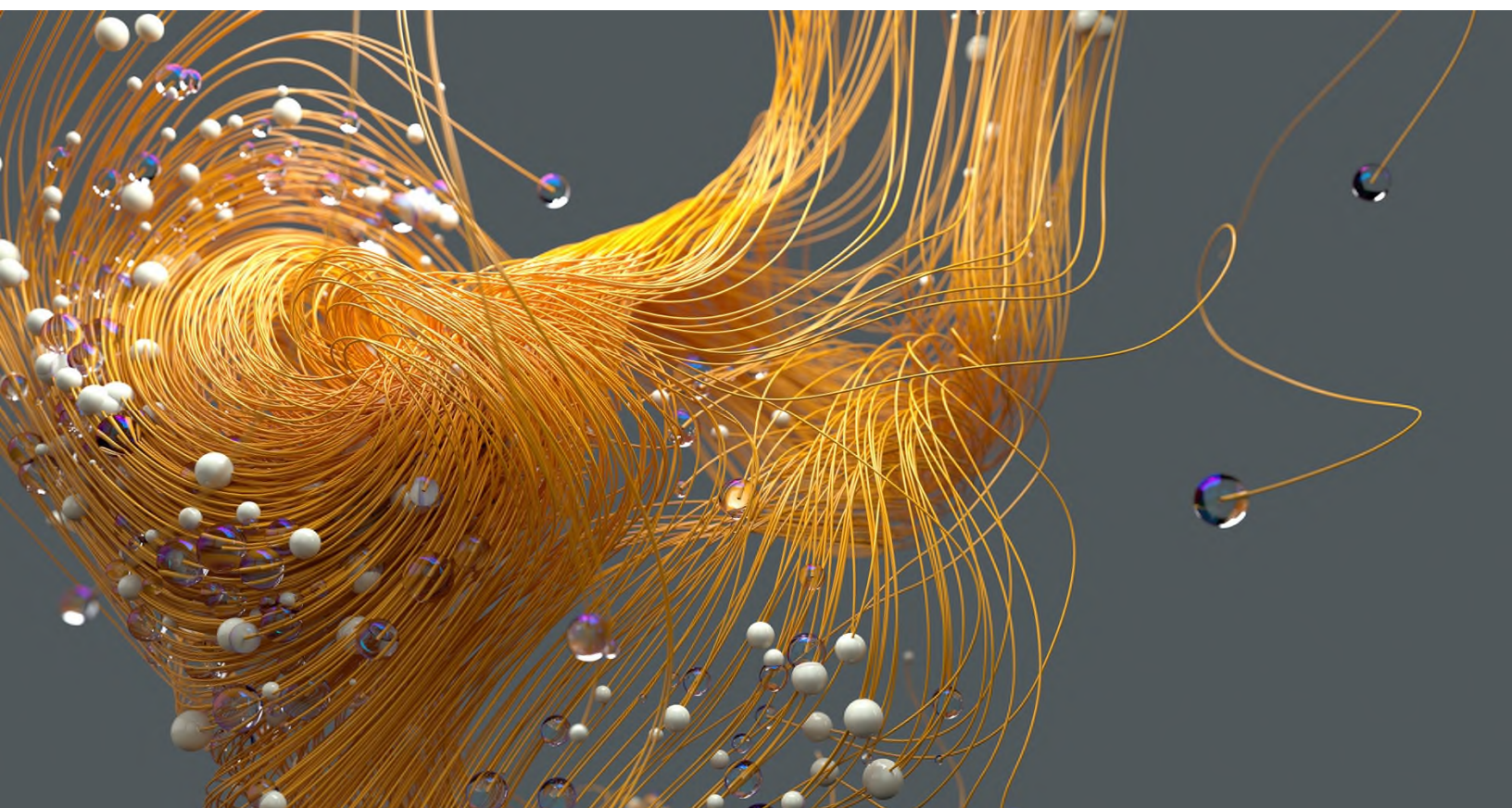


January 11, 2022

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**  
**Where Is All This Turmoil Heading?**

# Industry Insights

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## Where Is All This Turmoil Heading?

*Banker Commentary by David Morlock*

Entering the third year of the pandemic, the strain and pressure on hospitals and health systems remains unrelenting. The list is long (and depressing): labor shortages, vaccine mandates, expense inflation, legacy building fixed costs, increasing regulatory and compliance burden, reimbursement pressure, physician consolidation, disruptive private equity investment, payer consolidation, price transparency, consumer demands, Medicare Advantage growth, the slow march to value-based-care, expensive IT investment, and on and on.

In addition, some health systems are in markets where local socio-economic conditions, payer mix, stagnant population growth, and an over-bedded market exacerbate the already scary over-arching industry trends.

It is no wonder that health system C-suite turnover is so high. And it certainly begs the question: Where is all this turmoil heading in the future? Because the status quo simply cannot continue.

We at Cain Brothers believe that future health system survival is all about scale.

But not scale in the traditional sense.

It is about scale in attributed lives. Health systems must be the nexus of care for attributed lives in their markets. And those markets must be large enough to be relevant and influential.

Ask yourself - Why are insurance companies acquiring physician practices and MSOs? Why does private equity invest so heavily in physicians and physician enablement companies? Why are CVS, Walgreens and Walmart investing so heavily in the actual delivery of care? They are all doing so to become the nexus of care. Because there is profit in managing care of attributed lives at scale.

This competitive pressure is based on Medicare Advantage and value-based-care reducing utilization and driving care into the lowest cost settings.

And the key phrase is "at scale."

As a health system leader, you need a Medicare Advantage model that works in both a value-based-care world and a fee-for-service world. In the fee-for-service context, the model means that you can be break-even at Medicare fee-for-service rates. If you continue to rely on the plan of losing money on government paid business but making up for it with profits on commercial payers, then you will eventually enter a death spiral.

## Industry Insights

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This fee-for-service context also means that you need to make money in your ambulatory environment, including the employed physician group.

In a value-based-care context, the Medicare Advantage model means that you are taking top-line insurance risk, and you are on the hook for population health, quality of care, and economic outcomes for an entire population of attributed lives.

Health systems have multiple ways to achieve scale in attributed lives.

You could acquire and employ many PCPs and gate-keeping specialists, in an attempt to control attributed lives. Are you positioned to out-compete major insurance companies, private equity, and major pharmacy chains in this physician acquisition space?

You could own and operate a Medicare Advantage health plan, at scale. Scale in this context is measured in hundreds of thousands of lives. And the MA health plan business is a retail business. Are you positioned to out-compete major insurers in this space?

You could sign a large full-risk capitation agreement with a payer, covering a large number of attributed lives. Are there payers in your market signing those deals?

You could merge with another health system, such that the combined entity has sufficient scale and access to attributed lives to permit your system to survive in the future.

Or you could access attributed lives via partnerships. There are many partners to choose from. This would involve running a crisp, controlled process to identify the right partner who can bring not only attributed lives, but capital and know-how, in order to be successful in the Medicare Advantage model.

Scale matters. But not from the traditional sense of leverage. Scale in attributed lives matters because of actuarial soundness, access to capital, shared operational services, and deploying technology and innovation on a scale where a reasonable return can be achieved.

A new world is emerging for health systems. They can shift paradigms, make partnerships, gain scale, and survive. Or they can hunker down, hope, and then wither away.

What will you do?

# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
1/6/2022	Animal Dermatology Group	Percheron Capital	NA	NA	NA	Network of veterinary dermatology specialists
1/6/2022	Vocera Communications (NYSE: VCRA)	Stryker (NYSE: SYK)	\$3,090	13.7x	NM	Platform for digital care coordination and communication
1/5/2022	Confluent Medical	TPG Capital (majority stake) and Ampersand Capital Partners (minority stake)	NA	NA	NA	Science, development and manufacturing partner to medical device manufacturers
1/5/2022	Cato SMS	Pharm-Olam	Merger	NA	NA	Global biopharmaceutical services organization
1/5/2022	Castlight Health (NYSE: CSLT)	Vera Whole Health	\$370	2.6x	NM	Healthcare data and navigation company
1/5/2022	JourneyCare	Addus HomeCare (Nasdaq: ADUS)	\$85	1.5x	NA	NFP, community-based organization that provides care and support to families living with serious illness
1/5/2022	Meditology	Primus Capital	NA	NA	NA	Provider of information risk management, cybersecurity, privacy, and regulatory compliance services for the healthcare industry
1/5/2022	Mobile Vascular Physicians	Housatonic Partners	NA	NA	NA	Concierge medical practice provider of vascular and interventional radiology services to residents of long-term care facilities
1/5/2022	Terrapin Pharmacy	WindRose Health Investors	NA	NA	NA	Specialized pharmacy with distribution and medication adherence services and technology
1/5/2022	Smile Doctors	Thomas H. Lee Partners and Linden Capital	NA	NA	NA	Orthodontics-focused dental support organization
1/4/2022	MarkeTouch Media	OmniceII (Nasdaq:OMCL)	\$82	NA	NA	Pharmacy software solutions provider
1/4/2022	MD Now Urgent Care	HCA Healthcare (NYSE: HCA)	NA	NA	NA	Network of 59 urgent care centers in Florida
12/31/2021	Retina Consultants of Michigan*	Midwest Vision Partners (Alpine Investors)	NA	NA	NA	Retina-focused physician group practice
12/27/2021	The Lynx Group*	Amplify Health (Altamont Capital Partners)	NA	NA	NA	Provider of medical communications and education focused on oncology and rare disease states
12/27/2021	TTG Imaging Solutions	Sentinel Capital Partners	NA	NA	NA	Distributor of molecular imaging and nuclear imaging equipment
12/22/2021	Verisma	NewSpring	NA	NA	NA	Healthcare disclosure management technology and services
12/21/2021	Community Medical Services (Clearview Capital)	FFL Partners and Two Sigma Impact	NA	NA	NA	Opioid treatment program provider
12/20/2021	Johnson Matthey's Health Business	Altaris Capital Partners	\$432.7	NA	9.8x	Developer and manufacturer of specialist and complex active pharmaceutical ingredients for pharma and biotech customers
12/20/2021	Office Ally	Francisco Partners	NA	NA	NA	Provider of healthcare clearinghouse and software solutions
12/20/2021	Capital Medical Center's Real Estate Assets (Medical Properties Trust)	MultiCare Health System*	NA	NA	NA	Real estate assets for Capital Medical Center 107-bed community hospital

# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
12/20/2021	Zing Health	Town Hall Ventures and Leavitt Equity Partners	Minority	\$25	Physician-led Medicare Advantage insurance company
12/20/2021	Univfy	Atlantic Street Capital	Series B	Undisclosed	Provider of artificial intelligence and machine learning to increase access to fertility care
12/17/2021	Well Dot	Valeas Capital Partners (lead), General Catalyst and Hellman & Friedman	Series B	\$70	Consumer-focused health improvement platform
12/15/2021	Panorama Eyecare	Archimedes Health Investors (lead)	Undisclosed	\$150	Physician-led eye care management services organization
12/14/2021	Ophelia	Tiger Global (lead), Menlo Ventures, General Catalyst, Refactor Capital, 640 Oxford Ventures, Interplay Ventures, PillPack founder Elliot Cohen, and Good Friends	Series B	\$50	Digital provider of medication-assisted treatment for opioid use disorder
12/14/2021	Garner Health	Redpoint Ventures (lead), Founders Fund, Thrive Capital, and Optum Ventures	Series B	\$45	Provider of physician quality data to patients and doctors
12/14/2021	Restore Hyper Wellness	General Atlantic	Undisclosed	\$140	Provider of proactive wellness solutions
12/14/2021	Route 92 Medical	InnovaHealth Partners and Norwest Venture Partners (co-leads), Vertical Group and U.S. Venture Partners	Series E	\$56	Medical technology company focused on stroke intervention
12/14/2021	Route 92 Medical	Runway Growth Capital	Senior Secured Term Loan	\$55	Medical technology company focused on stroke intervention
12/13/2021	PetDx	Longview Asset Management (lead), Declaration Partners, Torch Capital, Aperture Venture Partners, Valor Equity Partners, Friedman Bioventure, K4 Family Investments, and Labcorp	Series B	\$62	Molecular diagnostics company dedicated to pet health



