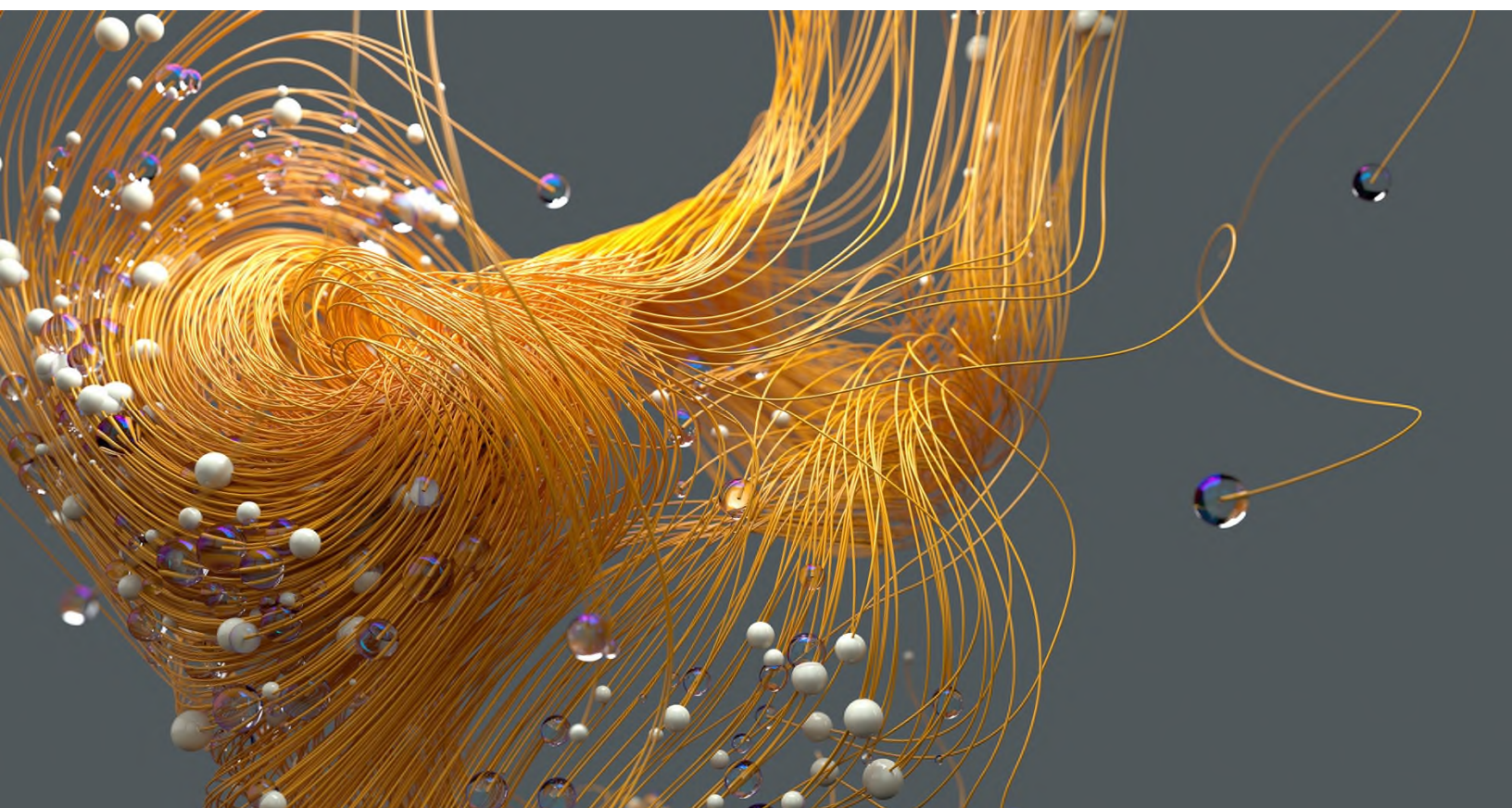


July 7, 2021

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**

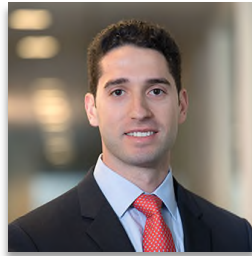


**This week's banker commentary:**  
**Three Alarming Facts That Pose Challenging Realities**

# Industry Insights

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## Three Alarming Facts That Pose Challenging Realities

*Banker Commentary by Jonah Schutzman*

Here are three insightful and thought-provoking facts that most people aren't aware of and the potential implications of these statistics / trends on healthcare stakeholders.

### **Fact 1: The third leading cause of death in the U.S. is due to medical error**

According to a study by Johns Hopkins, more than 250,000 people in the United States die every year because of medical mistakes, making it the third leading cause of death after heart disease and cancer. Some studies show the death rate as high as 440,000 deaths per year. To put that in perspective, approximately 350,000 people died from COVID-19 in 2020, which, similar to medical error, was no fault of their own. A medical error death "is caused by inadequately skilled staff, error in judgment or care, a system defect, or a preventable adverse effect. This includes computer breakdowns, mix-ups with the doses or types of medications administered to patients and surgical complications that go undiagnosed."

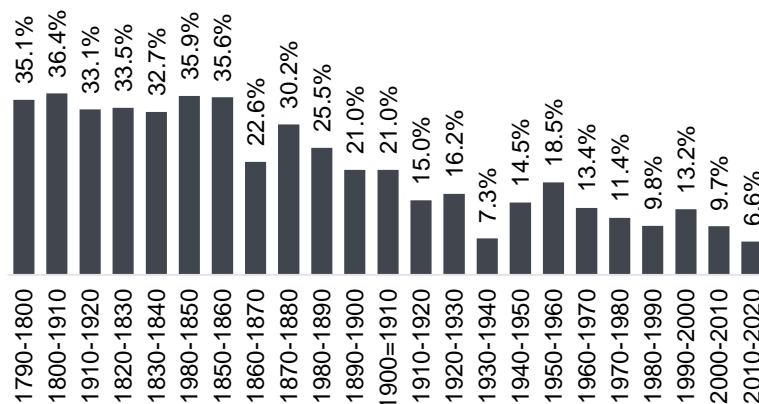
### **Fact 2: Medicare's trustees report that the Part A trust fund will be insolvent by 2024**

Medicare - Part A, which pays for hospital bills, is funded mainly through the payroll taxes. According to the report, without changes to expected spending or trust fund revenue, the fund will run dry in 2024 and have sufficient funds only to meet 90% of its obligations. This is the second time insolvency has been predicted within five years.

Without any changes the shortfall would have to be covered by one or more of the following potential options: (i) add new revenue, which equates to increasing the payroll tax rate, (ii) raise the share of costs shouldered by enrollees, (iii) cut benefits, or (iv) reduce payments to healthcare providers.

### **Fact 3: The last decade was the lowest population growth rate ever recorded**

#### **U.S. Population Growth for Decades**



## Industry Insights continued...

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The U.S. population growth of 6.6% between 2010 and 2020 is lower than in any previous decade, including the Great Depression years of the 1930s. It is also roughly half the growth rate of the 1990s, a time of rising immigration and millennial-generation births.

The 2010s decade was one of fewer births, more deaths, and uneven immigration, but the primary cause of this dramatic decline is highly related to falling U.S. fertility rates.

The U.S. fertility rate has been falling steadily and as of recently stood at 1.7 births per woman (ratio of number of births in a year to total population of women between the ages of 15 and 50), the lowest level on record. Some experts hope that the decline is “temporary” and that Millennials are postponing family formation as they are burdened with debt and struggle with launching careers and establishing households. However, there is no clear sign of an any uptick, and, to make matters worse, net immigration has also declined since 2008.

The data is clear that the aging of America is inevitable, and the prospects for higher fertility rates look dim. Even if the fertility rate were to surge today, it would not have an appreciable effect on the ratio of workers to retirees or the growth rate in employment for another twenty to twenty-five years (the time it takes to turn an infant into a fully productive adult).

### Conclusion

What does the third leading cause of death in the U.S., Medicare Part A near-term insolvency projections, and declining population growth have in common? All of these alarming realities can be solved through value-based care. Value-based care is an alternative system for how providers are rewarded for care and incentivizes the quality of care they give to people, rather than the volume of services. Another way to put it, providers and health systems will not be paid for medical error deaths and instead be rewarded for quality of patient care and outcomes. Because of this alternative payment system, healthcare stakeholders will be forced to invest in technology, tools, and resources so that healthcare providers and workers can make better quality decisions. Technology will help alleviate staff shortages, improve medical treatment accuracies, increase productivity, and enable organizations to do more with less.

The alarming medical error rate is proof that our traditional healthcare system and payment models are flawed, and that the need to move into a value-based care world is a must. Imagine if the third leading cause of death in the U.S. were caused by commercial airline pilot errors. The industry would crumble overnight. The healthcare sector and our standards for care should be no different.

To add fuel to the fire, we have an impending insolvency issue with Medicare Part A funding combined with population growth trends that will result in a much wider gap between the working and an aging population in need of care. The working population decline will also have a downstream impact of less working providers / medical staff to take care of patients, as well as fewer contributing taxpayers. These trends, if left as is, will guarantee a very imbalanced, underfunded and extremely lopsided healthcare ecosystem.

Healthcare stakeholders need to think about reorienting provider compensation to encourage value over volume, invest in much needed tools, such as strong data analytics and reporting, so that the right decisions and diagnoses are made at the right time. Lastly, we need to shift care away from costly and error-prone hospitals and create innovative care models that deliver better care in a cost-effective manner. In essence, we need to do more with less. The aging and demographic shift of America is inevitable; however, the fiscal, economic, and potential healthcare catastrophe is not if we prepare, adapt, and transition to a value-based care world today.

# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
7/2/2021	Parexel (Pamplona)	EQT and Goldman Sachs Asset Management	NA	NA	NA	Clinical research organization
7/1/2021	Hines & Associates	Global Excel Management	NA	NA	NA	Provider of healthcare management services in the areas of case management, utilization management and disease management
6/30/2021	SimpleLTC (Briggs Healthcare)	Netsmart	NA	NA	NA	Data analytics software for regulatory compliance, reimbursement optimization and quality measurement for post-acute care healthcare
6/30/2021	VCP	Covetrus (NASDAQ: CVET)	NA	NA	NA	Veterinary wellness plan management solution
6/29/2021	AMC Health	York Capital Management	NA	NA	NA	Telehealth and remote patient monitoring (RPM) services provider
6/29/2021	Southeastern Health Care at Home (Geneva Glen Capital)	AccentCare (Advent International)	NA	NA	NA	Provider of home health services, hospice and mobile primary care services, palliative and wound care services in Pennsylvania
6/29/2021	The Oncology Institute	DFP Healthcare (NASDAQ:DFPH)	\$842	2.4x	NA	Value-based care provider in Oncology
6/28/2021	Verisys and Aperture Health	Stone Point Capital	NA	NA	NA	Credentialing, enrollment, and provider data management software for the healthcare industry
6/25/2021	Alliance HealthCare Services (Tahoe Investment Group)	Akumin (NASDAQ: AKU)	\$820	NA	NA	Provider of radiology and oncology solutions to hospitals, health systems and physician groups
6/24/2021	New Day Recovery	BayMark Health Services	NA	NA	NA	Residential and office-based opioid treatment provider
6/24/2021	Twistle	Health Catalyst (Nasdaq: HCAT)	NA	NA	NA	Healthcare patient engagement SaaS technology company
6/22/2021	ExamWorks (majority stake)	CVC Capital Partners	NA	NA	NA	Provider of independent medical examinations, peer reviews, bill reviews, Medicare compliance, record retrieval, document management and related services
6/22/2021	Provide	Fifth Third	NA	NA	NA	Digital platform for healthcare practices
6/22/2021	SAGE Veterinary Centers (Chicago Pacific Founders)	National Veterinary Associates (JAB Holding Company)	NA	NA	NA	Provider of veterinary specialty and emergency medicine
6/21/2021	Kindred Healthcare (TPG Capital, Welsh, Carson, Anderson & Stowe)	LifePoint Health (Citigroup, RBC)	NA	NA	NA	Specialty hospital company delivering acute health services in its long-term acute care hospitals, inpatient rehabilitation hospitals, acute rehabilitation units, and behavioral health line of business
6/18/2021	Joslin Diabetes Center	Beth Israel Lahey Health	NA	NA	NA	Diabetes research centers funded by the National Institutes of Health
6/17/2021	Chemic Laboratories	Solvias (WaterStreet Healthcare Partners and JLL Partners)	NA	NA	NA	cGMP/GLP contract chemistry organization
6/16/2021	Affordable Care (Berkshire Partners)	Harvest Partners	~\$2,700	NA	NA	Operator of over 250 dental practices in 41 states
6/16/2021	Quartesian	Veranex (Summit Partners)	NA	NA	NA	Clinical research organization
6/16/2021	Five Florida Based Hospitals (Tenet)	Steward Health Care	\$1,100	NA	NA	Coral Gables Hospital, Florida Medical Center, Hialeah Hospital, North Shore Medical Center and Palmetto General Hospital
6/14/2021	Medical Card System (JLL Partners)	MHH Healthcare	NA	NA	NA	Healthcare services organization offering a variety of insurance plans and managing care for Medicare Advantage and Commercial members throughout Puerto Rico
6/14/2021	One Homecare Solutions (WayPoint Capital Partners)	Humana (NYSE: HUM)	NA	NA	NA	Provider of a variety of home-based services



# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
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 Greycroft	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
6/23/2021	AlayaCare	Generation Investment Management (lead), Klass Capital, Inovia Capital ("Inovia"), CDPQ, and Investissement Québec	Series D	\$225	End-to-end software platform for home and community care providers
6/16/2021	Brightline	GV (lead), Optum Ventures, 7wireVentures, Gaingels, Oak HC/FT, Threshold Ventures, Blue Shield of California, Blue Cross Blue Shield of Massachusetts, SemperVirens VC, and City Light Capital	Series B	\$72	Virtual behavioral health solution for children and teenagers
6/16/2021	Stork Club	General Catalyst (lead), Bowery Capital, Slow Ventures and angel	Series A	\$30	Offers employee benefits to include all components of maternal health
6/14/2021	Lyra Health	Coatue (lead), Sands Capital	Undisclosed	\$200	Provider of comprehensive mental health care benefits for employers
6/9/2021	LetsGetChecked	Casdin Capital (lead), CommonFund Capital, Illumina Ventures, Optum Ventures, Transformation Capital, HLM Venture Partners, Qiming Venture Partners and Symphony Ventures	Series D	\$150	Virtual care company
6/9/2021	Mongram Health	TPG Capital (lead), Frist Cressey Ventures, Norwest Venture Partners and Humana	Series B	\$160	Kidney disease benefit management and care delivery company
6/3/2021	Phil	Warburg Pincus	Series D	\$56	Software therapy deployment platform. The investment is part of an arrangement for Warburg Pincus to invest up to \$100m and enables Phil to accelerate the development of innovative products
6/2/2021	Thirty Madison	HealthQuest Capital, Mousse Partners, Bracket Capital, Polaris Partners, Johnson & Johnson Innovation, JJDC, Inc. Northzone and others	Series C	\$140	Premier healthcare company for people with chronic conditions

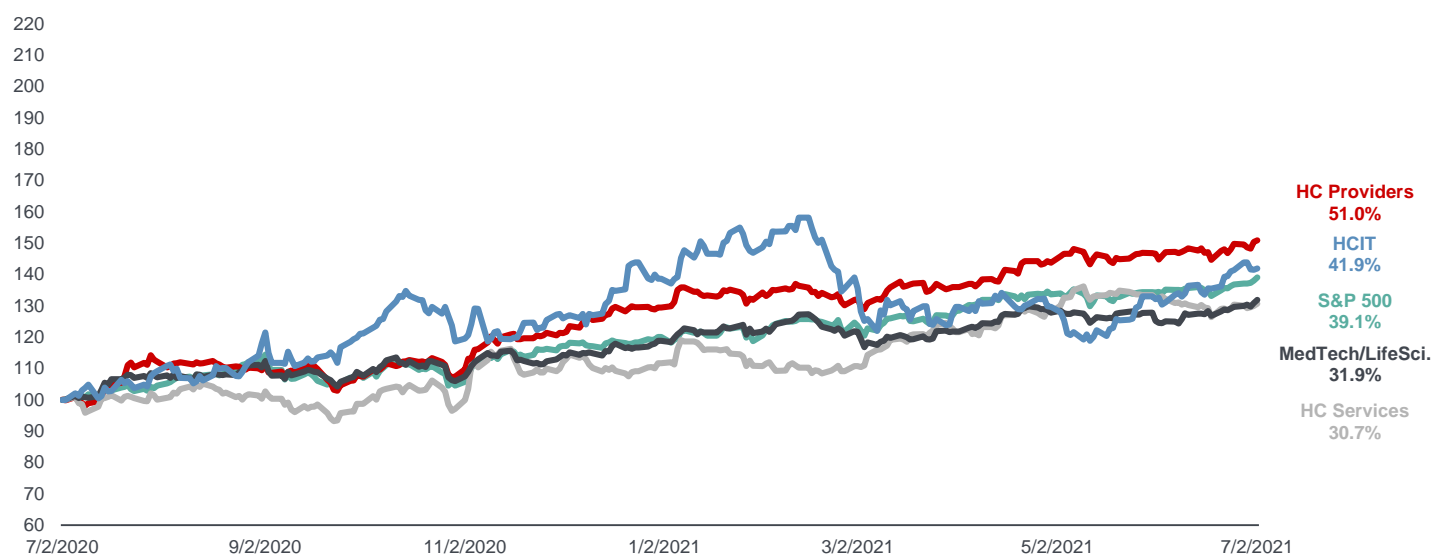
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of July 2, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,434	34,786	34.7%	1.0%
S&P 500	4,281	4,352	39.1%	1.7%
NASDAQ	14,360	14,639	43.4%	1.9%
Russell 2000	2,334	2,306	61.0%	(1.2%)
NYSE Healthcare	21,806	22,145	25.0%	1.6%

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	118.0%	2.4%
Alternate Site Services	22.2%	(1.3%)
Diagnostics	46.9%	2.3%
Distribution	23.9%	0.7%
Healthcare IT	41.9%	0.3%
Healthcare REITs	33.2%	(0.5%)
Managed Care	32.8%	1.1%
Medical Technology	29.4%	1.9%
Outsourced Services	47.4%	(1.4%)
Pharma Services	58.8%	0.4%
Pharmacy	23.3%	(3.6%)
Post-Acute Care	38.7%	1.0%

## 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
Bright Health Group (BHG)	6/24/2021	IPO	\$924	\$10,671	\$18.00	(7.2%)	National, integrated system of care
Doximity (DOCS)	6/24/2021	IPO	\$494	\$966	\$26.00	91.8%	Digital platform for U.S. medical professionals
Codex DNA (DNAY)*	6/18/2021	IPO	\$107	\$526	\$16.00	24.3%	Synthetic biology company
Convey (CNVY)	6/16/2021	IPO	\$163	\$891	\$14.00	(21.4%)	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
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	94.3%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	3.9%	Diversified home care platform focused on providing care to medically complex, high-cost patient populations
Agility (AGTI)*	4/23/2021	IPO	\$368	\$2,040	\$14.00	52.7%	Medical equipment management and service solutions

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of July 2, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.77%	1.82%	2.78%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.57%	1.62%	2.43%
SIFMA (Variable Rate Demand Notes)	0.03%	0.03%	0.09%
Revenue Bond Index	2.50%	2.53%	2.63%
SIFMA/ 1Month LIBOR	30.00%	30.00%	52.94%
RBI/30 Yr Treasury (%)	121.95%	117.13%	183.92%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.42%	1.45%	0.73%

## 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
Texas Children's Hospital	\$264.085	TX	Aa2 / AA / AA	2051	2031 (C)	3.00%	2.32%	2.70%	1.47%
Texas Children's Hospital	\$74.340	TX	Aa2 / AA / AA	2051	2031 (P)	5.00%	1.29%	N/A	1.47%
Benedictine Health System	\$73.405	MN	NR / NR / NR	2041	2029 (C)	4.00%	2.85%	3.43%	1.47%
Westminster Project	\$56.850	TX	NR / NR / BBB	2055	2030 (C)	4.00%	2.31%	3.31%	1.47%
BHI Senior Living	\$34.250	IN	NR / NR / BBB	2041	2031 (C)	4.00%	2.00%	2.80%	1.47%
BHI Senior Living (Taxable)	\$23.865	IN	NR / NR / BBB	2031	MWC	3.39%	3.39%	N/A	1.45%
Concord Hospital Issue	\$43.770	NH	A2 / NR / AA-	2042	2031 (C)	3.00%	2.22%	2.58%	1.47%
Christian Living Neighborhoods	\$32.500	CO	NR / NR / NR	2042	2031 (C)	4.00%	2.71%	3.23%	1.47%
Retreat at Indian Land Project**	\$20.425	SC	NR / NR / NR	2056	2028 (P)	6.63%	6.85%	N/A	1.47%
Retreat at Indian Land Project**	\$2.420	SC	NR / NR / NR	2056	2028 (P)	9.00%	9.19%	N/A	1.47%
Friendship Village of Kalamazoo	\$11.965	MI	NR / NR / NR	2051	2031 (C)	5.00%	3.73%	4.36%	1.47%
Friendship Village of Kalamazoo	\$8.685	MI	NR / NR / NR	2051	2031 (C)	5.00%	3.73%	4.36%	1.47%
<b>Total</b>	<b>\$646.560</b>								

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

\*\*Placement Agent: Orec Securities LLC; \$2.420MM Tranche is subordinated

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
National Finance Authority / Massachusetts Development Finance Agency Revenue Bonds, Series 2021 (Ascentria Care Alliance Project)	7/7/2021	\$94.290	NR / NR / NR
City of Manhattan, Kansas Health Care Facilities Revenue Bonds, Series 2021A&B (Meadowlark Hills)	7/7/2021	\$45.190	NR / NR / BB+
\$25,000,000 Housing Options, Inc. Multifamily Housing Revenue Bonds (Brooks Manor - The Oaks Project) Series 2021	7/7/2021	\$25.000	Aaa / NR / NR
California Municipal Finance Authority Insured Revenue Bonds (La Maestra Community Health Centers) Series 2021A	7/8/2021	\$11.160	NR / AA- / NR

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

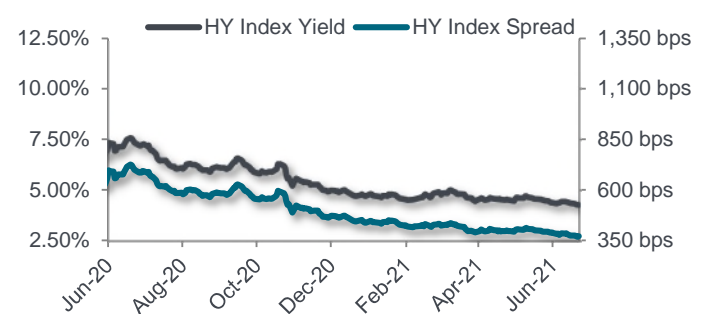
### High Yield

- Last week experienced a \$893 million inflow, following the prior week's inflows of \$189 million; 1H21 net outflows totaled \$15.7 billion, which compares to 1H20 net inflows of \$23.9 billion

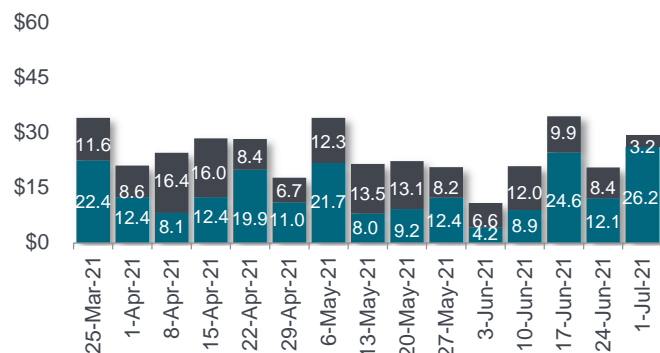
### Leveraged Loans

- Leveraged loan funds experienced a \$592 million inflow last week, marking the 25th inflow of 2021; net inflows total \$26.2 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 34 deals price last week for \$26.2 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		
			May 2021	June 2021	07/01/21
Overall	4.40%	4.64%	4.55%	4.45%	4.45%
4B	3.00%	2.98%	2.83%	2.95%	2.95%
2B	4.63%	4.99%	4.98%	4.81%	4.81%
Middle Market	4.79%	5.15%	5.74%	5.15%	5.78%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
6/21/2021	HCA Inc	Sec. Notes	\$850	Baa3/BBB-/BBB-	2.375%	7/15/2031	+95	35 bps
6/21/2021	HCA Inc	Sec. Notes	\$1,500	Baa3/BBB-/BBB-	3.500%	7/15/2051	+140	35 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	20 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	15 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.200%	5/28/2026	+45	20 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.750%	5/28/2028	+55	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
6/24/2021	Centene	Sr. Notes	\$1,800	Ba1/BBB-	2.450%	7/15/2028	121 bps	2.45%-2.625%
6/16/2021	ICON	Sr. Sec. Notes	\$500	Ba1/BB+	2.875%	7/15/2026	210 bps	3.00% area
5/24/2021	Bausch Health	Sr. Sec. Notes	\$1,600	Ba2/BB	4.785%	6/1/2028	359 bps	5.00% area
5/18/2021	Tenet Healthcare	1st Lien Notes	\$1,400	B1/B+	4.250%	6/1/2029	282 bps	4.00%-4.25%
5/4/2021	CHS/Community Health	Sr. Notes	\$1,440	Caa3/CCC-	6.125%	4/1/2030	463 bps	6.25% area

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
7/2/2021	Gastro Health LLC	OMERS Capital Partners	B3/B-	LBO	\$400	L+450, 0.75% @ 99.5	5.375%
7/1/2021	Perrigo Rx	Altaris Capital Partners	B1/B	LBO	\$850	L+475, 0.00% @ 99	5.500%
7/1/2021	Aveanna Healthcare	Bain Capital	B2/B-	Refinancing	\$860	L+375, 0.50% @ 99.5	4.375%
6/30/2021	Unified Women's Healthcare	Altas Partners LP	B3/B-	Acquisition	\$235	L+425, 0.75% @ 99.5	5.125%
6/28/2021	Indivior PLC	Public	B2/B	Refinancing	\$250	L+525, 0.75% @ 98	6.500%



## Healthcare News

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### **CMS Proposes Significantly Expanding ACA Open Enrollment Period<sup>1</sup>**

**Fierce Healthcare | June 28, 2021**

The Biden administration has proposed numerous changes to the Affordable Care Act's (ACA's) exchanges for 2022, including allowing exchanges to have the option to offer special enrollment periods for certain low-income customers that may benefit from enhanced premium tax credit options. The open enrollment period would also expand from November 1st, 2021 to January 15th, 2022, which would apply to future years. Additionally, the proposal would modestly increase user fees on the exchanges to fund consumer outreach and education efforts but would remain below current 2021 plan year rates. The proposed changes may assist in expanding access to high-quality and low-cost coverage, and the Biden administration will build the program back up with an investment of \$80 million.

