA- / NR  |
| The Hospital Authority of Hall County and the City of Gainesville<br>(Northeast Georgia Health System, Inc. Project)<br>Taxable Revenue Anticipation Certificates<br>Series 2021B  | 8/26/2021 | \$243.915 | NR / AA / AA   |
| The Hospital Authority of Hall County and the City of Gainesville<br>Revenue Anticipation Certificates<br>(Northeast Georgia Health System, Inc. Project)<br>Series 2021A  | 8/26/2021 | \$212.335 | NR / A / A     |
| City of Miami Beach Health Facilities Authority<br>Hospital Revenue Bonds, Series 2021B<br>(Mount Sinai Medical Center of Florida)   | 8/25/2021 | \$139.325 | Baa1 / NR / A- |
| Duluth Economic Development Authority<br>Health Care Facilities Revenue Bonds<br>(St. Luke's Hospital of Duluth Obligated Group)<br>Series 2021A<br>Series 2022A (Forward Delivery)  | 8/24/2021 | \$61.035  | NR / BBB- / NR |
| Greene County Hospital Association, IN<br>Lease Rental Revenue Bonds   | 8/25/2021 | \$14.900  | NR / A+ / NR   |

1. Bloomberg, Capital IQ



# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

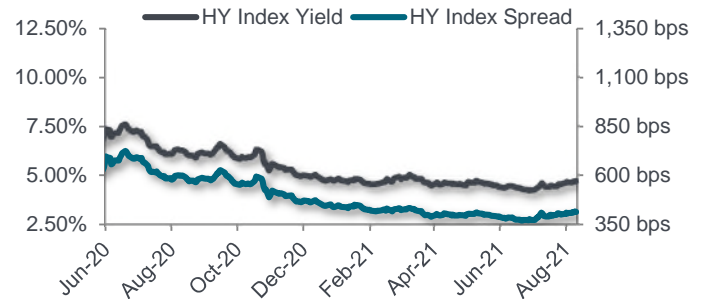
### High Yield

- Last week experienced a \$4 million outflow, following the prior week's inflows of \$510 million; YTD net outflows total \$16.8 billion, which compares to YTD 2020 net inflows of \$37.0 billion

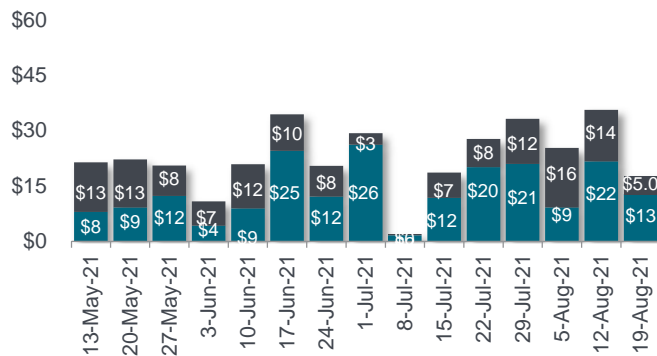
### Leveraged Loans

- Leveraged loan funds experienced a \$352 million inflow last week after the first outflow four weeks prior since early January. There have been 31 inflows in 2021; net inflows total \$30.8 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 27 deals price last week for \$12.8 billion

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



## New-Issue Clearing Yields<sup>1</sup> (\$MM)

|               | 1Q21  | 2Q21  | 30-Day Rolling Average |           |          |
|---------------|-------|-------|------------------------|-----------|----------|
|               |       |       | June 2021              | July 2021 | 08/20/21 |
| Overall       | 4.40% | 4.64% | 4.44%                  | 4.69%     | 5.07%    |
| 4B            | 3.00% | 2.98% | 2.89%                  | 3.29%     | 3.91%    |
| 2B            | 4.63% | 4.99% | 4.84%                  | 5.04%     | 5.17%    |
| Middle Market | 4.79% | 5.15% | 5.15%                  | 6.10%     | 6.23%    |