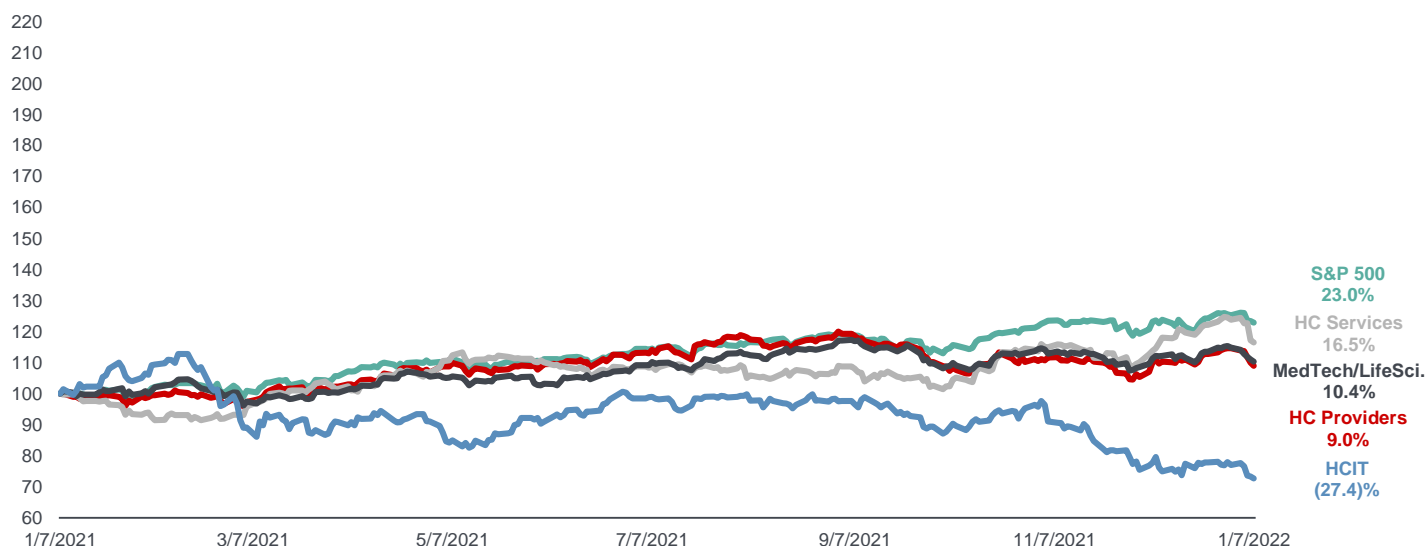
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of January 7, 2022

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	36,338	36,232	16.7%	(0.3%)
S&P 500	4,766	4,677	23.0%	(1.9%)
NASDAQ	15,645	14,936	14.3%	(4.5%)
Russell 2000	2,245	2,180	4.0%	(2.9%)
NYSE Healthcare	23,177	23,669	19.0%	2.1%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	38.3%	(2.2%)
Alternate Site Services	(11.4%)	(2.5%)
Diagnostics	12.6%	(10.2%)
Distribution	15.8%	0.5%
Healthcare IT	(27.4%)	(5.6%)
Healthcare REITs	17.7%	2.2%
Managed Care	18.1%	(8.3%)
Medical Technology	8.9%	(3.1%)
Outsourced Services	11.9%	(3.3%)
Pharma Services	24.9%	(10.2%)
Pharmacy	34.1%	1.5%
Post-Acute Care	(5.2%)	(6.4%)

## 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
Paragon 28 (FNA)	10/15/2021	IPO	\$125	\$1,391	\$16.00	11.3%	Orthopedic medical device company
Cue Health (HLTH)	9/24/2021	IPO	\$200	\$2,875	\$16.00	(37.9%)	Consumer focused healthcare IT company
Definitive Healthcare (DH)	9/15/2021	IPO	\$420	\$4,288	\$27.00	44.7%	Healthcare commercial intelligence solutions
Avantor (AVTR)	9/15/2021	Follow On	\$875	\$25,884	\$42.00	(8.5%)	Critical products and services to customers in the biopharma and healthcare industries
Maravai LifeSciences (Nasdaq: MRVI)*	9/10/2021	Follow On	\$1,000	\$15,400	\$50.00	(16.0%)	Data and analytics technology and services to healthcare organizations

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of January 7, 2022

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.93%	1.79%	2.16%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.73%	1.59%	1.86%
SIFMA (Variable Rate Demand Notes)	0.06%	0.10%	0.07%
Revenue Bond Index	2.03%	1.97%	2.56%
SIFMA/1 Month LIBOR	60.00%	100.00%	53.85%
RBI/30 Yr Treasury (%)	96.21%	103.68%	136.90%
30-Year Floating to Fixed Swap (81% LIBOR)	1.61%	1.43%	1.24%

1. Bloomberg, Capital IQ

## 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
Kendal at Ithaca, Inc. Project (Forward Delivery)	\$6.355	NY	NR / BBB+ / NR	2032	NC	4.00%	1.97%	N/A	1.63%
Kendal at Ithaca, Inc. Project	\$5.190	NY	NR / BBB+ / NR	2042	2032 (C)	4.00%	2.16%	2.89%	1.63%
<b>Total</b>	<b>\$11.545</b>								

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

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

Issuer	Date	Amount	Rating
Harris County Cultural Education Facilities Finance Corporation Taxable Revenue Bonds (Texas Medical Center) Series 2022	1/11/2022	\$93.725	NR / AA- / AA-

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

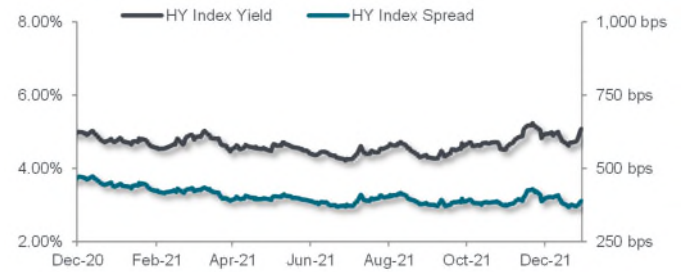
### High Yield

- Last week saw a \$584 million inflow, which follows the prior week's inflow of \$1.8 billion. 2021 net outflows totaled \$13.0 billion, which compares to 2020 net inflows of \$44.9 billion

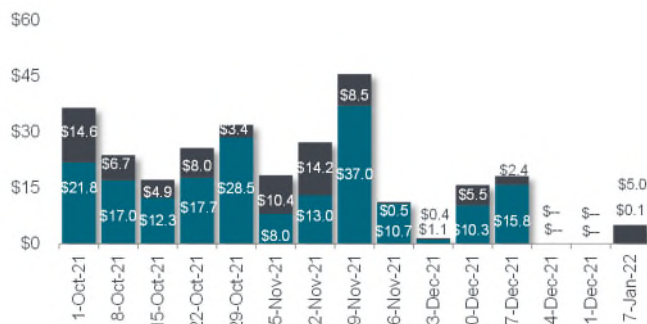
### Leveraged Loans

- Leveraged loan funds reported inflows totaling \$840 million last week, which follows an inflow of \$558 million the week prior

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



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

	2Q21	3Q21	30-Day Rolling Average		
			November 2021	December 2021	01/06/22
Overall	4.64%	4.78%	4.61%	4.96%	4.68%
4B	2.98%	3.45%	3.60%	2.73%	N/A
2B	4.99%	5.02%	4.76%	5.19%	4.91%
Middle Market	5.15%	5.75%	5.35%	6.16%	5.85%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
12/7/2021	Merck & Co	Sr Notes	\$1,500	A1 / A+	1.700%	6/10/2027	+45	20 bps
12/7/2021	Merck & Co	Sr Notes	\$1,000	A1 / A+	1.900%	12/10/2028	+50	25 bps
12/7/2021	Merck & Co	Sr Notes	\$2,000	A1 / A+	2.150%	12/10/2031	+70	20 bps
12/7/2021	Merck & Co	Sr Notes	\$2,000	A1 / A+	2.750%	12/10/2051	+95	20 bps
12/7/2021	Merck & Co	Sr Notes	\$1,500	A1 / A+	2.900%	12/10/2061	+110	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
11/16/2021	Tenet Healthcare	1st Lien Notes	\$1,450	B1/B+	4.375%	1/15/2030	284 bps	4.375% area
11/2/2021	Teva Pharmaceutical Industries (€)	Sr. Notes	\$1,269	Ba2/BB-	3.750%	5/9/2027	421 bps	4.00% area
11/2/2021	Teva Pharmaceutical Industries (€)	Sr. Notes	\$1,731	Ba2/BB-	4.375%	5/9/2030	465 bps	4.625% area
11/2/2021	Teva Pharmaceutical Industries	Sr. Notes	\$1,000	Ba2/BB-	4.750%	5/9/2027	353 bps	5.00% area
11/2/2021	Teva Pharmaceutical Industries	Sr. Notes	\$1,000	Ba2/BB-	5.125%	5/9/2029	370 bps	5.375% area

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
12/20/2022	Scion Health	Not Sponsored	B2 / B	Acquisition	\$450	L+525, 0.50% @ 93	7.500%
12/16/2021	ICU Medical*	Not Sponsored	Ba3 / BB	Acquisition	\$850	SOFR+CSA+250, 0.50% @ 99.5	3.125%
12/15/2021	National Mentor	Centerbridge Partners	B3 / B	Acquisition	\$200	L+375, 0.75% @ 98.56	4.860%



## Healthcare News

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### Home Health Workforce Has Rebounded from Pandemic Lows, But Not Entirely<sup>1</sup>

Home Health Care News | January 4, 2022

Nurse employment data during the first 15 months of the COVID-19 pandemic shows that the health care labor market tightened overall, but certain workers and settings were affected more than others. That's according to a new analysis published by Health Affairs on Tuesday that analyzed aggregate data from the U.S. Bureau of Labor Statistics from February 2020 to June 2021 for registered nurses (RNs), licensed practical nurses (LPNs) and nursing assistants (NAs). The decline in health care employment during the pandemic was unprecedented. Dating back to 1990, overall health care employment had never decreased, yet it did during that 15-month period.

### Americans Spent Over \$8.7 Billion On Aesthetic Plastic Surgery In The First 6 Months Of 2021<sup>2</sup>

PR Newswire | December 21, 2021

The Aesthetic Society has released its 2022 predictions detailing what aesthetic plastic surgery trends are expected in the coming year. With more than 2,600 board-certified plastic surgeons comprising its membership, The Aesthetic Society is at the forefront of research, education, and what lies ahead for the aesthetic industry. Insight from its members includes specific trends persisting from the onset of the COVID-19 pandemic, more procedures performed at once to quell demand, and young patients requesting procedures that are popular among middle-aged adults. According to data from Aesthetic Society members using the Aesthetic Neural Network (ANN) data, powered by Ronan Solutions, from January 1, 2021-July 1, 2021, Americans spent over \$8.7 billion on aesthetic plastic surgery—hinting that 2021 may close the year in record-breaking revenue numbers. In 2020, Americans spent over \$6 billion on aesthetic surgical procedures and over \$3 billion on nonsurgical aesthetic procedures. After an unprecedented year in 2020, including restrictions on elective procedures, the aesthetics industry has seen a spike in demand for plastic surgery that has yet to subside.

### Medicare Advantage, Consolidation Drove Healthcare Insurer Trends In 2021<sup>3</sup>

Healthcare Finance | December 27, 2021

Medicare Advantage, consolidation drove healthcare insurer trends in 2021. COVID-19 continued to affect the industry, which has plowed forward with expanded offerings, digital transformation and other bold moves. It was difficult to predict trend lines for the payer and health insurance industry in 2021, largely because of persistent uncertainties due to the COVID-19 pandemic. Consumer behavior has become more unpredictable, care models and offerings are changing, and payers are adapting to a world that's evolving rapidly in unexpected ways. One factor that has been rendered extremely unpredictable by the virus is the financial health of the nation's major insurers, which soared during the initial waves of the pandemic in 2020 but then settled back down to earth toward the end of that year. In 2021, insurers still posted mostly substantial profits, but they were far from the heights seen the previous year.

## Healthcare News Continued...

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### Pandemic Hastens Ongoing Trend In Veterinary Consolidation<sup>1</sup>

Vin News | December 30, 2021

Frenetic merger activity among veterinary hospitals in 2021 has lifted the market share of corporate consolidators in the United States to close to 50% of all companion animal practice revenue by at least one estimate, as the pandemic spurs demand for pet-care services. Market consultants and investment bankers expect the deals to keep flowing in 2022, even as prospective buyers confront stratospherically high asset valuations and possible scrutiny from antitrust regulators. Meanwhile, a professional association for U.S. independent practices has boosted its membership to over 500, as a rapidly shrinking pool of holdouts strives to remain competitive. Precisely measuring how many practices are being bought by consolidators is challenging because many are private companies that don't have to disclose acquisitions publicly. Analysts, however, can get a handle on numbers by regularly checking practice counts displayed on company websites, calling their executives or talking to other companies in the veterinary supply chain.

### Is The Pandemic-Era Telehealth Boom Reversing?<sup>2</sup>

Advisory Board | January 5, 2022

Although telehealth use surged in 2020, a new analysis by Trilliant Health found that utilization saw a significant dip in 2021—even as many health experts continue to push for expanding telehealth coverage in the future. According to a report released in December by HHS' Office of the Assistant Secretary for Planning and Evaluation (ASPE), telehealth use increased 63-fold among Medicare beneficiaries from 2019 and 2020. "During the Covid-19 pandemic, various telehealth flexibilities enabled patient access to their providers," said Rebecca Haffajee, HHS assistant secretary for planning and evaluation. "Pre-pandemic telehealth visits for Medicare beneficiaries went from hundreds of thousands to tens of millions, with many utilizing telehealth for the first time." However, a recently published analysis by Trilliant Health found that telehealth use decreased by an average of 40.3% a month in 2021 compared to 2020. For the analysis, the company compared telehealth usage in commercial, Medicare Advantage, and Medicaid managed care claims during March to December 2021 with the same period in 2020.