### **Nearly Half Of Physician Practices Owned By Hospitals, Corporate Entities, Report Finds<sup>2</sup>**

**Healthcare Dive | June 29, 2021**

Nearly 70% of U.S. physicians are currently employed by a hospital or a corporate entity, including insurers or private equity groups, according to the latest report by Avalere for the Physicians Advocacy Institute that examines the two-year period from 2019 through 2020. This longtime trend was exacerbated during the COVID-19 pandemic, as 48,400 physicians left private practice during the study period across all regions of the country. 47% of those that left private practice fled after the pandemic started. Only 3 in 10 of the nation's physicians remain independent. The advocacy group wrote a letter to Congress urging "to help protect the physician-patient relationship from undue corporate interference." The percentage of physicians employed by hospitals has increased from 44% to 49.3% from 2018 to 2021. Hospitals, private equity groups, and insurers have all become increasingly interested in the space.

### **The Benefits Of Using Genomic Data For Health Systems And Patients<sup>3</sup>**

**Healthcare Finance | July 1, 2021**

Genomic data is providing insight into what will work for a particular patient and is being used in pharmacogenomics, oncology, and immunotherapy. Widespread use requires reimbursement and getting to a scale in which genomic data is integrated across the healthy system and the patient's care journey. Dr. Phillip Empey and Dr. Robert Bart will describe how they are using genomic data in personalized oncology treatments and pharmacogenomics at the HIMSS21 annual conference on August 10th, 2021. They will also discuss survey data indicating near unanimous respondent focus on a genomic data management strategy. Dr. Bart advises that it should not be daunting for health systems to start offering genomic medicine using the approaches they will describe. When genetic results come back, physicians may know that the best medication for an individual patient is not the one being prescribed.

## Healthcare News Continued...

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### Supreme Court Agrees to Hear Hospital Lawsuit Challenging HHS' 340B Cuts <sup>1</sup>

Fierce Healthcare | July 2, 2021

The Supreme Court has agreed to hear a major dispute between the hospital industry and the federal government over the cuts to 340B hospitals in American Hospital Association v. Becerra. This case is based on the dispute between 340B hospitals, the Department of Health and Human Services, and the medical reimbursement rate paid for outpatient drugs. 340B hospital systems are arguing that HHS is singling out 340B hospital systems by cutting their reimbursements for outpatient drugs. HHS is defending that their cuts to 340B hospitals are because their cost to acquire drugs is lower than other hospitals. The court hearing will take place during its next term in October. A decision is likely going to happen sometime next year.

### Report: Telehealth Use Beginning to Taper<sup>2</sup>

Healthcare IT News | June 30, 2021

A report from analytics firm Trilliant Health found that the use of telehealth is starting to taper in the United States "post-pandemic." Trilliant Health's national all-payer claims database found that about 38 million Americans, excluding traditional Medicare users, generated about 96 million virtual doctor appointments during COVID-19. Trilliant found that the most consistent telehealth users were women ages 30-39, with women ages 20-29 being the fastest-growing user demographic. California had the highest usage growth, with 1,860% growth, while almost all states double their telehealth usage. Large companies, such as Amazon and Walmart, have demonstrated their interest in the telehealth space through their new business developments in Amazon Care and MeMD. Trilliant Health concluded that while telehealth numbers have been declining, it will become an ordinary commodity that consumers will rely on moving forward.

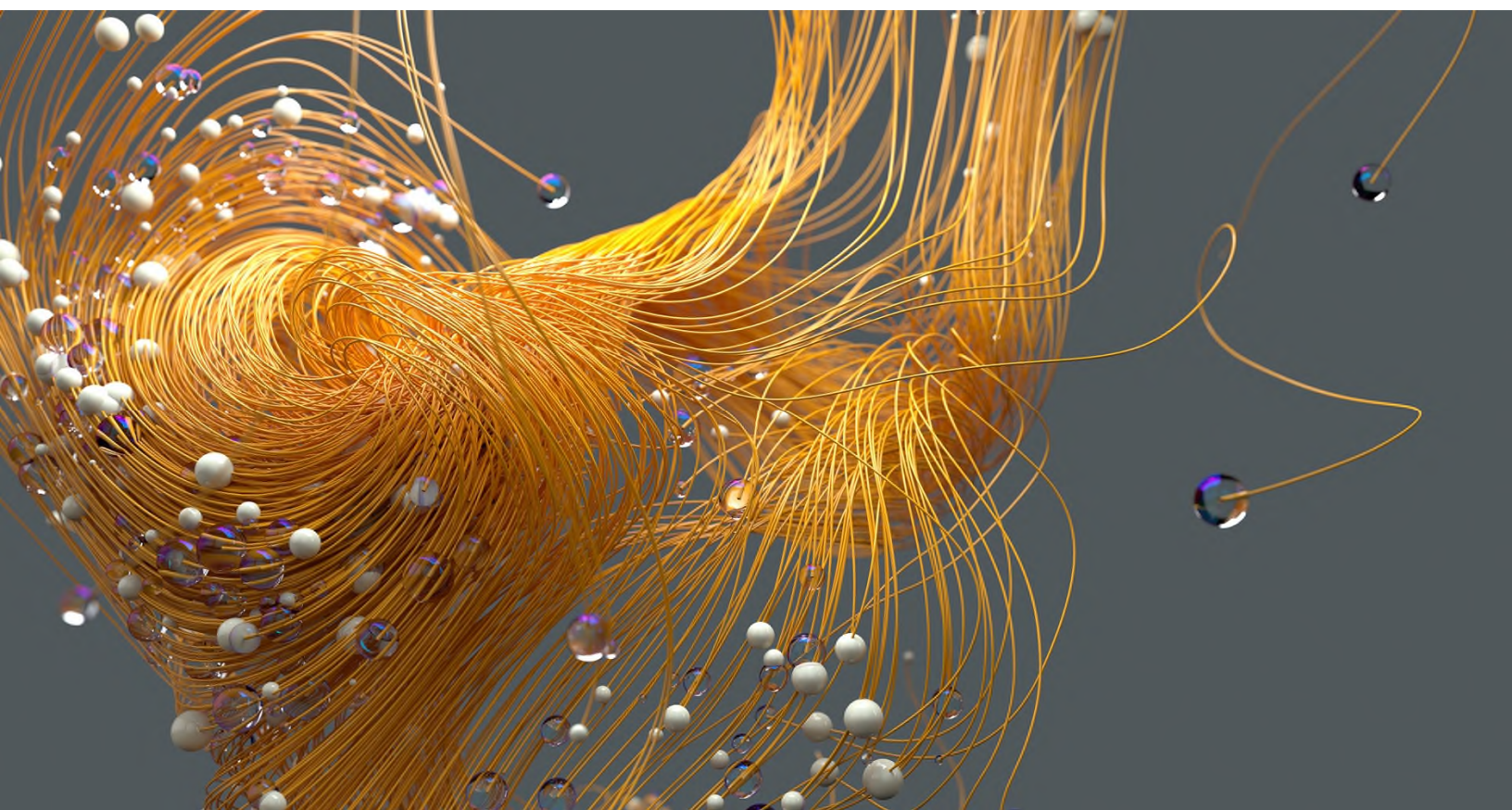
### CMS Wants To Reward Dialysis Providers For Improving Home Dialysis Among Low-Income Beneficiaries<sup>3</sup>

The Centers for Medicare & Medicaid Services (CMS) released a proposed rule Thursday that updates payment rates for the End-Stage Renal Disease (ESRD) Prospective Payment System and makes changes to the quality incentive program and ESRD Treatment Choices Model. The goal of the changes is to encourage dialysis providers to decrease disparities in home dialysis and transplant rates, part of a larger effort by the Biden administration. "Today's proposed rule is grounded in measures to ensure people with Medicare who suffer from chronic kidney disease have easy access to quality care and convenient treatment options," said CMS Administrator Chiquita Brooks-LaSure in a statement Thursday. The agency is proposing to pay \$8.9 billion for calendar year 2022 to ESRD facilities for dialysis services. The base payment rate will be \$255.55, an increase of \$2.42 to the current rate, CMS said in a fact sheet. This will result in a 1.2% increase for all total payments compared to 2021. Hospital-based dialysis facilities will get a projected 1.3% decrease and a 1.2% hike for any free-standing facilities. CMS also outlined a new base payment rate for providers that offer renal dialysis services to beneficiaries with acute kidney injury. The agency wants to make the payment rate the same as the base rate for ESRD of \$255.55.

July 14, 2021

# Cain Brothers Industry Insights

## Healthcare Weekly Market Report



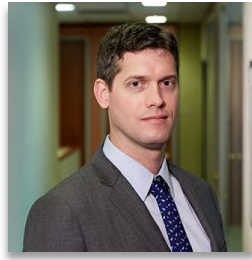
**This week's banker commentary:**

**The Importance of Value-Added Revenue Cycle Partners Persists**

# Industry Insights

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- Cain Brothers Recent Transactions



## The Importance of Value-Added Revenue Cycle Partners Persists

*Banker Commentary by Bryan Cloncs*

Amid years of ongoing technology innovation, capital investment, and healthcare provider consolidation within the provider revenue cycle sector, the importance of value-added revenue cycle

partners and solutions have never been more so. As healthcare providers seek to streamline vendors to gain efficiencies and control expenses within an increasing competitive environment, providers remain in dire need to collect as much revenue as possible (exacerbated by COVID) while jockeying for market share and longer-term revenue streams.

Over the past five years, announced hospital and health system M&A transactions have averaged more than 100 per year. This consolidation has accentuated the importance of revenue cycle solutions as facilities migrate toward a unified EHR platform (certainly do not want to walk away from legacy AR while installing sustainable, go forward revenue cycle support) and broader back office integration challenges. Furthermore, healthcare providers have widely embraced patients as consumers, underscoring the criticality of capabilities such as two-way digital communications and robust CRM platforms.

Healthcare providers also recognize the importance of increased market share relative to healthcare delivery capabilities and location (i.e., what and where to build and invest). Associated vendor solutions providing opportunities to ingest and digest vast amounts of demographic-related data help to identify and support these difficult decisions, ultimately impacting market share and revenue.

The ongoing transition toward value-based arrangements across the healthcare provider continuum also highlights the importance associated with measurement, outcomes, and reporting ... impacting provider economics. This has generated attractive opportunities for vendors to further penetrate healthcare organizations in need of reliable and accurate solutions in what is already considered (aside from value-based care) a complex regulatory and payer environment. Additionally, advancements in “needle-moving” healthcare AI and automation have helped to create scalable, efficient, and price-favorable technology streamlining and bolstering portions of the revenue cycle. This is evident from insurance discovery, to coding and clinical documentation improvement, to payment posting, and to various backend tasks.

This brings us to the outsourcing vs. insourcing debate. While there may be strategic reasons for healthcare providers to “own” part of, or a capability within, the revenue cycle, there is a reason outsourcing revenue cycle (IT and/or tech-enabled services) significantly outpaces the growth of the underlying addressable market.

## Industry Insights

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The complexities and various factors impacting the revenue cycle are too abundant and cumbersome for healthcare providers to effectively pursue on their own particularly given it is not considered core to the healthcare delivery mandate. Comprehensive, innovative, and specialized revenue cycle technology and services require dedicated capital, committed resources, and/or expertise which can take years to develop and are more economical or supportable across a broad range of organizations.