## Most Recent Healthcare High-Grade Issuances (\$MM)

| Date      | Issuer                        | Security | Size    | Ratings            | Coupon | Maturity  | Spread | IPT-Pricing |
|-----------|-------------------------------|----------|---------|--------------------|--------|-----------|--------|-------------|
| 8/16/2021 | Pfizer Inc                    | Sr Notes | \$1,000 | A2 / A+ / NR       | 1.750% | 8/18/2031 | +53    | 22 bps      |
| 8/10/2021 | Universal Health Services Inc | Secured  | \$700   | Baa3 / BBB- / BBB- | 1.650% | 9/1/2026  | +85    | 25 bps      |
| 8/10/2021 | Universal Health Services Inc | Secured  | \$500   | Baa3 / BBB- / BBB- | 2.650% | 1/15/2032 | +133   | 22 bps      |
| 8/9/2021  | McKesson Corp                 | Sr Notes | \$500   | Baa2 / BBB+ / NR   | 1.300% | 8/15/2026 | +60    | 15 bps      |
| 8/9/2021  | CVS Health Corp               | Sr Notes | \$1,000 | Baa2 / BBB / NR    | 2.125% | 9/15/2031 | +88    | 18 bps      |

## Most Recent Healthcare High-Yield Issuances (\$MM)

| Date      | Issuer                 | Security       | Size    | Ratings | Coupon | Maturity  | Spread  | Price Talk    |
|-----------|------------------------|----------------|---------|---------|--------|-----------|---------|---------------|
| 8/17/2021 | MultiPlan              | Sr. Sec. Notes | \$1,050 | Ba3/B+  | 5.500% | 9/1/2028  | 446 bps | 5.50% area    |
| 8/16/2021 | US Acute Care (add-on) | Sr. Sec. Notes | \$125   | B2/B-   | 6.375% | 3/1/2026  | 473 bps | 102.50-103.00 |
| 8/12/2021 | AdaptHealth*           | Sr. Notes      | \$600   | B1/B    | 5.125% | 3/1/2030  | 387 bps | 5.25% area    |
| 8/10/2021 | Modiv Care             | Sr. Notes      | \$500   | B2/B+   | 5.000% | 10/1/2029 | 380 bps | 5.00%-5.25%   |

## Most Recent Healthcare Leveraged Loan Issuances (\$MM)

| Date      | Issuer                      | Ownership            | Ratings  | Use of Proceeds | Size  | Pricing              | Yield  |
|-----------|-----------------------------|----------------------|----------|-----------------|-------|----------------------|--------|
| 8/20/2021 | Integer Holdings Corp       | Public               | Ba3/BB-  | Refinancing     | \$350 | L+250, 0.50% @ 99    | 3.125% |
| 8/12/2021 | Unified Women's Healthcare  | Altas Partners LP    | B3/B-    | Acquisition     | \$130 | L+425, 0.75% @ 99.5  | 5.125% |
| 8/11/2021 | Western Dental Services Inc | New Mountain Capital | B3/B-    | Refinancing     | \$490 | L+450, 0.75% @ 99.75 | 5.375% |
| 8/10/2021 | International SOS Pte Ltd   | Private              | Ba3 / BB | Acquisition     | \$700 | L+375, 0.50% @ 99    | 4.500% |

# Healthcare News

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## Digital Transformation Holds Promise For Chronic Disease Management<sup>1</sup>

Healthcare IT News | August 20, 2021

Technology company Salesforce has rolled out updates to its Health Cloud that advance its strategy of providing a front door to electronic health records. The company, which launched its Health Cloud in 2015 as a "patient relationship management tool," added new tools that enable providers to reach patients where they are, company executives said. The new tools, announced in conjunction with the Healthcare Information and Management Systems Society (HIMSS) Global Conference this week in Las Vegas, include cloud-based remote patient monitoring to allow patients to use connected devices and technology to gather patient-generated health data and send it to healthcare professionals. Providers can then see the data within a single dashboard to better monitor patients' health conditions from home. Care coordinators can access charts that show patients' vital signs and other health metrics such as heart rate, blood glucose levels and weight to track patient health, company executives said.