### Avalere: Providing Behavioral Healthcare to Medicare Population Lowers Total Cost of Care<sup>3</sup>

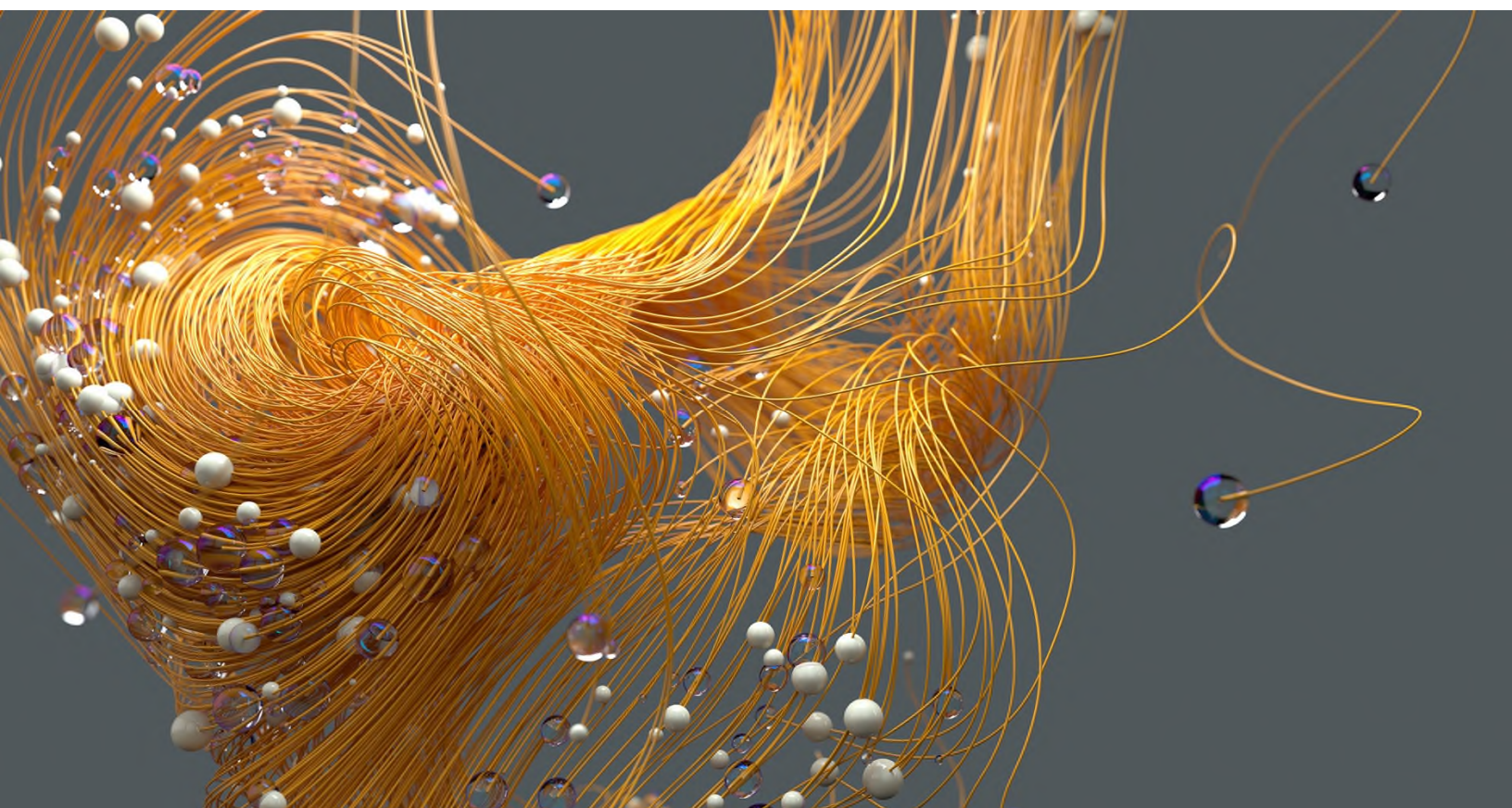
Behavioral Health Business | December 23, 2021

Providing behavioral health care to Medicare enrollees lowers the cost of care compared to individuals who were left untreated, according to results of a recently published analysis. The study was done by health care management consulting company Avalere Health, which looked at the medical, hospital and emergency department (ED) costs incurred when treating geriatric patients for a major depressive disorder (MDD), versus expenses accrued when Medicare recipients receive no care at all. For data, Avalere utilized a report from the University of Michigan Behavioral Health Workforce Research Center, which analyzed the nationwide prevalence of psychiatrists specializing in a number of areas, such as those tending to the geriatric population. Overall on a monthly basis, treating patients resulted in a 10% decline in costs compared to a 6% reduction of untreated individuals. The biggest discrepancy lies in costs for care provided at hospitals, where it declined by 5% for individuals being treated for MDD compared to a 10% jump in costs for those who were untreated.

January 19, 2022

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**

**The Growing Need for Increased Insurance Coverage of Fertility Services**

# Industry Insights

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## The Growing Need for Increased Insurance Coverage of Fertility

*Banker Commentary by Brian Gierman*

In the United States, infertility is much more common than you'd think. It is estimated that one in every seven couples will experience infertility, and that number is only expected to grow. There are social factors that will continue to contribute to a rise in infertility: parents are choosing to have children later in life and their lifestyle choices – poor nutrition, obesity and drug and alcohol use – have a significant impact on their ability to get pregnant. Although infertility rates are on the rise, there are more choices than ever to act. The key to combatting infertility will be providing adequate insurance coverage that enables all parents to receive proper care.

At a high-level, fertility services fall into one of three service categories: diagnostic, treatment or preservation. Diagnostic includes lab testing, semen analysis, imaging, and various other procedures; treatment includes medications, surgery, intrauterine insemination, and in vitro fertilization ("IVF"); and preservation is cryopreservation, or the freezing of egg, sperm or embryo. While the number of people seeking these services has increased significantly – a National Survey of Family Growth ("NSFG") found that roughly 10% of women from 18-49 years old say they or their partner have talked to a doctor about ways to help getting pregnant – there are still significant hinderances to access.

The biggest hurdles to the access of fertility services are high costs and lack of insurance coverage. Many individuals are forced to pay out of pocket for their treatment, and multiple treatments are often required before reaching success. Levels of insurance coverage vary significantly: as of January 2022, legislation has been passed in 16 states that requires private health plans to cover at least some infertility treatment, and a September 2021 Barclays equity research report on emerging healthcare delivery models and providers found that only 23% of large employers offer some type of fertility coverage.

The data around insurance coverage looks even more grim when you drill into government programs. As of January 2020, only one state (New York) required its Medicaid program to cover infertility diagnostics and some treatment services, and just seven other states (Georgia, Hawaii, Massachusetts, Michigan, Minnesota, New Hampshire, and New Mexico) required coverage of some infertility diagnostics but no treatment services.

## Industry Insights

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The lack of system-wide support of fertility services has led to a substantial coverage divide around income and ethnicity. Women seeking fertility services tend to be white and 35+ years old with higher incomes and private insurance. In fact, the share of minorities who utilize fertility services is significantly less than non-minorities: a 2015 – 2017 NSFG analysis showed that, while 13% of non-Hispanic White women reported going to a medical provider for fertility services, only 6% of Hispanic women and 7% of non-Hispanic black women did the same. The lack of fertility services coverage by Medicaid, which encompass a higher share of Black and Hispanic women, has exacerbated this issue.

As social factors continue to decrease fertility rates, it is becoming more evident that more extensive coverage of the \$58b fertility services industry is necessary. However, despite the major steps made in treatment options, federal legislation on this topic – in particular, the Access to Infertility Treatment and Care Act sponsored by New Jersey Senators Cory Booker and Bob Menendez – has failed to gain traction. It is vital that we take the stress and financial responsibility of struggling to conceive a child out of the equation for parents. Providing expansive coverage for fertility services at the government program, private, or self-pay levels of insurance is a necessary step in the right direction.



# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
1/14/2022	Tridium (Ben Franklin Technology Partners, Fresenius, Martinson Ventures, Sopris Capital)	New Directions Behavioral Health (GuideWell)	NA	NA	NA	Digital behavioral health company
1/13/2022	SpineOne	Trinity Hunt Partners	NA	NA	NA	Provider of interventional pain management services
1/12/2022	AnovoRx	TPG Growth	NA	NA	NA	Provider of specialty pharmacy services
1/12/2022	InfuCare Rx	One Equity Partners	NA	NA	NA	Provider of specialty infusion therapies and comprehensive clinical therapy management services
1/11/2022	Renovo Solutions	Water Street Healthcare Partners	NA	NA	NA	Providers focused on managing healthcare and life sciences equipment and technology
1/11/2022	Spherix Global Insights	Susquehanna Private Capital	NA	NA	NA	Pharmaceutical market insights firm focused on the dermatology, gastroenterology, nephrology, neurology, ophthalmology, and rheumatology specialties
1/11/2022	TigerConnect	Vista Equity Partners	NA	NA	NA	Clinical collaboration platform
1/12/2022	P&R Dental Strategies	The Beekman Group	NA	NA	NA	Provider of big data analytics for the dental industry
1/10/2022	Zipher Medical Affairs	Arsenal Capital Partners	NA	NA	NA	Provider of medical affairs strategic consulting services
1/10/2022	Apria (Nasdaq: APR)	Owens & Minor (NYSE: OMI)	\$1,450	1.3x	5.6x	Provider of integrated home healthcare equipment and related services
1/10/2022	Cloudmed (New Mountain Capital)	R1 RCM (NASDAQ: RCM)	\$4,100	NA	NA	Revenue cycle provider for more than 400 of the largest health systems
1/10/2022	RLDatix	Nordic Capital	NA	NA	NA	Governance, risk and compliance solutions for healthcare
1/6/2022	Animal Dermatology Group	Percheron Capital	NA	NA	NA	Network of veterinary dermatology specialists
1/6/2022	Vocera Communications (NYSE: VCRA)	Stryker (NYSE: SYK)	\$3,090	13.7x	NM	Platform for digital care coordination and communication
1/5/2022	Confluent Medical	TPG Capital (majority stake) and Ampersand Capital Partners (minority stake)	NA	NA	NA	Science, development and manufacturing partner to medical device manufacturers
1/5/2022	Cato SMS	Pharm-Olam	Merger	NA	NA	Global biopharmaceutical services organization
1/5/2022	Castlight Health (NYSE: CSLT)	Vera Whole Health	\$370	2.6x	NM	Healthcare data and navigation company
1/5/2022	JourneyCare	Addus HomeCare (Nasdaq: ADUS)	\$85	1.5x	NA	NFP, community-based organization that provides care and support to families living with serious illness
1/5/2022	Meditology	Primus Capital	NA	NA	NA	Provider of information risk management, cybersecurity, privacy, and regulatory compliance services for the healthcare industry
1/5/2022	Mobile Vascular Physicians	Housatonic Partners	NA	NA	NA	Concierge medical practice provider of vascular and interventional radiology services to residents of long-term care facilities



# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
1/14/2022	Verana Health	Johnson & Johnson Innovation and Novo Growth (co-leads), GV, Casdin Capital, Brook Byers, Merck Global Health Innovation, THVC, and Breyer Capital	Series E	\$150	Real-world data network that delivers drug lifecycle and medical practice insights
1/10/2022	Medically Home	Baxter, Global Medical Response, Cardinal Health, Mayo Clinic and Kaiser Permanente	Strategic	\$110	Enables health systems to safely care for their patients at home, across the care continuum, including hospital-level care
1/13/2022	DexCare	Transformation Capital (lead), Kaiser Permanente, Providence Ventures, Mass General Brigham, Define Ventures, Frist Cressey Ventures, and SpringRock Ventures	Series B	\$50	Platform-as-a-Service for health systems
12/20/2021	Zing Health	Town Hall Ventures and Leavitt Equity Partners	Minority	\$25	Physician-led Medicare Advantage insurance company
12/20/2021	Univfy	Atlantic Street Capital	Series B	Undisclosed	Provider of artificial intelligence and machine learning to increase access to fertility care
12/17/2021	Well Dot	Valeas Capital Partners (lead), General Catalyst and Hellman & Friedman	Series B	\$70	Consumer-focused health improvement platform
12/15/2021	Panorama Eyecare	Archimedes Health Investors (lead)	Undisclosed	\$150	Physician-led eye care management services organization
12/14/2021	Ophelia	Tiger Global (lead), Menlo Ventures, General Catalyst, Refactor Capital, 640 Oxford Ventures, Interplay Ventures, PillPack founder Elliot Cohen, and Good Friends	Series B	\$50	Digital provider of medication-assisted treatment for opioid use disorder
12/14/2021	Garner Health	Redpoint Ventures (lead), Founders Fund, Thrive Capital, and Optum Ventures	Series B	\$45	Provider of physician quality data to patients and doctors
12/14/2021	Restore Hyper Wellness	General Atlantic	Undisclosed	\$140	Provider of proactive wellness solutions
12/14/2021	Route 92 Medical	InnovaHealth Partners and Norwest Venture Partners (co-leads), Vertical Group and U.S. Venture Partners	Series E	\$56	Medical technology company focused on stroke intervention
12/14/2021	Route 92 Medical	Runway Growth Capital	Senior Secured Term Loan	\$55	Medical technology company focused on stroke intervention
12/13/2021	PetDx	Longview Asset Management (lead), Declaration Partners, Torch Capital, Aperture Venture Partners, Valor Equity Partners, Friedman Bioventure, K4 Family Investments, and Labcorp	Series B	\$62	Molecular diagnostics company dedicated to pet health