Despite many years of buyer-investor consolidation across and within the broader revenue cycle sector, the vendor market remains highly fragmented given the proliferation of solutions spanning the ecosystem and next-generation innovation. This encompasses pure software platforms, “end-to-end” outsourcers, and points solutions specializing in various aspects of the revenue cycle. The vital importance of value-added revenue cycle partners to accelerate and focus system development and enhancements in this dynamic market persists.



# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
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
7/2/2021	Parexel (Pamplona)	EQT and Goldman Sachs Asset Management	NA	NA	NA	Clinical research organization
7/1/2021	Hines & Associates	Global Excel Management	NA	NA	NA	Provider of healthcare management services in the areas of case management, utilization management and disease management
6/30/2021	SimpleLTC (Briggs Healthcare)	Netsmart	NA	NA	NA	Data analytics software for regulatory compliance, reimbursement optimization and quality measurement for post-acute care healthcare
6/30/2021	VCP	Covetrus (NASDAQ: CVET)	NA	NA	NA	Veterinary wellness plan management solution
6/29/2021	AMC Health	York Capital Management	NA	NA	NA	Telehealth and remote patient monitoring (RPM) services provider
6/29/2021	Southeastern Health Care at Home (Geneva Glen Capital)	AccentCare (Advent International)	NA	NA	NA	Provider of home health services, hospice and mobile primary care services, palliative and wound care services in Pennsylvania
6/29/2021	The Oncology Institute	DFP Healthcare (NASDAQ:DFPH)	\$842	2.4x	NA	Value-based care provider in Oncology
6/28/2021	Verisys and Aperture Health	Stone Point Capital	NA	NA	NA	Credentialing, enrollment, and provider data management software for the healthcare industry
6/25/2021	Alliance HealthCare Services (Tahoe Investment Group)	Akumin (NASDAQ: AKU)	\$820	NA	NA	Provider of radiology and oncology solutions to hospitals, health systems and physician groups
6/24/2021	New Day Recovery	BayMark Health Services	NA	NA	NA	Residential and office-based opioid treatment provider
6/24/2021	Twistle	Health Catalyst (Nasdaq: HCAT)	NA	NA	NA	Healthcare patient engagement SaaS technology company
6/22/2021	ExamWorks (majority stake)	CVC Capital Partners	NA	NA	NA	Provider of independent medical examinations, peer reviews, bill reviews, Medicare compliance, record retrieval, document management and related services
6/22/2021	Provide	Fifth Third	NA	NA	NA	Digital platform for healthcare practices
6/22/2021	SAGE Veterinary Centers (Chicago Pacific Founders)	National Veterinary Associates (JAB Holding Company)	NA	NA	NA	Provider of veterinary specialty and emergency medicine
6/21/2021	Kindred Healthcare (TPG Capital, Welsh, Carson, Anderson & Stowe)	LifePoint Health (Citigroup, RBC)	NA	NA	NA	Specialty hospital company delivering acute health services in its long-term acute care hospitals, inpatient rehabilitation hospitals, acute rehabilitation units, and behavioral health line of business
6/18/2021	Joslin Diabetes Center	Beth Israel Lahey Health	NA	NA	NA	Diabetes research centers funded by the National Institutes of Health

# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
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 Greycroft	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
6/23/2021	AlayaCare	Generation Investment Management (lead), Klass Capital, Inovia Capital ("Inovia"), CDPQ, and Investissement Québec	Series D	\$225	End-to-end software platform for home and community care providers
6/16/2021	Brightline	GV (lead), Optum Ventures, 7wireVentures, Gaingels, Oak HC/FT, Threshold Ventures, Blue Shield of California, Blue Cross Blue Shield of Massachusetts, SemperVirens VC, and City Light Capital	Series B	\$72	Virtual behavioral health solution for children and teenagers
6/16/2021	Stork Club	General Catalyst (lead), Bowery Capital, Slow Ventures and angel	Series A	\$30	Offers employee benefits to include all components of maternal health
6/14/2021	Lyra Health	Coatue (lead), Sands Capital	Undisclosed	\$200	Provider of comprehensive mental health care benefits for employers
6/9/2021	LetsGetChecked	Casdin Capital (lead), CommonFund Capital, Illumina Ventures, Optum Ventures, Transformation Capital, HLM Venture Partners, Qiming Venture Partners and Symphony Ventures	Series D	\$150	Virtual care company
6/9/2021	Mongram Health	TPG Capital (lead), Frist Cressey Ventures, Norwest Venture Partners and Humana	Series B	\$160	Kidney disease benefit management and care delivery company

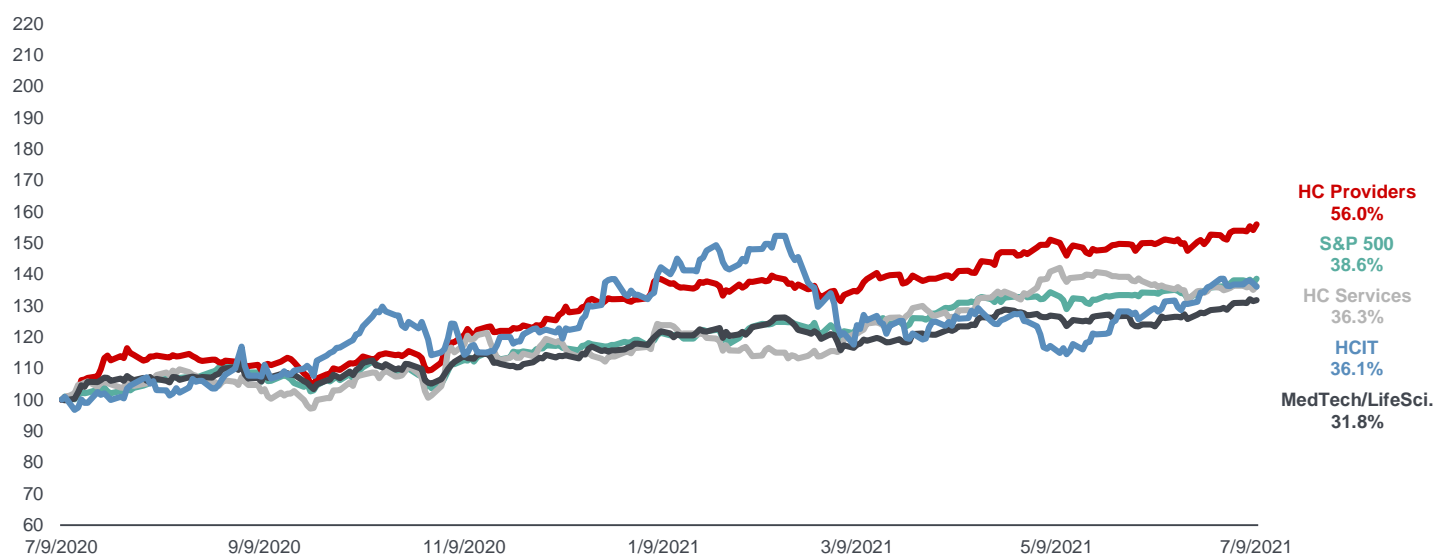
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of July 9, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,786	34,870	35.6%	0.2%
S&P 500	4,352	4,370	38.6%	0.4%
NASDAQ	14,639	14,702	39.4%	0.4%
Russell 2000	2,306	2,280	63.0%	(1.1%)
NYSE Healthcare	22,145	22,224	26.2%	0.4%

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	131.4%	1.7%
Alternate Site Services	28.3%	0.4%
Diagnostics	46.8%	1.3%
Distribution	29.9%	(0.8%)
Healthcare IT	36.1%	(0.7%)
Healthcare REITs	44.0%	1.9%
Managed Care	38.2%	0.3%
Medical Technology	29.3%	0.5%
Outsourced Services	52.5%	(0.0%)
Pharma Services	56.9%	2.1%
Pharmacy	29.1%	(1.4%)
Post-Acute Care	40.4%	(0.3%)

## 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
Bright Health Group (BHG)	6/24/2021	IPO	\$924	\$10,671	\$18.00	(7.2%)	National, integrated system of care
Doximity (DOCS)	6/24/2021	IPO	\$494	\$966	\$26.00	91.8%	Digital platform for U.S. medical professionals
Codex DNA (DNAY)*	6/18/2021	IPO	\$107	\$526	\$16.00	24.3%	Synthetic biology company
Convey (CNVY)	6/16/2021	IPO	\$163	\$891	\$14.00	(21.4%)	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
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	94.3%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	3.9%	Diversified home care platform focused on providing care to medically complex, high-cost patient populations
Agility (AGTI)*	4/23/2021	IPO	\$368	\$2,040	\$14.00	52.7%	Medical equipment management and service solutions

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of July 9, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.63%	1.77%	2.53%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.43%	1.57%	2.18%
SIFMA (Variable Rate Demand Notes)	0.02%	0.03%	0.11%
Revenue Bond Index	2.40%	2.50%	2.61%
SIFMA/ 1Month LIBOR	20.00%	30.00%	61.11%
RBI/30 Yr Treasury (%)	120.60%	121.95%	196.24%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.36%	1.42%	0.69%

## 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
Ascentria Care Alliance Project	\$56.730	MA	NR / NR / NR	2056	2031 (C)	5.00%	4.04%	4.55%	1.33%
Ascentria Care Alliance Project	\$28.805	MA	NR / NR / NR	2056	2031 (C)	5.00%	4.04%	4.55%	1.33%
Meadowlark Hills**	\$41.100	KS	NR / NR / BB+	2046	2031 (C)	4.00%	2.44%	3.20%	1.33%
Meadowlark Hills (Taxable)	\$3.750	KS	NR / NR / BB+	2025	NC	2.44%	2.44%	N/A	0.37%
Brooks Manor – The Oaks Project	\$25.000	TX	Aaa / NR / NR	2041	2025 (P)	0.50%	0.50%	N/A	1.33%
<b>Total</b>	<b>\$155.385</b>								

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

\*\*Overlapping final maturity w/ cpn. / YTC / YTM of 2.75% / 2.82% / N/A

### 1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Public Finance Authority Hospital Revenue Bonds (Carson Valley Medical Center) Series 2021 Cain Brothers Sole-Managed Expected Pricing	7/15/2021	\$40.825	NR / BB+ / NR
State of Ohio Hospital Revenue Bonds, Series 2021A Hospital Revenue Refunding Bonds, Series 2021B (Forward Delivery) (Cleveland Clinic Health System Obligated Group)	7/14/2021	\$270.445	Aa2 / AA / NR
Florida Development Finance Corporation Healthcare Facilities Revenue Bonds (Lakeland Regional Health System) Series 2021	7/15/2021	\$221.230	A2 / NR / NR
California Health Facilities Financing Authority Revenue Bonds (Children's Hospital or Orange County) Series 2021A Series 2021B	7/13/2021	\$170.050	NR / AA- / AA-
Children's Hospital or Orange County Taxable Bonds Series 2021C (Corporate Cusips)	7/13/2021	\$26.418	NR / AA- / AA-
Wisconsin Health and Educational Facilities Authority Gundersen Health System Refunding Revenue Bonds Series 2021A	7/14/2021	\$104.905	NR / AA- / AA-
Montana Facility Finance Authority Taxable Revenue Bonds (Benefis Health System Obligated Group) Series 2021B	7/14/2021	\$70.000	NR / NR / A+
Arkansas Development Finance Authority Healthcare Facilities Revenue Bonds (CARTI Surgery Center Project) Series 2021B	7/15/2021	\$40.000	NR / NR / NR
Public Finance Authority Health Care Facilities Revenue Bonds, Series 2021 A&B (SLF Ripple Ranch, LLC Obligated Group Project)	7/13/2021	\$14.410	NR / NR / NR
California Municipal Finance Authority Insured Revenue Bonds (La Maestra Community Health Centers) Series 2021A Taxable Insured Revenue Bonds (La Maestra Community Health Centers) Series 2021B Insured By: Cal-Mortgage Loan Insurance	Daily	\$12.110	NR / AA- / NR

### 1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

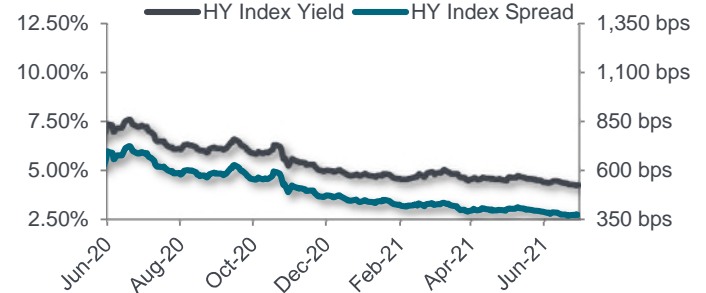
### High Yield

- Last week experienced a \$728 million inflow, following the prior week's inflows of \$893 million; 1H21 net outflows totaled \$15.7 billion, which compares to 1H20 net inflows of \$23.9 billion