## Physician Comp Is Crucial To Value-Based Care. Getting It Right Is Hard.<sup>2</sup>

Modern Healthcare | August 17, 2021

Mount Sinai Health System in New York, one of the many established healthcare organizations navigating a value-based world, recognizes the strain on physicians and is aiming to find a middle ground. Dr. Robert Fields, Chief Medical Officer for Population Health, notes that physicians "need some assurances that you're not going to mess up their livelihood." At Mount Sinai, rather than measuring productivity based on volume-based targets like relative value units, the system wants to evaluate providers based on the size and risk level of the population they're managing. For instance, a geriatrician managing a small panel of complex, older patients might get paid the same amount as a physician who sees a greater number of younger, healthier patients. Dr. Fields notes, "there are certain departments that, historically, have been grossly under-compensated in the RVU model. They're very excited about the possibility of a model like this."

## The 'Internet Of Healthy Things' Poses Unique Privacy Challenges<sup>3</sup>

Healthcare IT News | August 17, 2021

As devices such as wearables and other remote patient monitoring tools have expanded patient care beyond the walls of brick-and-mortar clinics, the "internet of healthy things" has also meant more potential privacy issues, explained experts in a HIMSS21 Global Conference Digital session. Experts note the differences in security standards across applications such as fitness trackers, virtual therapy, and diabetes monitoring devices, with the current privacy landscape offering a fragmented guide to keeping patient data safe. Experts such as Brian Scarpelli, Senior Policy Counsel at Connected Health Initiative, believes that the virtual care environment is here to stay, but there will be a place for both HIPAA and the FTC to step in to take action to ensure personal information is adequately secured.

## Healthcare News Continued...

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### **Burnout, Delta Variant Boost Demand For Traveling Nurses Again<sup>1</sup>**

**Healthcare Dive | August 18, 2021**

As the delta variant of COVID-19 causes a series of coronavirus surges in hot spots around the country, the demand for traveling nurses is up again. Aya Healthcare showed a 14.3% increase in available jobs from August 9th to August 16th with the greatest need in states like Texas, California, Florida, New York and Tennessee, according to a report from Jefferies analysts. The report also noted the rising demand is boosting bill rates too, with maximum salaries reaching \$7,000 a week for nurses. According to Kathy Kohnke, senior vice president of client relations at Fastaff, hospitals today are "probably paying 10% to 20% more than they were paying" during previous COVID-19 waves.

### **Google Says Health Projects Will Continue Even As It Unwinds Dedicated Health Division<sup>2</sup>**

**Fierce Healthcare | August 23, 2021**

Dr. David Feinberg, Google's Vice President for Health, is leaving his role after only two years to become Cerner Corp.'s chief executive officer. Despite the departure, Google says it is ramping up investments in health-focused initiatives. In conjunction with dissolving its unified health division, reports indicate that Google's healthcare portfolio – which spans from consumer-facing products like sleep tracking tech with Nest and fitness tracking such as Fitbit, to clinical initiatives like CareStudio EHR and its diversified AI work – will be split across Google's myriad teams and divisions, as it reassigns over 500 health employees across the organization. Google Health was formed in 2018 as a way to silo all of the tech giant's health efforts under one division and recently underwent a significant reorganization in June 2021, resulting in a downsized team and a streamlined focus on clinical and regulatory work rather than consumer-facing offerings.

### **How To Create The Hospital Of The Future Based On Lessons Of The Past<sup>3</sup>**

**Healthcare Finance News | August 20, 2021**

In the HIMSS21 Digital Visionary Keynote, Michael Dowling, CEO and President of Northwell Health discussed the key issues arising from the pandemic, such as the care and treatment of physicians, nurses and other healthcare employees and how to resolve health equity. In Dowling's view, "it raises our obligation" and represents a new beginning "to create a new health system for the future based on the experience of the last 15 months." Among the tenets discussed was key investments Northwell made that paid off during the pandemic, such as a central lab, transportation system and supply chain infrastructure. Additionally, Dowling noted how "COVID changed our relationship with technology forever," with hospitals now being forced to decide how to best use and maximize digital health.