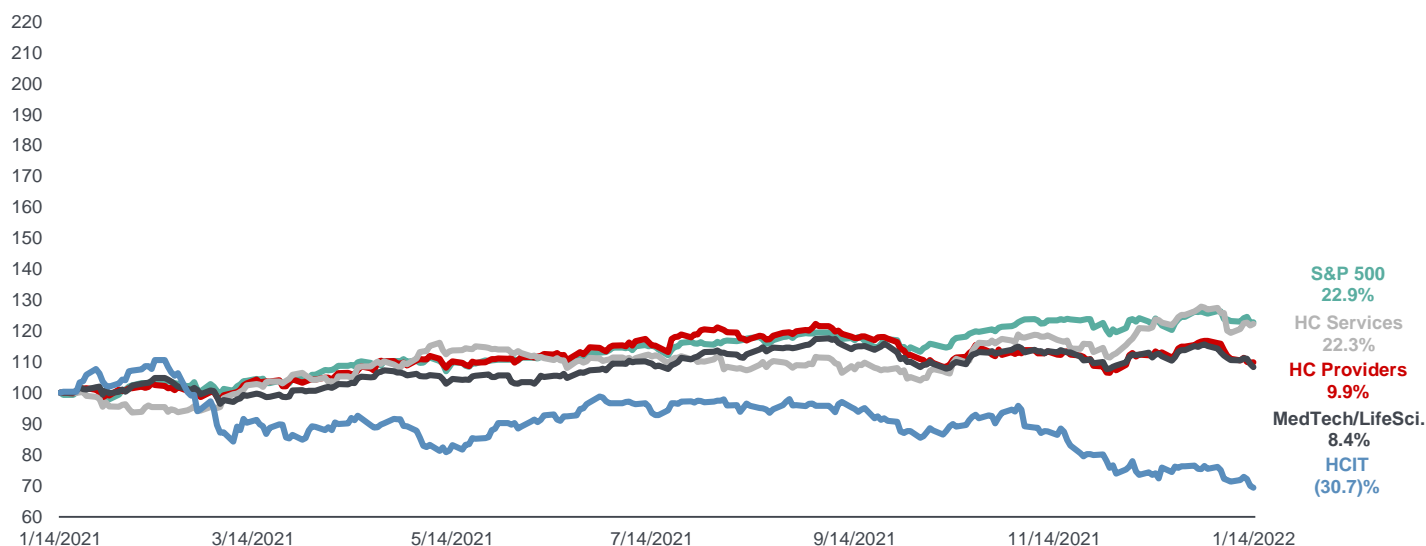
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of January 14, 2022

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	36,232	35,912	15.9%	(0.9%)
S&P 500	4,677	4,663	22.9%	(0.3%)
NASDAQ	14,936	14,894	13.6%	(0.3%)
Russell 2000	2,180	2,162	0.3%	(0.8%)
NYSE Healthcare	23,177	23,669	19.0%	2.1%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	46.1%	2.5%
Alternate Site Services	(5.6%)	3.7%
Diagnostics	3.2%	(6.6%)
Distribution	14.1%	(0.4%)
Healthcare IT	(30.7%)	(2.7%)
Healthcare REITs	15.4%	0.2%
Managed Care	27.2%	3.0%
Medical Technology	7.3%	(1.8%)
Outsourced Services	9.0%	(1.9%)
Pharma Services	17.8%	(4.6%)
Pharmacy	31.6%	1.6%
Post-Acute Care	(2.2%)	0.2%

## 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
Paragon 28 (FNA)	10/15/2021	IPO	\$125	\$1,391	\$16.00	11.3%	Orthopedic medical device company
Cue Health (HLTH)	9/24/2021	IPO	\$200	\$2,875	\$16.00	(37.9%)	Consumer focused healthcare IT company
Definitive Healthcare (DH)	9/15/2021	IPO	\$420	\$4,288	\$27.00	44.7%	Healthcare commercial intelligence solutions
Avantor (AVTR)	9/15/2021	Follow On	\$875	\$25,884	\$42.00	(8.5%)	Critical products and services to customers in the biopharma and healthcare industries
Maravai LifeSciences (Nasdaq: MRVI)*	9/10/2021	Follow On	\$1,000	\$15,400	\$50.00	(16.0%)	Data and analytics technology and services to healthcare organizations

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of January 14, 2022

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.09%	1.93%	2.16%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.84%	1.73%	1.86%
SIFMA (Variable Rate Demand Notes)	0.04%	0.06%	0.07%
Revenue Bond Index	2.10%	2.03%	2.56%
SIFMA/1 Month LIBOR	36.36%	60.00%	53.85%
RBI/30 Yr Treasury (%)	99.06%	96.21%	136.90%
30-Year Floating to Fixed Swap (81% LIBOR)	1.61%	1.61%	1.24%

## 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
Trinity Health Credit Group <sup>(a)</sup>	\$201.895	MI	Aa3 / AA- / AA-	2047	2031 (C)	4.00%	2.22%	3.11%	1.64%
Trinity Health Credit Group (Remarketing of Series 2016MI-2)	\$67.160	MI	Aa3 / AA- / AA-	2051	2032 (C)	4.00%	2.29%	3.19%	1.64%
Trinity Health Credit Group (Multi Modal Bond)	\$61.905	MI	Aa3 / AA- / AA-	2043	2028 (P)	5.00%	1.37%	3.54%	1.64%
UF Health Jacksonville <sup>(b)</sup> (2041 - 2046 Maturities insured by AGM)	\$230.145	FL	Baa3 / NR / BBB-	2052	2032 (C)	5.00%	2.60%	3.82%	1.64%
UF Health Jacksonville <sup>(b)</sup> (Taxable, insured by AGM)	\$82.260	FL	Baa3 / NR / BBB-	2032	2031 (C)	3.22%	3.22%	N/A	1.70%
The Cabana at Jensen Dunes <sup>(c)</sup> (Limited Offering)	\$34.300	FL	NR / NR / NR	2056	2032 (C)	5.00%	5.38%	N/A	1.64%
<b>Total</b>	<b>\$677.665</b>								

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

(a) Overlapping final maturity: Coupon / YTC / YTM of 2.75% / 2.82% / N/A

(b) \$230.145MM Tranche: Overlapping final maturity: Coupon / YTC / YTM of 4.00% / 2.80% / 3.44%; Assured Guaranty Municipal Corp. provides "A2" Rating by Moody's

(c) Overlapping final maturity: Coupon / YTC / YTM of 5.25% / 5.38% / N/A

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
WakeMed Taxable Bonds, Series 2022A Corporate CUSIP	1/20/2022	\$300.000	A2 / NR / A+
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2022 (The Medical College of Wisconsin, Inc.)	1/20/2022	\$172.085	Aa3 / AA- / NR
Orange County Health Facilities Authority Revenue Bonds (Presbyterian Retirement Communities Obligated Group Project), Series 2023A	1/20/2022	\$140.640	NR / NR / A-
Public Finance Authority Wisconsin Revenue and Revenue Refunding Bonds (Roseman University of Health Sciences Project) Series 2022	1/20/2022	\$62.610	NR / BB / NR
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2018C (Advocate Aurora Health Credit Group) Series 2018C-2 Remarketing	1/19/2022	\$50.000	Aa3 / AA / AA
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2018B-1 (Advocate Aurora Health Credit Group) Remarketing	1/19/2022	\$46.690	Aa3 / AA / AA
Economic Development Authority of Albermarle County, Virginia Residential Care Facility Revenue Refunding Bonds (Westminster-Canterbury of the Blue Ridge), Series 2022A & B	1/20/2022	\$53.465	NR / NR / BBB+

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

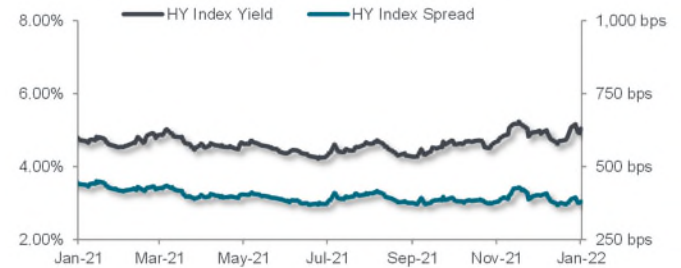
### High Yield

- Last week saw a \$2.2 billion outflow, which follows the prior week's inflow of \$584 million; 2021 net outflows totaled \$13.0 billion, which compares to 2020 net inflows of \$44.9 billion

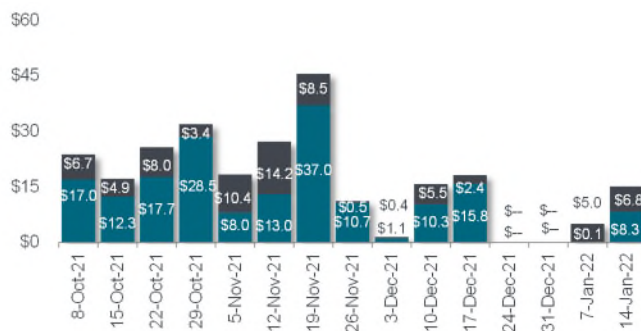
### Leveraged Loans

- Leveraged loan funds reported inflows totaling \$1.8 billion last week, which follows an inflow of \$840 million the week prior

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



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

	2Q21	3Q21	30-Day Rolling Average		
			November 2021	December 2021	01/13/22
Overall	4.64%	4.78%	4.61%	4.96%	4.66%
4B	2.98%	3.45%	3.60%	2.73%	N/A
2B	4.99%	5.02%	4.76%	5.19%	4.82%
Middle Market	5.15%	5.75%	5.35%	6.16%	N/A

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
12/7/2021	Merck & Co	Sr Notes	\$1,500	A1 / A+	1.700%	6/10/2027	+45	20 bps
12/7/2021	Merck & Co	Sr Notes	\$1,000	A1 / A+	1.900%	12/10/2028	+50	25 bps
12/7/2021	Merck & Co	Sr Notes	\$2,000	A1 / A+	2.150%	12/10/2031	+70	20 bps
12/7/2021	Merck & Co	Sr Notes	\$2,000	A1 / A+	2.750%	12/10/2051	+95	20 bps
12/7/2021	Merck & Co	Sr Notes	\$1,500	A1 / A+	2.900%	12/10/2061	+110	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
11/16/2021	Tenet Healthcare	1st Lien Notes	\$1,450	B1/B+	4.375%	1/15/2030	284 bps	4.375% area
11/2/2021	Teva Pharmaceutical Industries (€)	Sr. Notes	\$1,269	Ba2/BB-	3.750%	5/9/2027	421 bps	4.00% area
11/2/2021	Teva Pharmaceutical Industries (€)	Sr. Notes	\$1,731	Ba2/BB-	4.375%	5/9/2030	465 bps	4.625% area
11/2/2021	Teva Pharmaceutical Industries	Sr. Notes	\$1,000	Ba2/BB-	4.750%	5/9/2027	353 bps	5.00% area
11/2/2021	Teva Pharmaceutical Industries	Sr. Notes	\$1,000	Ba2/BB-	5.125%	5/9/2029	370 bps	5.375% area

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
1/14/2022	Maravai Life Sciences	GTCR Golder Rauner	B1 / B+	Refinancing	\$544	SOFR+300, 0.50% @ 100	3.500%
1/12/2022	Cano Health Inc	Not Sponsored	B3 / B	Refinancing	\$644	SOFR+CSA+400, 0.50% @ 100	4.500%
12/20/2021	Scion Health	Not Sponsored	B2 / B	Acquisition	\$450	L+525, 0.50% @ 93	7.500%
12/16/2021	ICU Medical*	Not Sponsored	Ba3 / BB	Acquisition	\$850	SOFR+CSA+250, 0.50% @ 99.5	3.125%

## Healthcare News

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### Digital Health Funding Reaches Record \$29.1B In 2021<sup>1</sup>

Healthcare Dive | January 11, 2022

U.S. digital health startups nabbed a record \$29.1 billion in funding in 2021, nearly double the investment volume in the year prior. That was across 729 deals, with an average deal size of almost \$40 million. Digital health companies catalyzing research and development in biopharma and medtech brought in the most funding, helped by pandemic-era adoption of real-world evidence and decentralized trials. Most of the funding growth was driven by mega rounds of \$100 million or above. Last year had 88 such deals, which brought in \$16.6 billion — more than half the year's total.

### Americans Spent Over \$8.7 Billion On Aesthetic Plastic Surgery In The First 6 Months Of 2021<sup>2</sup>

Healthcare Dive | January 11, 2022

Hospitals in 2021 inked M&A deals aimed at stabilizing their pandemic-shaken core operations, according to a new analysis Monday from Kaufman Hall. It was a year marked by a significant drop in transactions across the sector overall, but a higher percentage of larger-sized deals. Hospitals are also entering a new phase in healthcare deal making focused on partnerships that will look to tackle broader societal problems and address the needs of underserved populations, the industry consultants said.