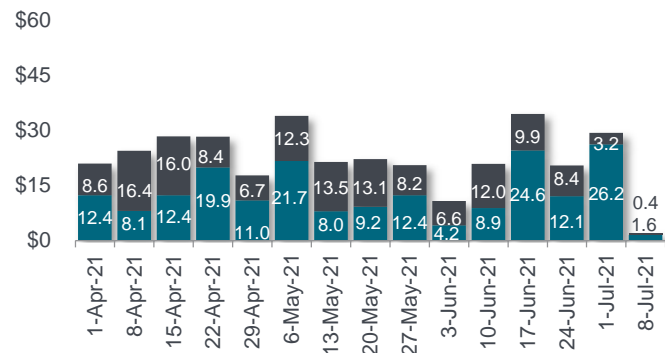
### Leveraged Loans

- Leveraged loan funds experienced a \$630 million inflow last week, marking the 26<sup>th</sup> inflow of 2021; net inflows total \$28.3 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 9 deals price last week for \$1.6 billion

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



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

	30-Day Rolling Average				
	1Q21	2Q21	May 2021	June 2021	07/08/21
Overall	4.40%	4.64%	4.55%	4.46%	4.60%
4B	3.00%	2.98%	2.83%	2.96%	3.26%
2B	4.63%	4.99%	4.98%	4.81%	4.97%
Middle Market	4.79%	5.15%	5.74%	5.15%	5.88%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
6/21/2021	HCA Inc	Sec. Notes	\$850	Baa3/BBB-/BBB-	2.375%	7/15/2031	+95	35 bps
6/21/2021	HCA Inc	Sec. Notes	\$1,500	Baa3/BBB-/BBB-	3.500%	7/15/2051	+140	35 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	20 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	15 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.200%	5/28/2026	+45	20 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.750%	5/28/2028	+55	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
6/24/2021	Centene	Sr. Notes	\$1,800	Ba1/BBB-	2.450%	7/15/2028	121 bps	2.45%-2.625%
6/16/2021	ICON	Sr. Sec. Notes	\$500	Ba1/BB+	2.875%	7/15/2026	210 bps	3.00% area
5/24/2021	Bausch Health	Sr. Sec. Notes	\$1,600	Ba2/BB	4.785%	6/1/2028	359 bps	5.00% area
5/18/2021	Tenet Healthcare	1st Lien Notes	\$1,400	B1/B+	4.250%	6/1/2029	282 bps	4.00%-4.25%
5/4/2021	CHS/Community Health	Sr. Notes	\$1,440	Caa3/CCC-	6.125%	4/1/2030	463 bps	6.25% area

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
7/2/2021	Gastro Health LLC	OMERS Capital Partners	B3/B-	LBO	\$400	L+450, 0.75% @ 99.5	5.375%
7/1/2021	Perrigo Rx	Altaris Capital Partners	B1/B	LBO	\$850	L+475, 0.00% @ 99	5.500%
7/1/2021	Aveanna Healthcare	Bain Capital	B2/B-	Refinancing	\$860	L+375, 0.50% @ 99.5	4.375%
6/30/2021	Unified Women's Healthcare	Altas Partners LP	B3/B-	Acquisition	\$235	L+425, 0.75% @ 99.5	5.125%
6/28/2021	Indivior PLC	Public	B2/B	Refinancing	\$250	L+525, 0.75% @ 98	6.500%



## Healthcare News

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### CMS' Data Interoperability Rule Can Spur Innovation For Payers, Experts Say<sup>1</sup>

Fierce Healthcare | July 7, 2021

On July 1, a final rule by the Centers for Medicare & Medicaid Services (CMS) took effect that opens up patient access to healthcare data. "These rules begin a new chapter by requiring insurance plans to share health data with their patients in a format suitable for their phones or other device of their choice. We are holding payers to a higher standard while protecting patient privacy through secure access to their health information. Patients can expect improved quality and better outcomes at a lower cost," Verma said. The Interoperability and Patient Access final rule requires that Medicaid, the Children's Health Insurance Program (CHIP), Medicare Advantage (MA) plans and qualified health plans make enrollee data immediately accessible. As part of the rule, CMS-regulated payers, specifically MA organizations, Medicaid fee-for-service programs, Medicaid managed care plans, CHIP fee-for-service programs and CHIP managed care entities, have to implement and maintain a patient access API that will allow data sharing with health apps. The interoperability mandate is a sign of an overall trend with CMS pushing and the industry moving on its own toward more interoperability to help put patients in charge of their own care and their own health records, Sullivan said.

### UHC Is Using Predictive Analytics, Developed With Optum, To Address SDOH<sup>2</sup>

Healthcare Finance | July 8, 2021

UnitedHealthcare has introduced the use of predictive analytics for employer-sponsored plans to help identify people in need of support related to the social determinants of health. Developed in collaboration with Optum, the UnitedHealthcare capability can help employers predict the likelihood that their employees may have a need for a social intervention, assessing more than 300 markets across the country and analyzing over 100 metrics. The new capability uses de-identified claims data from more than 100 million UnitedHealthcare members. Through analytics and aggregate claims data, employers can design and implement healthcare strategies to identify the need for support. The resource is currently available to employers who select UnitedHealthcare's Advocate4Me Elite or Advocate4Me Premier product offerings, with plans to introduce a customized version for employers with fully insured health benefits later this year. UnitedHealthcare call center advocates use real-time interactions coupled with a curated database of community resources to help individuals. The targeted support model is intended to help eliminate barriers to well-being, diminish out-of-pocket consumer costs and avoid potential expenses for employers.

### Biden Calls For Efforts To Lower Drug Prices As Part Of Executive Order To Foster Competition<sup>3</sup>

Washington Post | July 9, 2021

President Biden is calling on federal health officials to intensify efforts to drive down prescription drug prices as part of an executive order he plans to sign Friday to spur federal agencies to promote economic competition. The order will direct his administration to work with states to devise plans to import medicines safely from Canada, where they are sold at lower prices — an idea long endorsed by many Democrats and embraced by former president Donald Trump over the objections of the pharmaceutical industry. The president's directive also will urge the Federal Trade Commission to promote the availability of generic drugs by banning pharmaceutical manufacturers from paying their generic counterparts to delay entry of lower-price versions of medications into the market.

1. <https://www.fiercehealthcare.com/tech/cms-interoperability-rule>

2. <https://www.healthcarefinancenews.com/news/unitedhealthcare-using-predictive-analytics-developed-collaboration-optum-address-social>

3. [https://www.washingtonpost.com/health/biden-executive-order-drug-prices/2021/07/09/4cb93400-e03e-11eb-b507-697762d090dd\\_story.html](https://www.washingtonpost.com/health/biden-executive-order-drug-prices/2021/07/09/4cb93400-e03e-11eb-b507-697762d090dd_story.html)

## Healthcare News Continued...

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### Digital Health Funding In 2021 Smashes Past Year's Record With \$14.7B<sup>1</sup>

Healthcare Dive | July 7, 2021

The coronavirus catapulted digital health into the mainstream last year, resulting in a flurry of big deals, high-profile exits and historic levels of funding flowing into the red-hot market. That momentum has only accelerated in 2021, according to the new Rock Health report. Just halfway through the year, funding has already surpassed the annual record set in 2020, with the first half of 2021 comprising the two largest quarters of funding activity in the U.S. digital health market ever. Monthly funding in June alone of \$3.1 billion was almost triple that of June last year, which brought in \$1.1 billion as funding first began to accelerate after initial coronavirus lockdowns.

### Telehealth Use Falls Nationally For Third Month In A Row: Fair Health<sup>2</sup>

Healthcare Dive | July 8, 2021

Telehealth claim lines as a percentage of all medical claims dropped 13% in April, marking the third straight month of declines, according to new data from nonprofit Fair Health. The dip was greater than the drop of 5.1% in March, but not as large as the decrease of almost 16% in February. However, overall utilization remains significantly higher than pre-COVID-19 levels. The decline appears to be driven by a rebound in in-person services, researchers said. Mental health conditions bucked the trend, however, as the percentage of telehealth claim lines associated with mental conditions — the No. 1 telehealth diagnosis — continued to rise nationally and in every U.S. region.

### How Healthcare Websites Can Battle An Increase In Bad Bot Traffic<sup>3</sup>

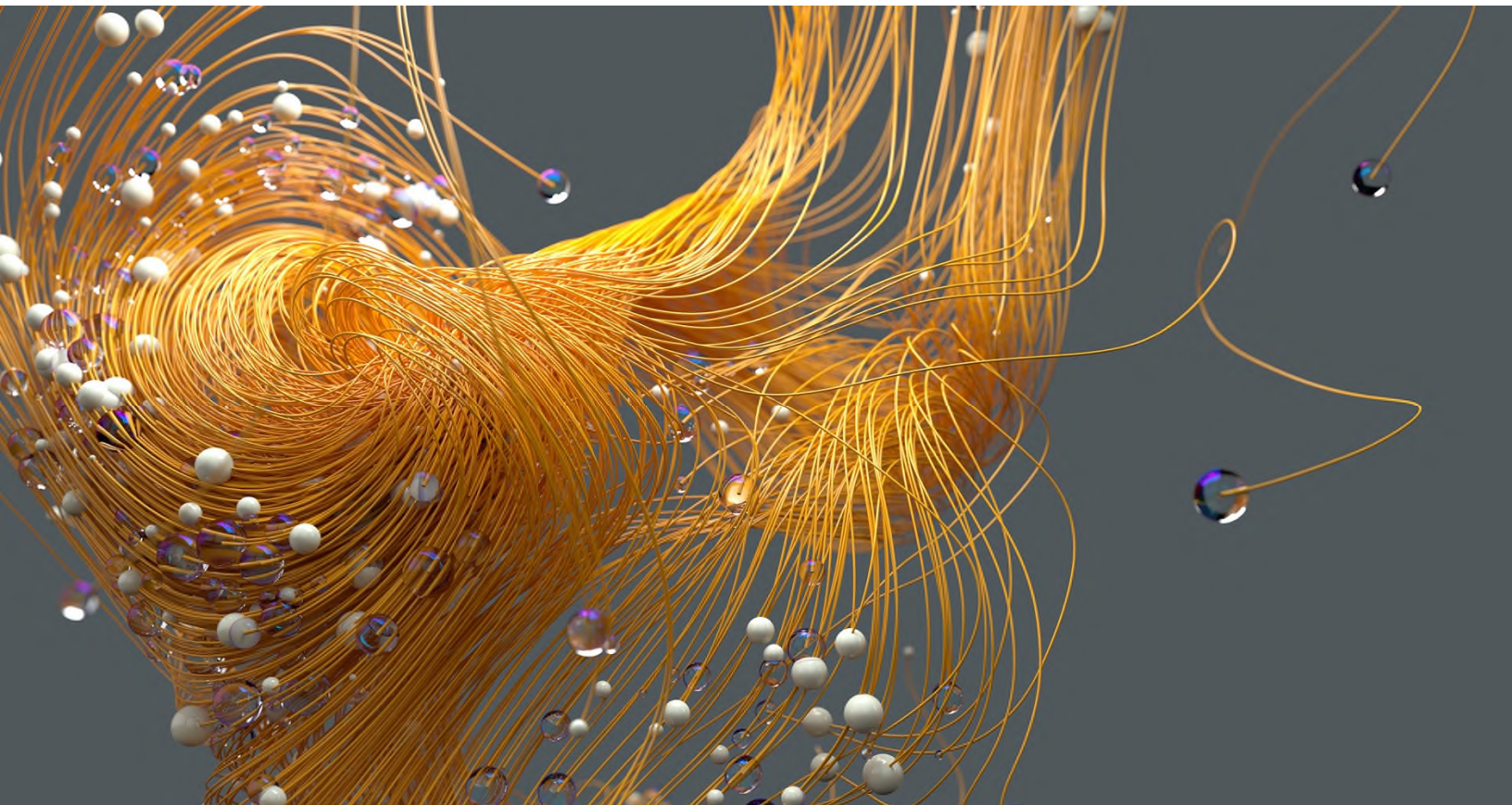
HealthTech | July 12, 2021

On July 1, a final rule by the Centers for Medicare & Medicaid Services (CMS) took effect that opens up patient access to healthcare. Bad bot traffic is on the rise as nations race to make COVID-19 vaccines available to their citizens and healthcare becomes increasingly digitized, forcing healthcare organizations to rethink their security and IT infrastructure strategies. According to a recent survey from Imperva, healthcare websites saw a 372 percent increase in bad bot traffic globally between September 2020 and February 2021, with bot traffic soaring nearly 50 percent in February alone — the largest increase over the past year. As bot traffic reaches unprecedented levels, healthcare organizations need to redouble their efforts to prevent bad bot traffic from impacting their care efforts, says Edward Roberts, Imperva's director of strategy and application security. "The volume of bad bot traffic is 25.6 percent of all internet traffic. That means 1 in 4 requests is a bad bot, and it's doing something to your site," he says. "If your healthcare website gives someone the ability to log in, be it a patient or a doctor, those login pages are under attack. That is a guarantee."