### MedPAC Declines To Recommend To Congress Additional Pay Bumps For Doctors, Hospitals<sup>3</sup>

Fierce Healthcare | January 11, 2022

A top Medicare advisory board did not recommend any new payment hikes for acute care hospitals or doctors for 2023, stating that targeted relief funding has helped blunt the impact of the COVID-19 pandemic. The commission unanimously voted to update 2023 rates for acute care hospitals by the amounts determined under current law. The Centers for Medicare & Medicaid Services will publish its update to the current law payment rates this summer.

## Healthcare News Continued...

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### Express Scripts, Columbia Study Finds Pharmacists Taking Greater Role In Patient Care<sup>1</sup>

Fierce Healthcare | January 13, 2022

As the healthcare system faces significant labor challenges, a new report suggests pharmacists are well positioned to fill some of the critical gaps. The analysis, conducted by Express Scripts and the Columbia University Mailman School of Public Health, found that a majority of pharmacists see their roles transitioning to more direct patient care responsibilities over the next decade. More than half (53.3%) of surveyed pharmacists said they believe their training is enough to manage patients, though they did flag areas for continued education including chronic care management, diagnostics and prescribing.

### After Years of Decline, Drugmakers' Price Hikes May Have Bottomed Out<sup>2</sup>

Healthcare Dive | January 5, 2022

Pharmaceutical companies have raised the list prices of many of their drugs by about 5% to open 2022, roughly in keeping with recent years' trend but significantly less than in the early and mid-2010s. Drugmakers typically take price increases on their products in the first part of January.

### FDA Seeks Feedback On Draft Device Shortage Guidance<sup>3</sup>

Healthcare Dive | January 13, 2022

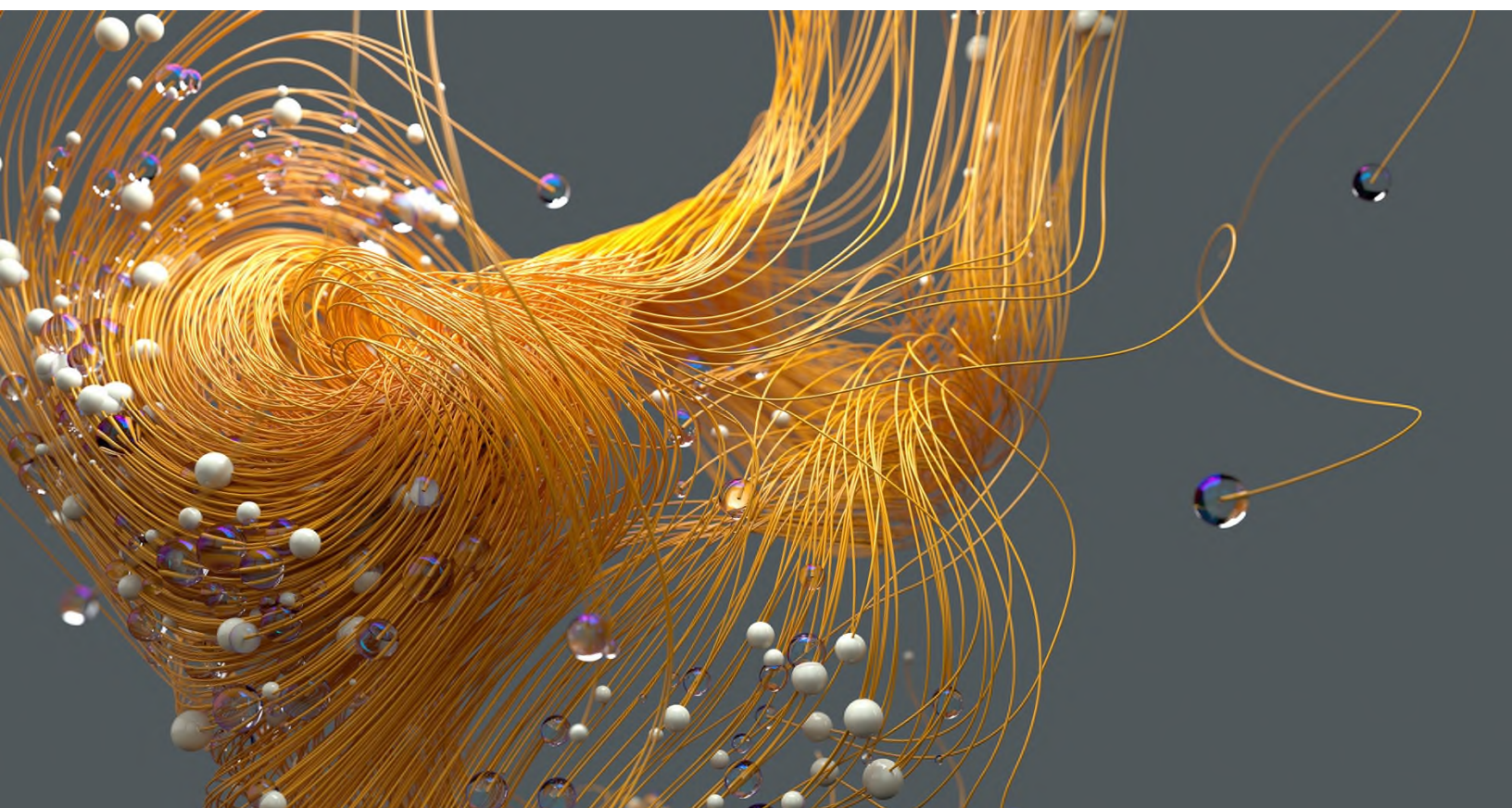
The FDA is seeking feedback on the process for notifying it of an interruption or the permanent end of the production of a medical device. The draft guidance, which is open for comments until March 11, is intended to help manufacturers provide timely information about disruptions during public health emergencies and thereby cut the risk of shortages. Congress imposed reporting requirements on device manufacturers as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which gave FDA authority intended to help prevent or mitigate medical device shortages for the first time. The draft aligns closely with the current policy.



January 26, 2022

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**  
**Program of All-Inclusive Care for the Elderly ("PACE")**

# Industry Insights

## Contents

- Industry Insights
- 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



## Program of All-Inclusive Care for the Elderly (“PACE”)

*Banker Commentary by Stacy Guffanti*

While the ongoing pandemic has impacted all Americans, Covid has been most detrimental to the elderly and people with disabilities, many of whom depend on long-term services and supports (LTSS). This has placed greater emphasis on alternative care models that allow elderly Americans with LTSS needs to live at home, where a vast majority of this population prefers to receive care. Today, more than 800,000 people are on waitlists to receive home and community-based services<sup>1</sup>. This transition of care to the home is a theme that has become prevalent during Covid and warrants attention going forward.

Additionally, value-based care has emerged as a fixture of the healthcare landscape. More than a trend, this secular theme has brought with it a proliferation of new companies. While value-based care has different meanings depending on application, the core concept is that all stakeholders win. Members receive better care, payers see cost savings and providers are less encumbered with administrative work, allowing them to be more engaged with members. Value-based care underscores the concept that the best outcomes are achieved when all stakeholders are aligned.

One of these models that inherently encompasses value-based care AND offers an alternative LTSS model that is home and community-based is the Program of All-Inclusive Care for the Elderly (“PACE”). PACE is a fully integrated, highly coordinated care model that provides comprehensive medical and social services to frail, medically complex, elderly individuals, most of whom are dually eligible for Medicare and Medicaid benefits. PACE addresses the social determinants of health – transportation, meals, and social isolation, to name a few. 95% of PACE participants live safely in the community. PACE is a fully capitated model, which allows providers to deliver all services participants need, rather than limit them to those reimbursable under Medicare and Medicaid fee-for-service plans.

PACE produces tangible outcomes for all stakeholders<sup>2</sup>:

- Members experience reduced hospital admissions, decreased rehospitalizations, reduced ER visits, fewer nursing home admissions and better preventive care;

<sup>1</sup> [United States Senate Special Committee on Aging](#)

<sup>2</sup> [National PACE Association | \(npaonline.org\)](#)

## Industry Insights

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- States pay PACE programs 13% less than the cost of other Medicaid services;
- Seniors receive better quality outcomes and can remain living in their communities; and importantly
- 97.5% of family caregivers would recommend PACE to someone in a similar situation.

The PACE model is roughly 50 years old, and in recent years enrollment has grown at a healthy 9% CAGR. Yet, while there are approximately 58,000 PACE participants, there are ~2 million Americans that could qualify, representing a penetration rate of just 3%. This is low. There are many reasons for this: regulation and policy challenges, limited access to the program, lack of awareness of the program by seniors, and capital-intensity to develop.

In Cain Brothers' view, as we look to emerge from this pandemic, PACE is well positioned for an acceleration. There are a number of factors we have been watching that support this:

- The current administration is pushing to expand home and community-based services. In April 2021, Senator Bob Casey (D-PA), Chairman of the Special Committee on Aging, introduced the PACE Plus Act that would strengthen and expand access to the PACE program;
- The existing PACE landscape remains very fragmented and many players would benefit from scale and innovation;
- Over the last few years, more private investment has come into the sector, which should help to fuel growth and expansion; and
- More state Medicaid programs are planning for or are in the process of (most recently, DC and Illinois) developing and expanding PACE programs creating an opportunity for new entrants.

How might the PACE landscape change over the next few years? We could see consolidation of current players, new entrants, or partnerships between not-for-profits and for-profits. Whatever the form, PACE clearly benefits all stakeholders. The pandemic has cast a light on this value proposition and carved a path for adoption to meaningfully accelerate.

# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
1/20/2022	Alliance Animal Health	L Catterton	NA	NA	NA	Operator of veterinary hospitals for companion animals
1/20/2022	APT Healthcare	York Private Equity	NA	NA	NA	Putpatient physical therapy platforms in the Mid-Atlantic
1/19/2022	Providence Care	InTandem Capital Partners	NA	NA	NA	Provider of post-acute and end-of-life services in South Carolina
1/19/2022	SPS Health	Nautic Partners	NA	NA	NA	Value-based care solutions provider serving post-acute pharmacies and pharmacy benefit managers
1/18/2022	GeneDx (OPKO Health)	Sema4 (Nasdaq: SMFR)	\$623	5.4x	NA	Provider of genomic testing and analysis
1/18/2022	HealthAxis Group	Revelstoke Capital Partners	NA	NA	NA	Provider of modern Core Administrative Processing Solutions and related software and services to healthcare payors
1/18/2022	Pack Health	Quest Diagnostics (NYSE: DGX)	NA	NA	NA	Patient engagement company that addresses chronic conditions and comorbidities that are influenced by mental health, lifestyle behaviors, access to care and social determinants of health
1/17/2022	Gilsbar's TPA Division	HealthComp (New Mountain Capital)	NA	NA	NA	Provider of a fully-integrated approach to benefit plan administration
1/17/2022	P2P Staffing	A&M Capital Partners	NA	NA	NA	Provider of locum tenens and physician and advanced practice direct-hire staffing
1/14/2022	Tridium (Ben Franklin Technology Partners, Fresenius, Martinson Ventures, Sopris Capital)	New Directions Behavioral Health (GuideWell)	NA	NA	NA	Digital behavioral health company
1/13/2022	SpineOne	Trinity Hunt Partners	NA	NA	NA	Provider of interventional pain management services
1/12/2022	AnovoRx	TPG Growth	NA	NA	NA	Provider of specialty pharmacy services
1/12/2022	InfuCare Rx	One Equity Partners	NA	NA	NA	Provider of specialty infusion therapies and comprehensive clinical therapy management services
1/11/2022	Renovo Solutions	Water Street Healthcare Partners	NA	NA	NA	Providers focused on managing healthcare and life sciences equipment and technology
1/11/2022	Spherix Global Insights	Susquehanna Private Capital	NA	NA	NA	Pharmaceutical market insights firm focused on the dermatology, gastroenterology, nephrology, neurology, ophthalmology, and rheumatology specialties
1/11/2022	TigerConnect	Vista Equity Partners	NA	NA	NA	Clinical collaboration platform
1/12/2022	P&R Dental Strategies	The Beekman Group	NA	NA	NA	Provider of big data analytics for the dental industry
1/10/2022	Zipher Medical Affairs	Arsenal Capital Partners	NA	NA	NA	Provider of medical affairs strategic consulting services
1/10/2022	Apria (Nasdaq: APR)	Owens & Minor (NYSE: OMI)	\$1,450	1.3x	5.6x	Provider of integrated home healthcare equipment and related services
1/10/2022	Cloudmed (New Mountain Capital)	R1 RCM (NASDAQ: RCM)	\$4,100	NA	NA	Revenue cycle provider for more than 400 of the largest health systems

# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
1/19/2022	Gale Healthcare Solutions	FTV Capital	Growth	\$60	Technology-enabled healthcare services and payments platform that provides per diem, contract, and travel temporary staffing
1/19/2022	Wheel Health	Lightspeed Venture Partners and Tiger Global (co-leads), CRV, Tusk Ventures, Silverton Partners, Coatue and Salesforce	Series C	\$150	Tech-enabled marketplace for healthcare companies and clinicians
1/19/2022	Lyra Health	Dragoneer (lead), Salesforce Ventures, Coatue	Undisclosed	\$235	Provider of workforce mental health solutions for employers
1/14/2022	Verana Health	Johnson & Johnson Innovation and Novo Growth (co-leads), GV, Casdin Capital, Brook Byers, Merck Global Health Innovation, THVC, and Breyer Capital	Series E	\$150	Real-world data network that delivers drug lifecycle and medical practice insights
1/10/2022	Medically Home	Baxter, Global Medical Response, Cardinal Health, Mayo Clinic and Kaiser Permanente	Strategic	\$110	Enables health systems to safely care for their patients at home, across the care continuum, including hospital-level care
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12/20/2021	Zing Health	Town Hall Ventures and Leavitt Equity Partners	Minority	\$25	Physician-led Medicare Advantage insurance company
12/20/2021	Univfy	Atlantic Street Capital	Series B	Undisclosed	Provider of artificial intelligence and machine learning to increase access to fertility care
12/17/2021	Well Dot	Valeas Capital Partners (lead), General Catalyst and Hellman & Friedman	Series B	\$70	Consumer-focused health improvement platform
12/15/2021	Panorama Eyecare	Archimedes Health Investors (lead)	Undisclosed	\$150	Physician-led eye care management services organization
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12/14/2021	Route 92 Medical	Runway Growth Capital	Senior Secured Term Loan	\$55	Medical technology company focused on stroke intervention
12/13/2021	PetDx	Longview Asset Management (lead), Declaration Partners, Torch Capital, Aperture Venture Partners, Valor Equity Partners, Friedman Bioventure, K4 Family Investments, and Labcorp	Series B	\$62	Molecular diagnostics company dedicated to pet health



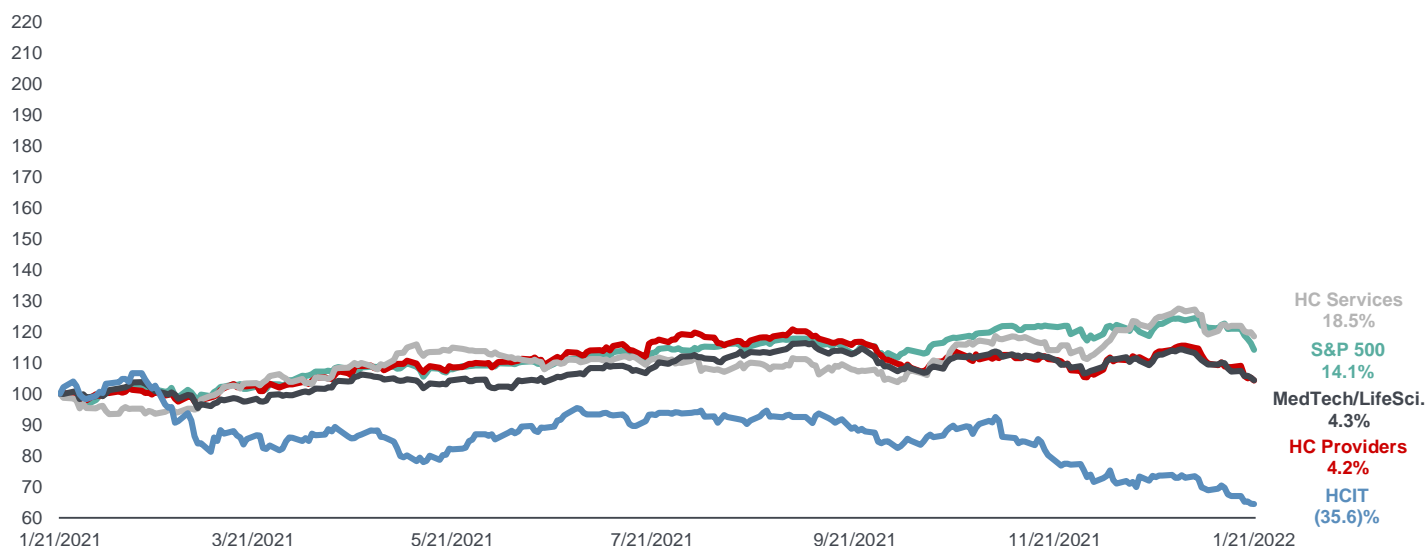
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of January 21, 2022

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	35,912	34,265	9.9%	(4.6%)
S&P 500	4,663	4,398	14.1%	(5.7%)
NASDAQ	14,894	13,769	1.8%	(7.6%)
Russell 2000	2,162	1,988	(7.2%)	(8.1%)
NYSE Healthcare	22,782	22,589	13.6%	(0.8%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	36.1%	(6.8%)
Alternate Site Services	(9.5%)	(4.9%)
Diagnostics	(3.0%)	(3.8%)
Distribution	10.6%	(4.5%)
Healthcare IT	(35.6%)	(3.9%)
Healthcare REITs	13.1%	(2.1%)
Managed Care	23.2%	(2.3%)
Medical Technology	3.5%	(2.6%)
Outsourced Services	1.8%	(6.9%)
Pharma Services	12.0%	(3.5%)
Pharmacy	29.0%	(4.2%)
Post-Acute Care	(9.2%)	(5.4%)

## 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
Paragon 28 (FNA)	10/15/2021	IPO	\$125	\$1,391	\$16.00	11.3%	Orthopedic medical device company
Cue Health (HLTH)	9/24/2021	IPO	\$200	\$2,875	\$16.00	(37.9%)	Consumer focused healthcare IT company
Definitive Healthcare (DH)	9/15/2021	IPO	\$420	\$4,288	\$27.00	44.7%	Healthcare commercial intelligence solutions
Avantor (AVTR)	9/15/2021	Follow On	\$875	\$25,884	\$42.00	(8.5%)	Critical products and services to customers in the biopharma and healthcare industries
Maravai LifeSciences (Nasdaq: MRVI)*	9/10/2021	Follow On	\$1,000	\$15,400	\$50.00	(16.0%)	Data and analytics technology and services to healthcare organizations



# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of January 21, 2022

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.17%	2.09%	1.99%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.92%	1.84%	1.69%
SIFMA (Variable Rate Demand Notes)	0.04%	0.04%	0.05%
Revenue Bond Index	2.16%	2.10%	2.58%
SIFMA/1 Month LIBOR	36.36%	36.36%	38.46%
RBI/30 Yr Treasury (%)	104.35%	99.06%	139.46%
30-Year Floating to Fixed Swap (81% LIBOR)	1.57%	1.61%	1.23%

## 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
WakeMed <sup>(a)</sup> (Taxable)	\$300.000	NC	A2 / NR / A+	2052	MWC	3.29%	3.29%	N/A	2.14%
Medical College of Wisconsin <sup>(b)</sup>	\$165.350	WI	Aa3 / AA- / NR	2051	2031 (C)	4.00%	2.37%	3.25%	1.72%
Presbyterian Retirement Community (Forward Delivery)	\$142.585	FL	NR / NR / A-	2047	2033 (C)	4.00%	3.50%	3.73%	1.72%
Roseman University of Health Sciences	\$58.855	NV	NR / BB / NR	2052	2032 (C)	4.00%	3.53%	3.78%	1.72%
Westminster-Canterbury of the Blue Ridge	\$38.025	VA	NR / NR / BBB+	2049	2032 (C)	4.00%	2.57%	3.28%	1.72%
Westminster-Canterbury of the Blue Ridge (Forward Delivery)	\$14.935	VA	NR / NR / BBB+	2054	2032 (C)	4.00%	3.05%	3.58%	1.72%
Advocate Aurora Health Credit Group <sup>(c)</sup> (Remarketing)	\$40.130	WI	Aa3 / AA / AA	2054	2027 (P)	5.00%	1.20%	N/A	1.72%
<b>Total</b>	<b>\$759.880</b>								

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

(a) Make whole call at 20 bps

(b) Overlapping final maturity with Coupon / YTC / YTM of 3.00% / 2.77% / 2.90%

(c) Remarketing of Series 2018B-1

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
The Charlotte-Mecklenburg Hospital Authority (North Carolina) D/B/A Atrium Health Health Care Refunding Revenue Bonds Series 2022A	1/26/2022	\$115.335	Aa3 / AA- / NR
National Finance Authority Federal Lease Revenue Bonds (VA Northwest Las Vegas Health Care Center Project) Federally Taxable Series 2022	1/26/2022	\$27.165	Baa2 / NR / NR

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

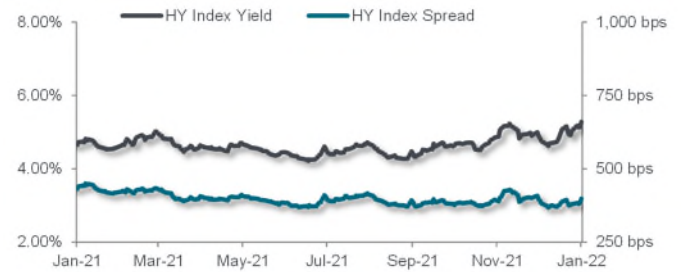
### High Yield

- Last week saw a \$2.1 billion outflow, which follows the prior week's inflow of \$2.2 billion; 2021 net outflows totaled \$13.0 billion, which compares to 2020 net inflows of \$44.9 billion

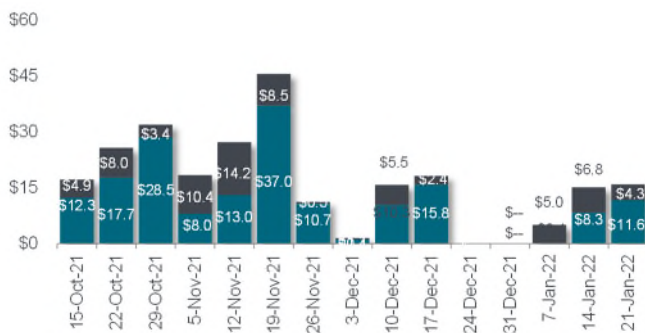
### Leveraged Loans

- Leveraged loan funds reported a record high inflow totaling \$2.3 billion last week, which follows an inflow of \$1.8 billion the week prior

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



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

	30-Day Rolling Average				
	2Q21	3Q21	November 2021	December 2021	01/20/22
Overall	4.64%	4.78%	4.61%	4.96%	4.80%
4B	2.98%	3.45%	3.60%	2.73%	3.38%
2B	4.99%	5.02%	4.76%	5.19%	5.02%
Middle Market	5.15%	5.75%	5.35%	6.16%	N/A

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
12/7/2021	Merck & Co	Sr Notes	\$1,500	A1 / A+	1.700%	6/10/2027	+45	20 bps
12/7/2021	Merck & Co	Sr Notes	\$1,000	A1 / A+	1.900%	12/10/2028	+50	25 bps
12/7/2021	Merck & Co	Sr Notes	\$2,000	A1 / A+	2.150%	12/10/2031	+70	20 bps
12/7/2021	Merck & Co	Sr Notes	\$2,000	A1 / A+	2.750%	12/10/2051	+95	20 bps
12/7/2021	Merck & Co	Sr Notes	\$1,500	A1 / A+	2.900%	12/10/2061	+110	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
1/19/2022	US Acute Care Solutions (add-on)	Sr. Sec. Notes	\$225	B2/B-	6.375%	3/1/2026	1 bps	5.8%
11/16/2021	Tenet Healthcare	1st Lien Notes	\$1,450	B1/B+	4.375%	1/15/2030	284 bps	4.375% area
11/2/2021	Teva Pharmaceutical Industries (€)	Sr. Notes	\$1,269	Ba2/BB-	3.750%	5/9/2027	421 bps	4.00% area
11/2/2021	Teva Pharmaceutical Industries (€)	Sr. Notes	\$1,731	Ba2/BB-	4.375%	5/9/2030	465 bps	4.625% area
11/2/2021	Teva Pharmaceutical Industries	Sr. Notes	\$1,000	Ba2/BB-	4.750%	5/9/2027	353 bps	5.00% area
11/2/2021	Teva Pharmaceutical Industries	Sr. Notes	\$1,000	Ba2/BB-	5.125%	5/9/2029	370 bps	5.375% area

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
1/21/2022	Summit Behavioral Healthcare LLC	Patient Square Capital	B3 / B-	Acquisition	\$150	L+475, 0.75% @ 97	6.250%
1/14/2022	Maravai Life Sciences	GTCR Golder Rauner	B1 / B+	Refinancing	\$544	SOFR+300, 0.50% @ 100	3.500%
1/12/2022	Cano Health Inc	Not Sponsored	B3 / B	Refinancing	\$644	SOFR+CSA+400, 0.50% @ 100	4.500%
12/20/2021	Scion Health	Not Sponsored	B2 / B	Acquisition	\$450	L+525, 0.50% @ 93	7.500%

## Healthcare News

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### Global Digital Health Funding Skyrockets to \$57.2B with Record Cash for Mental Health, Telehealth<sup>1</sup>

Fierce Healthcare | January 21, 2022

Digital health investment around the world hit an all-time high of \$57.2 billion in funding in 2021, fueled by the growing need to provide digital solutions and delivery models to patients during the pandemic. The record-breaking funding marks a 79% jump from the \$32 billion raised globally in 2020, according to a year-end report by market intelligence firm CB Insights. That record amount was raised in 2,930 deals, compared to 2,518 deals in 2020. In the U.S., digital health startups raked in a record \$37.9 billion in 2021, up 75% from \$21.7 billion in 2020. Digital health funding hit \$10.8 billion in the fourth quarter alone. That's more than the second-largest global market, Asia, recorded in all of 2021 with \$10.7 billion, according to the report's findings. U.S. deal count dropped to 303 in Q4—the lowest on record for 2021. This comes as smaller financings were overtaken by mega-rounds, which accounted for 63% of total U.S. funding in the fourth quarter.