July 21, 2021

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**  
**Healthcare and the Proposed Infrastructure Legislation**

# Industry Insights

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## Healthcare and the Proposed Infrastructure Legislation

*Banker Commentary by Maura Davalos*

One of the most important initiatives for President Biden since taking office in 2021 has been to pass a sweeping infrastructure bill to improve roads, bridges, water systems, and to make affordable housing more available to Americans in need, to name a few key components. While a bill has not yet been passed, initial estimates range from \$2.5 – 3.5 Trillion in total spending across all sectors. How will the proposed infrastructure bill affect healthcare for Americans? Healthcare remains the largest component of household spending in the U.S. In 2019, Americans spent approximately \$3.8 Trillion on healthcare, or about 18% of the Gross Domestic Product. More importantly, we learned from the pandemic that healthcare service providers are a critical infrastructure support network to our nation. What does the infrastructure bill provide to assist with this going forward?

The largest healthcare components in the infrastructure bill are estimated to be:

- \$400 Billion for Home and Community Based care for the disabled and elderly. According to census, an estimated 20% of the U.S. population will be over 65 by 2030. Caring for elderly relatives or living independently will become a top concern for most Americans. Home care is projected to grow by 22.6% in the next decade.
- Lowering the Medicare eligibility age from 65 to 60. If it passes, this will increase the participants in the Medicare program by an estimated 20 million.
- \$18 Billion for needed upgrades to VA hospitals. The average age of a VA hospital is 58 years. The private-sector hospitals median age is 11 years old. There are 1,700 VA hospitals and clinics with 69% are more than 50 years old. Additionally, nearly 100 VA sites, mostly in the western part of the country, need seismic correction.

## Other President Biden Healthcare Priorities

There are several other healthcare topics that President Biden has added to his Agenda.

- Expand coverage to Medicaid at the state level to provide access to almost 5 million additional individuals
- Lowering drug costs for consumers by requiring drug companies to negotiate with Medicare, limiting drug price increases and import drugs to save costs
- Ending surprise billing

## Industry Insights

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- Expand funding for mental health care through the ACA and bring parity between mental health and other healthcare services
- Tax credits for eligible families who enroll in coverage through the Marketplace

Unfortunately, while these estimates may continue to change between now and when a final bill is passed, healthcare is not a meaningful part of the infrastructure bill. Given our recent experience during the pandemic with hospital capacity being overloaded, one would have thought that the infrastructure bill would have addressed this critical shortfall.



# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
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
7/2/2021	Parexel (Pamplona)	EQT and Goldman Sachs Asset Management	NA	NA	NA	Clinical research organization
7/1/2021	Hines & Associates	Global Excel Management	NA	NA	NA	Provider of healthcare management services in the areas of case management, utilization management and disease management
6/30/2021	SimpleLTC (Briggs Healthcare)	Netsmart	NA	NA	NA	Data analytics software for regulatory compliance, reimbursement optimization and quality measurement for post-acute care healthcare
6/30/2021	VCP	Covetrus (NASDAQ: CVET)	NA	NA	NA	Veterinary wellness plan management solution
6/29/2021	AMC Health	York Capital Management	NA	NA	NA	Telehealth and remote patient monitoring (RPM) services provider
6/29/2021	Southeastern Health Care at Home (Geneva Glen Capital)	AccentCare (Advent International)	NA	NA	NA	Provider of home health services, hospice and mobile primary care services, palliative and wound care services in Pennsylvania
6/29/2021	The Oncology Institute	DFP Healthcare (NASDAQ:DFPH)	\$842	2.4x	NA	Value-based care provider in Oncology
6/28/2021	Verisys and Aperture Health	Stone Point Capital	NA	NA	NA	Credentialing, enrollment, and provider data management software for the healthcare industry
6/25/2021	Alliance HealthCare Services (Tahoe Investment Group)	Akumin (NASDAQ: AKU)	\$820	NA	NA	Provider of radiology and oncology solutions to hospitals, health systems and physician groups
6/24/2021	New Day Recovery	BayMark Health Services	NA	NA	NA	Residential and office-based opioid treatment provider

# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
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
6/23/2021	AlayaCare	Generation Investment Management (lead), Klass Capital, Inovia Capital ("Inovia"), CDPQ, and Investissement Québec	Series D	\$225	End-to-end software platform for home and community care providers
6/16/2021	Brightline	GV (lead), Optum Ventures, 7wireVentures, Gaingels, Oak HC/FT, Threshold Ventures, Blue Shield of California, Blue Cross Blue Shield of Massachusetts, SemperVirens VC, and City Light Capital	Series B	\$72	Virtual behavioral health solution for children and teenagers
6/16/2021	Stork Club	General Catalyst (lead), Bowery Capital, Slow Ventures and angel	Series A	\$30	Offers employee benefits to include all components of maternal health
6/14/2021	Lyra Health	Coatue (lead), Sands Capital	Undisclosed	\$200	Provider of comprehensive mental health care benefits for employers

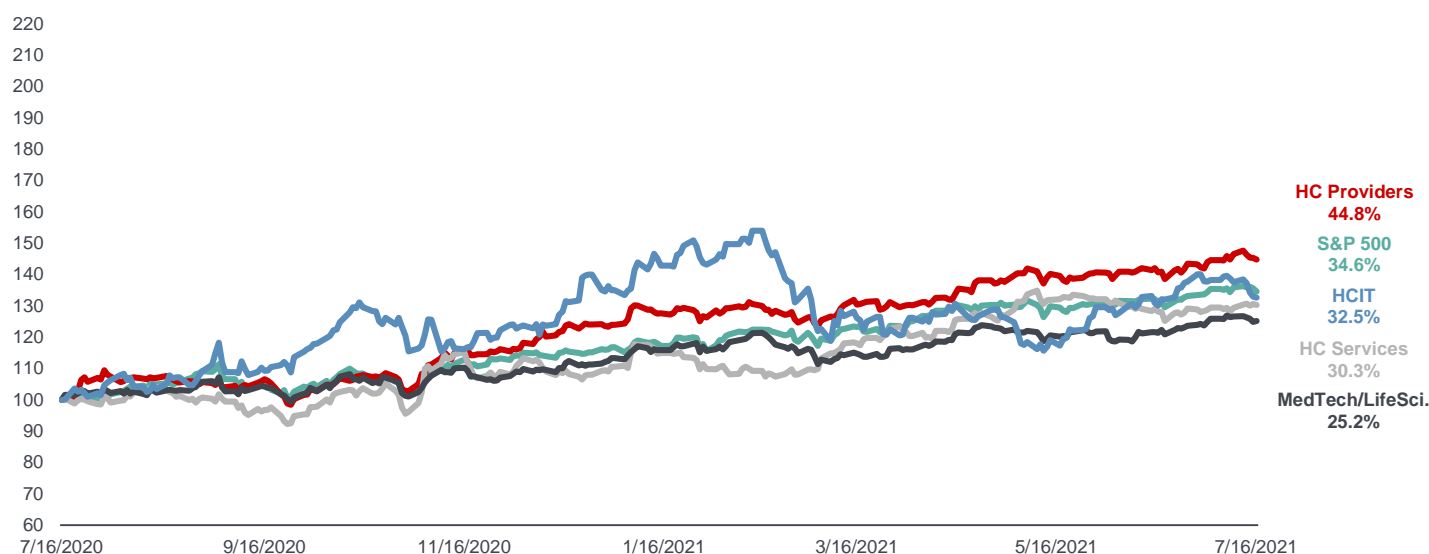
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of July 16, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,870	34,688	29.7%	(0.5%)
S&P 500	4,370	4,327	34.6%	(1.0%)
NASDAQ	14,702	14,427	37.7%	(1.9%)
Russell 2000	2,280	2,163	47.4%	(5.1%)
NYSE Healthcare	22,224	22,162	21.6%	(0.3%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	102.0%	(0.5%)
Alternate Site Services	20.8%	(1.5%)
Diagnostics	36.9%	(1.7%)
Distribution	18.3%	(1.1%)
Healthcare IT	32.5%	(3.9%)
Healthcare REITs	46.3%	2.1%
Managed Care	33.8%	1.3%
Medical Technology	22.9%	(1.1%)
Outsourced Services	36.0%	(2.1%)
Pharma Services	48.3%	(1.1%)
Pharmacy	21.2%	(0.5%)
Post-Acute Care	31.4%	(2.6%)

## 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
Stevanato Group (STVN)*	7/16/2021	IPO	\$588	\$5,909	\$21.00	(6.3%)	Provider of drug containment, drug delivery
LeMaitre Vascular (LMAT)*	7/15/2021	Follow On	\$55	\$1,188	\$54.50	0.9%	National, integrated system of care
Bright Health Group (BHG)	6/24/2021	IPO	\$924	\$10,671	\$18.00	(23.6%)	National, integrated system of care
Doximity (DOCS)	6/24/2021	IPO	\$494	\$966	\$26.00	109.0%	Digital platform for U.S. medical professionals
Codex DNA (DNAY)*	6/18/2021	IPO	\$107	\$526	\$16.00	(5.3%)	Synthetic biology company
Convey (CNVY)	6/16/2021	IPO	\$163	\$891	\$14.00	(41.3%)	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
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	83.8%	Technology-driven, national physician-enablement company

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of July 16, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.65%	1.63%	2.37%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.45%	1.43%	2.02%
SIFMA (Variable Rate Demand Notes)	0.02%	0.02%	0.21%
Revenue Bond Index	2.40%	2.40%	2.54%
SIFMA/ 1Month LIBOR	22.22%	20.00%	110.53%
RBI/30 Yr Treasury (%)	124.35%	120.60%	190.98%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.28%	1.36%	0.68%

## 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
<b>Carson Valley Medical Center**</b>	<b>\$41.000</b>	<b>NV</b>	<b>NR / BB+ / NR</b>	<b>2051</b>	<b>2031 (C)</b>	<b>4.00%</b>	<b>2.33%</b>	<b>3.21%</b>	<b>1.35%</b>
Cleveland Clinic Health System Obligated Group (Forward Delivery)	\$198.280	OH	Aa2 / AA / NR	2039	2032 (C)	5.00%	1.41%	2.54%	1.35%
Cleveland Clinic Health System Obligated Group	\$83.810	OH	Aa2 / AA / NR	2049	2032 (C)	2.25%	2.31%	N/A	1.35%
Lakeland Regional Health Systems	\$225.710	FL	A2 / NR / NR	2039	2031 (C)	4.00%	1.59%	2.45%	1.35%
Children's Hospital of Orange County	\$96.025	CA	NR / AA- / AA-	2041	2031 (C)	2.13%	2.13%	N/A	1.35%
Children's Hospital of Orange County	\$83.330	CA	NR / AA- / AA-	2038	2031 (C)	3.00%	1.70%	2.15%	1.35%
Children's Hospital of Orange County*** (Taxable)	\$4.526	CA	NR / AA- / AA-	2021	MWC***	0.45%	0.45%	N/A	1.93%
Children's Hospital of Orange County*** (Taxable)	\$4.334	CA	NR / AA- / AA-	2025	MWC***	1.20%	1.20%	N/A	1.93%
Children's Hospital of Orange County*** (Taxable)	\$4.287	CA	NR / AA- / AA-	2024	MWC***	1.00%	1.00%	N/A	1.93%
Children's Hospital of Orange County*** (Taxable)	\$4.278	CA	NR / AA- / AA-	2023	MWC***	0.65%	0.65%	N/A	1.93%
Children's Hospital of Orange County*** (Taxable)	\$4.246	CA	NR / AA- / AA-	2022	MWC***	0.55%	0.55%	N/A	1.93%
Children's Hospital of Orange County*** (Taxable)	\$3.015	CA	NR / AA- / AA-	2026	MWC***	1.45%	1.45%	N/A	1.93%
Benefis Health System Obligated Group**** (Taxable)	\$100.000	MT	NR / NR / A+	2051	MWC****	3.25%	3.25%	N/A	1.98%
Gundersen Health System	\$99.550	WI	NR / AA- / AA-	2039	2031 (C)	3.00%	1.84%	2.28%	1.35%
CARTI Surgery Center Project	\$40.000	AR	NR / NR / NR	2052	2028 (C)	4.00%	3.40%	3.80%	1.35%
<b>Total</b>	<b>\$992.391</b>								

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

\*\*Cain Brothers Sole-Managed Transaction

\*\*\*Make whole at 15 bps

\*\*\*\*Make whole call redemption for 2032-2034 maturities: +20 bps; Make whole call redemption for 2035-2036 maturities: +25 bps