### Rich Countries Lure Health Workers From Low-Income Nations to Fight Shortages<sup>2</sup>

New York Times | January 24, 2022

Huge pay incentives and immigration fast-tracks are leading many to leave countries whose health systems urgently need their expertise. About 1,000 nurses are arriving in the United States each month from African nations, the Philippines and the Caribbean, said Sinead Carbery, president of O'Grady Peyton International, an international recruiting firm. While the United States has long drawn nurses from abroad, she said demand from American health care facilities is the highest she's seen in three decades. There are an estimated 10,000 foreign nurses with U.S. job offers on waiting lists for interviews at American embassies around the world for the required visas. As the pandemic enters its third year and infections from the Omicron variant surge around the world, the shortage of health workers is a growing concern just about everywhere. As many as 180,000 have died of Covid, according to the W.H.O. Others have burned out or quit in frustration over factors such as a lack of personal protective equipment.

### Some Patients With Macular Degeneration Could Stop Monthly Eye Injections<sup>3</sup>

US News | January 24, 2022

Injection medications can save the vision of older people with macular degeneration, but the ongoing regimen is taxing. Now a preliminary study raises the possibility that some patients can safely be "weaned off" the treatment. Researchers found that of just over 100 patients they treated with the eye injections, nearly one-third were able to "pause" the therapy within the first year. And of those followed for at least two years, most did not need to restart. Experts stressed that the findings are early and do not identify which patients might safely take a treatment break, or possibly even stop. Age-related macular degeneration, or AMD, is the leading cause of vision loss in the United States, according to the NEI. The disease damages the macula, a part of the eye's retina that is responsible for sharp, straight-ahead vision.

## Healthcare News Continued...

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### Addressing The Unprecedented Behavioral-Health Challenges Facing Generation Z<sup>1</sup>

McKinsey & Company | January 14, 2022

Nearly two years after the COVID-19 pandemic began in the United States, Gen Zers, ranging from middle school students to early professionals, are reporting higher rates of anxiety, depression, and distress than any other age group. The mental-health challenges among this generation are so concerning that US surgeon general Vivek Murthy issued a public health advisory on December 7, 2021, to address the “youth mental health crisis” exacerbated by the COVID-19 pandemic. A series of consumer surveys and interviews conducted by McKinsey indicate stark differences among generations, with Gen Z reporting the least positive life outlook, including lower levels of emotional and social well-being than older generations.

### Fierce JPM Week: Women Are The 'Power Buyers' Of Healthcare<sup>2</sup>

Fierce Healthcare | January 19, 2022

Women are the “power buyers” of healthcare, controlling about 80% of the healthcare spend in the U.S., which is a nearly \$4 trillion industry. Women's health is now in the spotlight, and investors have been quick to put their cash into this growing market. Digital health startups focused on women's health care pulled in \$1.3 billion in funding across 26 deals by October 2021—nearly doubling all of 2020's funding with four months still left to go, according to digital health venture fund Rock Health. Women's health is no longer niche, said Carolyn Witte, co-founder and CEO at Tia. “We're not cutting out 50% of the population, but rather building a personalized care delivery model for the most powerful, yet underserved customer in healthcare who controls 80% of the dollars,” she said. As women's health startups continue to see strong growth, more investment dollars going into the market help put women's health needs on the map, Witte said during the discussion. “But it's still a drop in the bucket. Only 5% of digital health dollars are going into women's health, and even fewer of those dollars are going into R&D for new products, new services and research focused explicitly on the needs of women,” she said.

### The Trends That Will Shape Skilled Nursing in 2022<sup>3</sup>

Skilled Nursing News | January 17, 2022

The COVID-19 pandemic continued to put pressure on an already strained skilled nursing industry in 2021. The next 12 months will be yet another test of resilience. Looking ahead to 2022, SNFs must stay nimble and inventive to not only survive but thrive. Private equity will continue to lead the nursing home transaction market pack, and the present staffing situation and waning government support may spell trouble for distressed facilities — all the while home care remains the fan favorite among the Biden administration, Congress and much of the general public. If nursing home operators don't move past that breaking point and decide to make the tough decisions for the future of skilled nursing now – it may never come.

January 18, 2022

# Cain Brothers Health Systems Insights



Hospital and Health System M&A: 2021 Year in Review



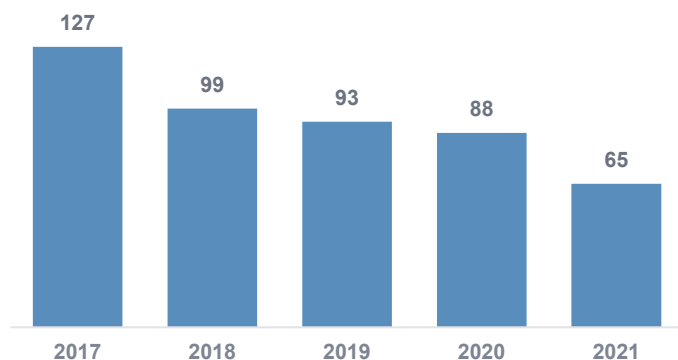
## Key Takeaways

- For health systems, scale in attributed lives matters. Scale enhances relevance within key markets. As such, deals in 2021 were on average larger in size than in recent prior years.
- Hospitals were battered by numerous COVID-related operational challenges for a second straight year which impacted M&A activity.
- Large national for-profit systems continue portfolio repositioning and diversification strategies to strengthen positions in certain markets while exiting non-core geographies.
- Given current antitrust review backlogs, and the recent executive order spotlighting antitrust enforcement of hospital M&A, transactions face increased scrutiny and longer regulatory review.
- In 2022, we expect large regional M&A and ancillary and joint venture transaction activity to accelerate, while potentially seeing a lower absolute number of hospital-to-hospital deals.

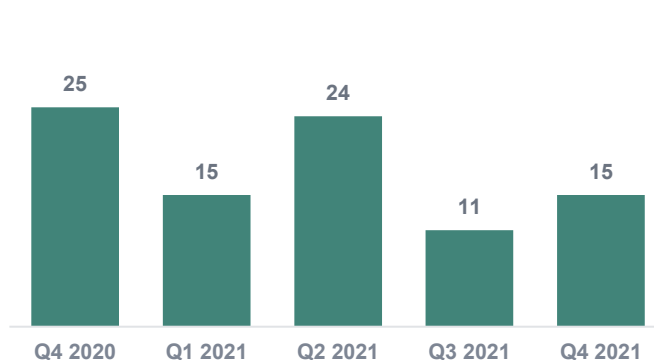
## Year in Review: Hospital and Health System M&A / Strategic Activity

Health systems across the country faced another turbulent year in 2021. At the end of Q2 the outlook was positive. Dramatically low case counts nationwide and broad vaccination deployment initiatives were encouraging. However, in the second half of the year the pandemic once again strained health systems in a myriad of ways. A resurgence of COVID hospitalizations, spurred by the rapid spread of the Delta and Omicron variants, forced many hospitals back to the frontlines of battling the pandemic while experiencing profound staffing shortages. Despite pandemic-related pressure, there was still M&A activity throughout 2021, particularly across larger scale mergers and asset repositioning.

**Figure 1. Historic Announced Transaction Volume**



**Figure 2. Announced Transaction Volume by Quarter**



The transaction activity in 2021 represented a continuation of several key trends outlined below. While there were fewer hospital-to-hospital transactions, there was significant activity involving multiple hospitals in a single deal. Additionally, there has been an increase in health system partnerships across the continuum of care as organizations recognize the urgent need to position themselves for value-based care, the growth of Medicare Advantage, and continued physician group consolidation.

**Cain Brothers Insight:** Scale in attributed lives matters. Health systems must be the nexus of care for attributed lives in their markets, and those markets must be large enough to be relevant and influential. A new world is emerging for health systems. To survive, you must shift paradigms, make partnerships, and gain scale.



## Themes driving hospital and health system M&A in 2021:

### “Super-Regional” Merger Discussions are Accelerating – Scale Matters

The development of super-regional, multibillion dollar systems accelerated in 2021. While the delivery of healthcare is local, the business of healthcare is regional, and the regions are getting bigger. These types of super-regional merger discussions are actively happening across the country. See below for notable super-regional announcements in 2021 by region.

- **Southeast:**

- Atlanta-based **Piedmont Healthcare** acquired seven hospitals through two transactions in Georgia to take the nonprofit system from 11 hospitals, and just shy of \$4 billion in annual revenue, to 18 hospitals with over \$5.2 billion in revenue. Piedmont acquired four hospitals from HCA in the Atlanta metropolitan area, and three hospitals in the greater Augusta area through its partnership with University Health Care systems.
- **Steward Health Care** announced the signing of a definitive agreement to acquire five hospitals and associated physician practices in the greater Miami, FL area from **Tenet Healthcare Corporation** (NYSE: THC) for approximately \$1.1 billion.

- **Mid-Atlantic:**

- **Novant Health** and **New Hanover Regional Hospital** closed on a merger to create a \$6.5 billion regional system. Also part of the merger is a partnership with **UNC Health** and UNC School of Medicine to expand New Hanover Regional's medical education program.

- **Midwest:**

- **Spectrum Health** and **Beaumont Health** announced the signing of a letter of intent to explore a merger that would result in Michigan's largest health system with 22 hospitals and combined annual revenue of nearly \$13 billion. The deal would also include Spectrum's Michigan-based health plan, Priority Health, which includes 1.2 million lives.
- **NorthShore University HealthSystem** and **Edward-Elmhurst Health** announced their intention to merge and create a nine-hospital, 6,000 physician, and nearly \$4 billion system that will serve a greater Chicago area market with over 4.2 million residents.
- Illinois-based **Carle Health** announced the signing of a letter of intent to acquire three central Illinois hospitals from **UnityPoint Health**. The two organizations also announced the signing of a second letter of intent to evaluate further collaboration and partnership opportunities across the region.

- **Mountain West:**

- **Intermountain Healthcare** and **SCL Health** signed a definitive agreement to merge and create a combined \$11 billion system that will operate 33 hospitals, 385 clinics, and provides health insurance to about one million people across Utah, Idaho, Nevada, Colorado, Montana, and Kansas.
- **HCA Healthcare** (NYSE: HCA) announced it will buy five hospitals in Utah owned by **Steward Health Care**. HCA currently owns eight hospitals in Utah and the acquisition allows the for-profit hospital giant to compete with the state's largest provider, Intermountain Healthcare. This sale marks Steward's exit from Utah's hospital market and comes on the heels of its sale of Steward Health Choice Utah, a Medicaid

managed care organization, earlier this year to University of Utah Health Insurance Plans; Cain Brothers served as Steward's financial advisor in this transaction.

## Post-Acute and Ancillary Strategies

As patient care utilization trends shift away from the acute care setting, large regional and national health systems continued to pursue outpatient, managed care, ancillary and post-acute related strategies in 2021.

- **LifePoint Health** acquired **Kindred Healthcare** and officially launched ScionHealth, a new healthcare company related to the transaction that will provide acute and post-acute community care. ScionHealth includes 79 hospitals in 25 states, 61 of which are long-term acute care hospitals from Kindred and 18 are community hospitals from LifePoint. ScionHealth will be an entirely separate company from LifePoint, with separate leadership teams and boards of directors. The 18 hospitals LifePoint is divested to ScionHealth are primarily standalone or independently operated facilities in their regions.
- **Tenet Healthcare Corporation** (NYSE: THC), and its subsidiary United Surgical Partners International (USPI), announced the signing of a definitive agreement to acquire SurgCenter Development's ownership interests in 92 ambulatory surgery centers in 21 states for approximately \$1.2 billion. This transaction offers Tenet/USPI expansion into high-growth regions in Arizona, Florida and Texas. Following the acquisition, USPI will have more than 440 facilities in 35 states.
- **Trinity Health** acquired a majority ownership interest in **Premier Health Consultants**. Premier is one of the country's largest private urgent care operators with more than 70 urgent care clinics across seven states. The relationship with Premier is part of Trinity's strategy to increase access to convenient, local health care services in its current communities, and in new markets through partnerships with other leading health care organizations. Cain Brothers advised Trinity Health in this transaction.
- **Mercy Health** sold its outreach laboratory services business **Quest Diagnostics** (NYSE: DGX). Mercy's outreach lab services business includes 29 hospital laboratories and two independent clinic laboratories serving providers and patients in Arkansas, Kansas, Missouri and Oklahoma. The transaction allows physicians and patients across the four states access to Quest's industry-leading network of conveniently located patient service centers, broad health plan coverage and competitive pricing. Cain Brothers served as Mercy Health's exclusive financial advisor.
- **Jefferson Health** announced it acquired the remaining 50% stake in Health Partners Plan from Temple University for \$305 million, making it the sole owner of the managed care plan with the nearly 290,000 lives. This acquisition represents a significant step forward for Jefferson, allowing the organization to advance its value-based care model. Cain Brothers served as exclusive buy-side financial advisor to Jefferson Health.

## Academic Medical Center Affiliations

Academic medical centers (AMCs) are actively seeking strategies to broaden their networks and secure partnerships that will support the communities they serve, as well as the academic and research missions of their respective Universities. In 2021, the following noteworthy AMCs announced innovative partnership transactions.

- **Medical University of South Carolina** purchased Providence Health and Kershaw Health from **LifePoint Health** for \$75 million. The acquisition included three community hospitals, over 400 beds, a freestanding emergency department and affiliated physician practice locations in South Carolina.
- **NYU Langone Health** and Long Island Community Hospital (LICH) announced the execution of an affiliation agreement. The transaction extends NYU's network into eastern Long Island providing LICH's over 400,000 patients access to NYU's resources, technologies, and world-class academic medical center capabilities.
- **UNC Health** and CarolinaEast Health System signed an affiliation agreement. Under the terms of the arrangement, CarolinaEast will remain a separate legal entity with its own Board, but the two organizations will leverage their collective resources to improve access to high-quality medical services for the people of eastern North Carolina.
- **UVA Health** acquired the ownership interests held by Novant Health in the Novant Health UVA Health System, a northern Virginia regional health system jointly owned by the two institutions. UVA Health assumed full ownership of the facilities and assets that were formerly jointly owned with Novant, including three hospitals and a network of outpatient service locations. Cain Brothers served as UVA Health's buy-side financial advisor.

We believe that large regional M&A activity will continue to accelerate as scale becomes increasingly important and health systems continue to seek transformative growth from M&A activity. Contact the Cain Brothers' health system team to discuss any of these transactions, recent announcements, industry trends or other creative ideas (*see page 10 for contact information*).

# 2021 Announced Hospital and Health Systems M&A Transactions

Seller Name	Seller Status	Buyer	Buyer Status	Announced
Three Chicago Healthcare Facilities	Non-Profit	Acadia Healthcare Company, Inc.	Non-Profit	12/20/2021
Salem Medical Center	Non-Profit	Inspira Health	Non-Profit	12/20/2021
Three Rivers Hospital	Non-Profit	Ascension Saint Thomas	Non-Profit	12/14/2021
Three Illinois Hospitals (UnityPoint)	Non-Profit	Carle Health	Non-Profit	12/13/2021
Highlands Hospital	Non-Profit	Penn Highlands Healthcare	Non-Profit	12/13/2021
Cancer Treatment Centers of America	For Profit	City of Hope	Non-Profit	12/8/2021
Methodist Hospital of Southern California	Non-Profit	Keck Medicine	Non-Profit	11/23/2021
Smyth County Community Hospital	Non-Profit	Ballad Health	Non-Profit	11/17/2021
Day Kimball Healthcare	Non-Profit	Covenant Health	Non-Profit	11/17/2021
Grant Memorial Hospital	Non-Profit	WVU Health System	Non-Profit	11/1/2021
Kearney Regional Medical Center	Non-Profit	Bryan Health	Non-Profit	10/27/2021
Princeton Community Hospital	Non-Profit	WVU Health System	Non-Profit	10/20/2021
East Orange General Hospital	Non-Profit	EOH Acquisition Group	For Profit	10/15/2021
Franciscan Children's Hospital	Non-Profit	Boston Children's Hospital	Non-Profit	10/12/2021
Dickinson County Healthcare	Non-Profit	Marshfield Clinic Health System	Non-Profit	10/12/2021
Paul B. Hall Regional Medical Center	Non-Profit	Appalachian Regional Healthcare	Non-Profit	9/23/2021
Five Utah Hospitals (Steward)	For Profit	HCA	For Profit	9/20/2021
Martin General Hospital (Quorum)	For Profit	Affinity Health Partners	For Profit	9/17/2021
SCL Health	Non-Profit	Intermountain Healthcare	Non-Profit	9/16/2021
Edward Elmhurst Health	Non-Profit	NorthShore University HealthSystem	Non-Profit	8/23/2021
San Joaquin General Hospital	Non-Profit	CommonSpirit Health	Non-Profit	8/2/2021
Elite Medical Center	For Profit	Valley Health System (UHS)	For Profit	8/2/2021
CHI St. Alexius Health Devils Lake Hospital	Non-Profit	Altru Health System	Non-Profit	7/22/2021
Decatur County General Hospital	Non-Profit	BradenHealth	Non-Profit	7/19/2021
Nacogdoches Memorial Hospital	Non-Profit	Lion Star LLC	For Profit	7/13/2021
Garrett Regional Medical Center	Non-Profit	WVU Health System	Non-Profit	7/9/2021
Providence Health/KershawHealth (LifePoint)	For Profit	Medical University of South Carolina	Non-Profit	6/25/2021
Highlands Medical Center	Non-Profit	Huntsville Hospital Health System	Non-Profit	6/23/2021
Nacogdoches Memorial Health System	Non-Profit	The Lion Star Group, LLC	For Profit	6/22/2021
Kindred Healthcare	For Profit	LifePoint Health	For Profit	6/21/2021
Rush Health Systems	Non-Profit	Ochsner Health	Non-Profit	6/17/2021
Beaumont Health	Non-Profit	Spectrum Health	Non-Profit	6/17/2021
Five Florida Hospitals (Tenet)	Non-Profit	Steward Health Care	Non-Profit	6/16/2021
Monongahela Valley Hospital	Non-Profit	Penn Highlands Healthcare	Non-Profit	6/9/2021
Riverton Medical District	Non-Profit	Billings Clinic	Non-Profit	5/19/2021
University Health Care System	Non-Profit	Piedmont Healthcare	Non-Profit	5/13/2021
Redmond Regional Medical Center (HCA)	For Profit	AdventHealth	Non-Profit	5/13/2021
CarolinaEast Health System	Non-Profit	UNC Health	Non-Profit	5/11/2021
St. Francis Medical Center (Trinity)	Non-Profit	Capital Health	Non-Profit	5/6/2021
Jellico Medical Center	For Profit	Vida Healthcare	Non-Profit	5/4/2021
Four Georgia Hospitals (HCA)	For Profit	Piedmont Healthcare	Non-Profit	5/3/2021

## 2021 Announced Hospital and Health Systems M&A Transactions (Continued)

Seller Name	Seller Status	Buyer	Buyer Status	Announced
Roger Williams Medical Center/Fatima Hospital	For Profit	Prospect Medical Holdings	For Profit	4/29/2021
HaysMed/Pawnee Valley Community Hospital	Non-Profit	Independent	Non-Profit	4/23/2021
Carolinas HealthCare System Blue Ridge	Non-Profit	UNC Health	Non-Profit	4/22/2021
Webster Memorial Hospital	Non-Profit	Davis Health System	Non-Profit	4/21/2021
War Memorial Hospital	Non-Profit	MidMichigan Health	Non-Profit	4/9/2021
Memorial Health System	Non-Profit	Salina Regional Health Center	Non-Profit	4/6/2021
Mercy Hospital and Medical Center (Trinity)	Non-Profit	Insight Chicago	For Profit	4/3/2021
Long Island Community Hospital	Non-Profit	NYU Langone Health	Non-Profit	4/2/2021
Barnesville Hospital & Harrison Community Hospital	Non-Profit	WVU Health System	Non-Profit	4/1/2021
NorthCrest Health	Non-Profit	HCA	For Profit	3/30/2021
Boone Hospital Center	Non-Profit	Independent	Non-Profit	3/29/2021
North Metro Medical Center	Non-Profit	Unity Health	Non-Profit	3/29/2021
CTCA Philadelphia	For Profit	Temple University Hospital	Non-Profit	3/25/2021
Harnett Health	Non-Profit	Cape Fear Valley Health	Non-Profit	3/9/2021
University of Oklahoma College of Medicine	Non-Profit	University Hospitals Authority and Trust (OU Medicine)	Non-Profit	3/9/2021
Calais Regional Hospital	Non-Profit	Down East Community Hospital	Non-Profit	2/24/2021
Novant Health UVA Health System	Non-Profit	UVA Health	Non-Profit	2/17/2021
Fayette County Memorial Hospital	Non-Profit	Adena Health System	Non-Profit	2/2/2021
King's Daughters Health System	Non-Profit	University of Kentucky HealthCare	Non-Profit	1/29/2021
Baptist Health Madisonville	Non-Profit	Baptist Health/Deaconess Health System JV	Non-Profit	1/19/2021
Perry Memorial Hospital	Non-Profit	OSF HealthCare	Non-Profit	1/18/2021
SSM St. Mary's Hospital - Audrain	Non-Profit	Noble Health	Non-Profit	1/15/2021
Seven Wisconsin Hospitals (Ascension)	Non-Profit	Aspirus Health	Non-Profit	1/12/2021
Holy Family Memorial Medical Center	Non-Profit	Froedtert Health	Non-Profit	1/6/2021

# Cain Brothers: 2021 Health Systems M&A Transaction Spotlight



## Buy-side financial advisor to MultiCare Health System

- MultiCare is a not-for-profit health care organization currently operating 11 hospitals in both the greater Puget Sound and Inland Northwest Regions of Washington.
- Capital Medical Center is a 107-bed community hospital that opened in 1985 and serves communities in Olympia, as well as Thurston, Mason, Lewis, and Grays Harbor counties.
- Medical Properties Trust, Inc. is a self-advised real estate investment trust formed in 2003 to acquire and develop net-leased hospital facilities. Today it is one of the world's largest owners of hospitals with 444 facilities and roughly 47,000 licensed beds in nine countries.

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## Buy-side financial advisor to Jefferson Health

- Cain Brothers advised Jefferson Health on its acquisition of Temple's ownership interest of Health Partners Plans, a not-for-profit health maintenance organization headquartered in Southeastern Pennsylvania
- HPP was previously owned by a consortium of hospitals, including Einstein Health Network and Temple Health. Temple agreed to sell its 50% ownership interest stake to Jefferson in 2019; the agreement was ratified November 1 with a total transaction value of \$305 million
- Jefferson and HPP will be the first companies in the region to create an aligned payer-provider partnership

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## Sell-side Advisor to Day Kimball

- Day Kimball Healthcare is a not-for-profit community healthcare system composed of the 104-bed Day Kimball Hospital serving communities in Northeast Connecticut
- Covenant Health of Tewksbury, MA, is an innovative, Catholic regional health delivery network and a leader in values-based, not-for-profit health and elder care
- The transaction will allow DKH to leverage valuable resources, including access to capital for growth and investment in information technology and electronic health record systems

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## Sell-side Advisor to Trinity Health

- Cain Brothers advised Trinity Health on the sale of membership interest that its wholly owned subsidiary, Mercy Health Plan, holds in Gateway Health, a leading provider of Medicaid and Medicare managed care in Pennsylvania, to its joint venture partner, Highmark Health
- Gateway Health began in 1992 as an alternative option to the Pennsylvania Department of Human Services. Gateway currently delivers care to approximately 300,000 Medicaid and 40,000 Medicare members through its 1,000+ associates and a network of 30,000+ providers across Pennsylvania.

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# Cain Brothers: 2021 Health Systems M&A Transaction Spotlight (Continued)



## Sell-side Advisor to Monongahela Valley Hospital

- Monongahela Valley Hospital is a 200-bed nonprofit community hospital providing top quality care to patients in their communities south of Pittsburgh. MVH is the largest employer in the mid-Monongahela Valley with more than 1,200 employees, making it a vital piece of the region's economy.
- Penn Highlands was formed in 2011 and is comprised of six acute care hospitals, a home care agency, two long-term care facilities and a senior residential living facility. The facilities have a total of 815 inpatient and skilled nursing beds. Penn Highlands has 525 physicians and 281 advanced practice providers on staff.

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## Buy-side Advisor to Trinity Health

- Trinity Health is one of the largest multi-institutional Catholic health care delivery systems in the nation, serving communities across 22 states. Trinity Health includes 92 hospitals, 100 continuing care locations, and annual operating revenues of \$18.8 billion.
- Premier is one of the top 10 largest private urgent care operators in the country. Premier is the first urgent care operator in the US to own and operate urgent care centers utilizing a health system joint-venture model; it currently operates more than 70 urgent care clinics across seven states.

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## Buy-side Advisor to UVA Health

- UVA Health System is an academic health system that includes a 631-bed hospital, the UVA School of Medicine, a level I trauma center, nationally recognized cancer and heart centers and primary and specialty clinics throughout Central Virginia.
- Novant Health is a four-state integrated network of physician clinics, outpatient facilities and hospitals that delivers a seamless and convenient healthcare experience to its communities. Novant's network consists of more than 2,300 physicians and over 700 locations, including 16 medical centers.

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## Sell-Side Advisor to Mercy Health

- Mercy Health is a multi-state health care system, including more than 40 acute care, managed and specialty hospitals, as well as urgent care and imaging centers. Mercy has 900 physician practices and outpatient facilities, and more than 4,000 clinic physicians across Arkansas, Kansas, Missouri and Oklahoma.
- Quest Diagnostics (NYSE: DGX) is a leading provider of diagnostic information services. Quest annually serves one in three adult Americans and half the physicians and hospitals in the country.

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