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Ochsner LSU Health System of North Louisiana Taxable Bonds Series 2021 Corporate Cusip	7/20/2021	\$300.000	NR / BBB / NR
North Mississippi Health Services Taxable Revenue Bonds, Series 2021 Corporate Cusip	7/20/2021	\$200.000	NR / A+ / AA
Florida Development Finance Corporation Senior Living Revenue Bonds, Series 2021A, B1 & B2 (The Mayflower Retirement Community Project)	7/22/2021	\$78.630	NR / NR / BB+
California Municipal Finance Authority Insured Revenue Bonds (La Maestra Community Health Centers) Series 2021A Taxable Insured Revenue Bonds (La Maestra Community Health Centers) Series 2021B Insured By: Cal-Mortgage Loan Insurance	7/20/2021	\$12.115	NR / AA- / NR

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

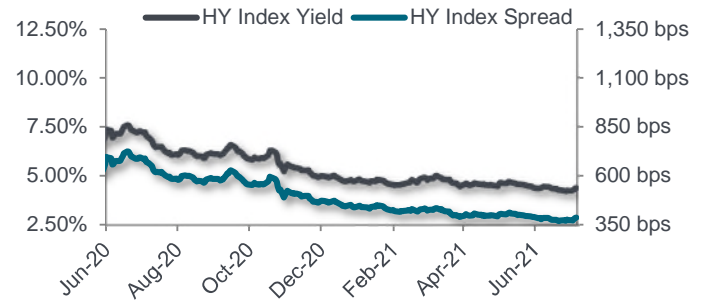
### High Yield

- Last week experienced a \$1.4 billion outflow, following the prior week's inflows of \$728 million; 1H21 net outflows totaled \$15.7 billion, which compares to 1H20 net inflows of \$23.9 billion

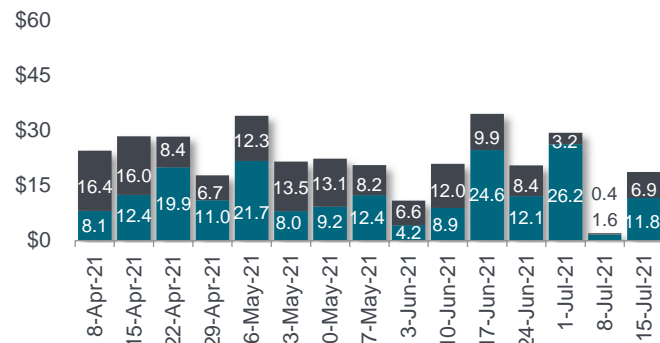
### Leveraged Loans

- Leveraged loan funds experienced a \$394 million inflow last week, marking the 27<sup>th</sup> inflow of 2021; net inflows total \$28.7 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 18 deals price last week for \$11.8 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		
			May 2021	June 2021	07/15/21
Overall	4.40%	4.64%	4.55%	4.46%	4.63%
4B	3.00%	2.98%	2.83%	2.96%	3.23%
2B	4.63%	4.99%	4.98%	4.81%	4.98%
Middle Market	4.79%	5.15%	5.74%	5.15%	6.18%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
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
6/21/2021	HCA Inc	Sec. Notes	\$1,500	Baa3/BBB-/BBB-	3.500%	7/15/2051	+140	35 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	20 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	15 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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%
6/16/2021	ICON	Sr. Sec. Notes	\$500	Ba1/BB+	2.875%	7/15/2026	210 bps	3.00% area
5/24/2021	Bausch Health	Sr. Sec. Notes	\$1,600	Ba2/BB	4.785%	6/1/2028	359 bps	5.00% area
5/18/2021	Tenet Healthcare	1st Lien Notes	\$1,400	B1/B+	4.250%	6/1/2029	282 bps	4.00%-4.25%

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
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%
7/1/2021	Perrigo Rx	Altaris Capital Partners	B1/B	LBO	\$850	L+475, 0.00% @ 99	5.500%
7/1/2021	Aveanna Healthcare	Bain Capital	B2/B-	Refinancing	\$860	L+375, 0.50% @ 99.5	4.375%



## Healthcare News

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### Telehealth Use Stabilizing At 38 Times Pre-COVID Levels, McKinsey Says<sup>1</sup>

Healthcare Dive | July 12, 2021

Telehealth use has stabilized at levels 38 times higher than before the COVID-19 pandemic, ranging from 13% to 17% of visits across all specialties, according to new data from McKinsey. Although usage has dropped slightly since its peak in spring 2020, patient and physician attitudes toward telehealth have improved. About 40% of surveyed consumers said they planned to continue using telehealth moving forward, up from 11% prior to COVID-19. On the provider side, 58% of physicians continue to view virtual care more favorably than before the pandemic, though that's down slightly from September, when 64% of physicians were in support. As of April 2021, 84% of doctors were offering telehealth, and 57% said they'd prefer to continue offering it. The unprecedented influx of cash is spurring the creation of new virtual models spanning a range of services and clinical needs, with growth in the traditionally underserved mental health arena. The sector is still facing acute growing pains, including better data integration, smoother integration of virtual offerings into existing workflows, and greater alignment with value-based models.

### ACA Marketplace Snags 2M Sign Ups During Pandemic's Special Enrollment Period<sup>2</sup>

Healthcare Finance News | July 15, 2021

With a month left until the August 15th deadline, more than two million people have signed up for healthcare coverage through the Affordable Care Act during the Biden Administration's 2021 Special Enrollment Period, according to the Centers for Medicare and Medicaid Services. The June Marketplace SEP report shows that since February 15th, 1.5 million Americans have signed up on HealthCare.gov, with an additional 600,000 enrolling in coverage through the 15 state-based marketplaces. And of the new and returning consumers who have selected a plan since April 1st, 1.2 million consumers (34%) have selected a plan that costs \$10 or less per month after the American Rescue Plan's premium reductions. As for Medicaid and CHIP, an additional 500,000 children and adults enrolled in Medicaid and CHIP from January to February 2021. Nearly 10.4 million people, a 14.7% increase, enrolled in coverage between February 2020, the month before the COVID-19 public health emergency was declared, and February 2021. The Special Enrollment Period will remain open until August 15th.

### Health Tracking Tech Revenue To Reach \$13B This Year Amid Sustained Consumer Demand<sup>3</sup>

Healthcare Dive | July 16, 2021

Demand for connected health monitoring has skyrocketed during the COVID-19 pandemic and is only expected to accelerate in 2021, according to a new report from the Consumer Technology Association. Overall, retail sales of consumer tech are expected to reach a record-setting \$487 billion this year. Connected health and fitness devices like blood glucose trackers, smart thermometers, and pulse oximeters are a small but growing slice of that market, expected to reach \$13 billion in revenue this year, up 12% from 2020. Some of the strongest growth is in smart health monitoring devices, which CTA expects to ship 12.8 million units and bring in \$740 million in revenue this year, up from 10.4 million units and \$632 million in revenue in 2020. The new industry outlook reflects U.S. manufacturer shipments for more than 100 consumer tech products and demonstrates growing demand for connected health devices even as COVID-19 cases wane in the U.S., hinting at sustained consumer attention to health management.

1. <https://www.healthcaredive.com/news/telehealth-use-stabilizing-at-38-times-pre-covid-19-levels-mckinsey-says/603153/>

2. <https://www.healthcarefinancenews.com/news/aca-special-enrollment-surpasses-2-million-people-close-month-go>

3. <https://www.healthcaredive.com/news/health-tracking-tech-revenue-to-reach-13b-this-year-amid-sustained-consume/603465/>

## Healthcare News Continued...

### Long-Awaited Interoperability Framework TEFCA To Go Live In 2022, ONC Says<sup>1</sup>

Healthcare Dive | July 14, 2021

The Trusted Exchange Framework and Common Agreement (TEFCA) will go live in early 2022 as a federal government effort to push interoperability nationwide. “The interoperability of medical records has slowly increased in recent years amid stronger federal incentives meant to facilitate data sharing. Across the country, networks facilitate the exchange of millions of clinical documents every day, while state and regional health information exchanges provide interoperability services. But significant gaps remain in that system, gaps that have had a harsh spotlight thrown on them by the coronavirus pandemic,” Micky Tripathi, head of ONC, wrote. Many HIEs either only operate locally or utilize cross-network exchange which still faces countless issues. According to ONC, “Almost half of U.S. hospitals participate in more than one such network and have to deal with significantly higher administrative overhead and network fees as a result.” This typically contributes to physician burnout and financial stress. TEFCA's purpose will be to set a floor of universal interoperability across the different networks in the U.S. through a set of principles for facilitating trust between different health information networks and establishing an infrastructure model and governing approach for users in different networks to share basic clinical information with one another.

### Medicare To Weigh Nationwide Coverage Rules For Biogen Alzheimer's Drug<sup>2</sup>

Healthcare Dive | July 13, 2021

CMS will formally consider whether to adopt nationwide rules for coverage of Biogen's new Alzheimer's drug Aduhelm. Patient advocacy groups and insurers have urged CMS to set a single Medicare policy on coverage of Aduhelm, which Biogen priced at an average cost of \$56,000 per year. However, controversy has arisen with experts fearing, “the drug — the first new Alzheimer's treatment approved in nearly two decades and the first ever meant to treat the disease's underlying cause — could add tens of billions of dollars to Medicare spending without clear evidence it actually improves patients' lives.” CMS has begun a determination process but has not yet decided whether it will set a universal policy. Chiquita Brooks-LaSure, CMS Administrator, said, “We want to consider Medicare coverage of new treatments very carefully in light of the evidence available. That's why our process will include opportunities to hear from many stakeholders, including patient advocacy groups, medical experts, states, issuers, industry professionals, and family members and caregivers of those living with this disease.” Many of the Americans living with Alzheimer's are over 65 and would therefore likely be covered through Medicare for Aduhelm. Currently, coverage is set regionally by 12 insurers that contract with CMS.

### CMS Advisory Opinion Provides Flexibility Under Stark for Group Practice Structures Involving Wholly-Owned Physician Practice Subsidiaries<sup>3</sup>

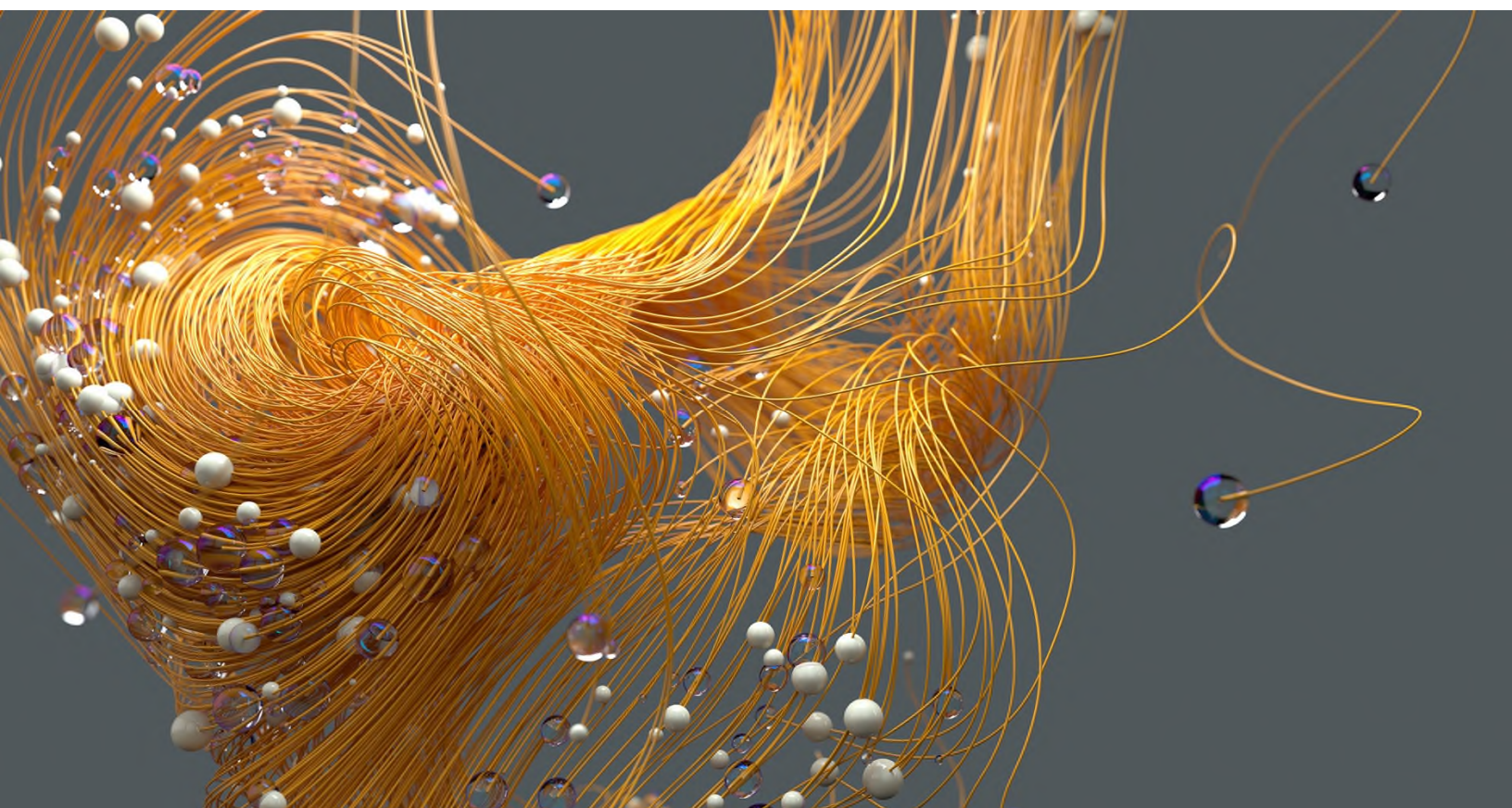
JD Supra | July 13, 2021

The Centers for Medicare & Medicaid Services (CMS) recently issued Advisory Opinion No. CMS-AO-2021-01, clarifying that physician groups that furnish designated health services (e.g., laboratory, imaging) through wholly-owned subsidiary physician practices that are separately enrolled in Medicare and commercial payors but do not, themselves, qualify as group practices under the federal physician-self referral law (commonly referred to as the “Stark Law” or “Stark”), can qualify as a group practice as defined by Stark. Specifically, CMS stated that, based on the particular facts, the physician practice requestor (Group Practice) would not be precluded from complying with the “single legal entity” requirement for a group practice under Stark if designated health services were provided to Medicare beneficiaries through such wholly-owned subsidiary physician practices where the Group Practice employs or contracts with all clinical employees and all revenues and expenses of the subsidiaries are treated as revenues and expenses of the Group Practice.

July 28, 2021

# **Cain Brothers Industry Insights**

## **Healthcare Weekly Market Report**



**This week's banker commentary:**  
**The Evolving Model of Children's Medicine**

# Industry Insights

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- Industry Insights
- Healthcare M&A Activity
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## The Evolving Model of Children's Medicine *Banker Commentary by Ben Cohen*

As healthcare in the U.S. transitions from a fee-for-service to a value-based care model that rewards providers for the quality of care, not the quantity, children's medicine will play an increasingly important role. Providers are learning from children themselves better ways to improve their health, care for them, and treat the adults they will become. What's more, by screening, anticipating, and ultimately preventing illnesses early in life, we can help reduce the need to cure them later, or prevent having to deal with lifelong chronic diseases that can result from those early problems.

The need to address the epidemic of mental health issues, which grew to a crisis during the COVID-19 pandemic, offers a compelling argument for shifting the focus and resources in medicine from adults to children. Isolation and loneliness resulting from social distancing, income insecurity experienced by parents, and reduced access to mental health services have contributed to a surge in reported cases of anxiety depression, and substance abuse among youth and adolescents.<sup>1</sup> While one in five kids suffers from mental and behavioral health issues, only 20 percent of those affected receive treatment.<sup>2</sup> By age 14, half of all lifetime diagnoses of mental illness will begin manifesting, and 75 percent will show up by age 24.<sup>3</sup> Mental health, as with other chronic conditions, such as obesity and diabetes, should be treated as an issue that begins in childhood. Early recognition and intervention could be lifesaving. Fortunately, this trend is gaining traction in the healthcare sector. Ginger, for example, a teletherapy startup valued at \$1.1 billion, uses behavioral health "coaches" to catch patients earlier in their mental health journey.<sup>4</sup> Through its partnership with Cigna, Ginger hopes that early intervention will eliminate the need for more expensive care down the road for the 25 million members to whom Ginger has access.

The pandemic has also provided impetus for policy responses supporting children's health. The American Rescue Plan Act (ARPA), signed into law on March 12, 2021, provides financial support to families with children, and allocates funds specifically for children's mental health services – including \$80 million for access to pediatric mental health care, \$20 million for youth suicide prevention, and \$10 million for the National Child Traumatic Stress Initiative.<sup>5</sup> ARPA also allocates funds for schools, child care, and

<sup>1</sup> Panchal, Nirmita, et al. "Mental Health and Substance Use Considerations Among Children During the COVID-19 Pandemic." Kaiser Family Foundation. 26 May 2021.

<sup>2</sup> Brady, Michel. "HHS to expand telehealth mental health services for kids." Modern Healthcare. 20 May 2021.

<sup>3</sup> Newman, Kurt. "The treatment of mental illness must start early." The Washington Post. 27 December 2012.

<sup>4</sup> Tepper, Nona. "Teletherapy startups work to gain credibility as payers, employers sign on." Modern Healthcare. 06 July 2021.

<sup>5</sup> Panchal, Nirmita, et al. "Mental Health and Substance Use Considerations Among Children During the COVID-19 Pandemic." Kaiser Family Foundation. 26 May 2021.



## Industry Insights

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nutrition programs, and provides relief fund payments for rural Medicaid and Children's Health Insurance Program (CHIP) providers. These are critical steps toward treating the whole child, rather than treating an isolated condition. Particularly in mental health, children who receive the same diagnosis may exhibit widely different behaviors and require individualized approaches that take into consideration social, environmental, and developmental factors.<sup>6</sup>

Advances in research are also underway, including the COVID-19 Mental Health Research Act, which supports research on pandemic-related mental health impacts on children and adolescents. As part of a \$11.5 billion expansion, St. Jude Children's Research Hospital is creating a new center for pediatric infectious disease research, focusing on emerging viruses, antibiotic resistance, sepsis, and other diseases.<sup>7</sup> St. Jude earmarked \$3.7 billion to accelerate testing of new therapies, expand clinical trials, and further develop immunotherapy programs. In his memoir, *Healing Children*, Kurt Newman, a pediatric surgeon and President and CEO of Children's National Hospital, examines how children's psychological resilience and bounce-back biology make pediatric specialty centers the perfect spot for implementing cutting-edge care.<sup>8</sup> Children's hospitals across the U.S. are prioritizing innovative fields such as immunotherapy, behavioral therapy, fetal medicine, and pain management as part of a movement toward preventative and value-based care.

Treatment and research for adult diseases consume the biggest share, by far, of funding for healthcare, which accounts for one-sixth of the U.S. economy. Paying more attention to the developing child, and investing more resources in pediatric medicine, could help more children live longer, healthier, more fulfilling lives. It would be difficult to achieve – or even imagine – a more important return on investment.

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<sup>6</sup> Newman, Kurt. "The treatment of mental illness must start early." *The Washington Post*. 27 December 2012.

<sup>7</sup> Kacik, Alex. "St. Jude Children's Research Hospital launches \$11.5 billion expansion." *Modern Healthcare*, 27 April 2021.

<sup>8</sup> Newman, Kurt. *Healing Children*. Viking, 2017.



# Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
7/22/2021	GIFTED Healthcare	BBH Capital Partners	NA	NA	NA	Independent nurse staffing company
7/20/2021	Watermark Research Partners	Advarra (Genstar Capital)	NA	NA	NA	Independent data safety monitoring board service provider
7/20/2021	PartsSource (Great Hill Partners)	Bain Capital Private Equity	NA	NA	NA	Online marketplace for medical equipment maintenance parts and services
7/20/2021	Integrity Hospice	Agape Care	NA	NA	NA	Provider of hospice services in Georgia
7/19/2021	EpiphanyRx and Quality Drug Clinical Care	Navitus Health Solutions	NA	NA	NA	PBM solution and specialty pharmacy serving patients with HIV
7/19/2021	Access Primary Care Medical Group (80% stake)	Apollo Medical (NASDAQ: AMEH)	NA	NA	NA	Primary care physicians' group focused on providing care to senior patients
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
7/2/2021	Parexel (Pamplona)	EQT and Goldman Sachs Asset Management	NA	NA	NA	Clinical research organization
7/1/2021	Hines & Associates	Global Excel Management	NA	NA	NA	Provider of healthcare management services in the areas of case management, utilization management and disease management
6/30/2021	SimpleLTC (Briggs Healthcare)	Netsmart	NA	NA	NA	Data analytics software for regulatory compliance, reimbursement optimization and quality measurement for post-acute care healthcare
6/30/2021	VCP	Covetrus (NASDAQ: CVET)	NA	NA	NA	Veterinary wellness plan management solution
6/29/2021	AMC Health	York Capital Management	NA	NA	NA	Telehealth and remote patient monitoring (RPM) services provider

# Healthcare Equity Private Placements Activity

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

Date	Company	Investor(s)	Type	Amount	Description
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
6/23/2021	AlayaCare	Generation Investment Management (lead), Klass Capital, Inovia Capital ("Inovia"), CDPQ, and Investissement Québec	Series D	\$225	End-to-end software platform for home and community care providers

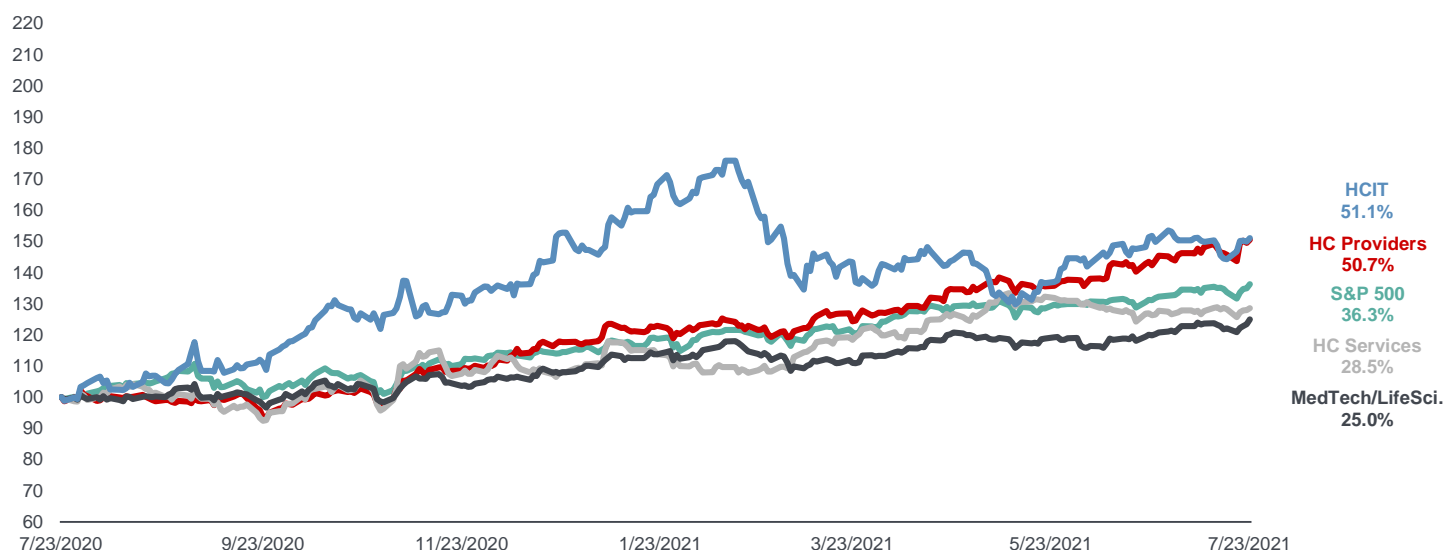
# Public Equity Capital Markets Activity & Indices

## Equity Indices Information as of July 23, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,688	35,062	31.6%	1.1%
S&P 500	4,327	4,412	36.3%	2.0%
NASDAQ	14,427	14,837	41.8%	2.8%
Russell 2000	2,163	2,210	48.3%	2.1%
NYSE Healthcare	22,162	22,583	22.3%	1.9%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	92.5%	10.9%
Alternate Site Services	18.1%	0.2%
Diagnostics	35.6%	2.8%
Distribution	20.3%	5.2%
Healthcare IT	36.7%	4.7%
Healthcare REITs	41.2%	(0.0%)
Managed Care	33.4%	(0.7%)
Medical Technology	22.7%	2.3%
Outsourced Services	30.5%	0.4%
Pharma Services	46.4%	3.0%
Pharmacy	25.8%	1.7%
Post-Acute Care	30.4%	(1.2%)

## 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
Stevanato Group (STVN)*	7/16/2021	IPO	\$588	\$5,909	\$21.00	(3.1%)	Provider of drug containment, drug delivery
LeMaitre Vascular (LMAT)*	7/15/2021	Follow On	\$55	\$1,188	\$54.50	0.5%	National, integrated system of care
Bright Health Group (BHG)	6/24/2021	IPO	\$924	\$10,671	\$18.00	(30.3%)	National, integrated system of care
Doximity (DOCS)	6/24/2021	IPO	\$494	\$966	\$26.00	134.5%	Digital platform for U.S. medical professionals
Codex DNA (DNAY)*	6/18/2021	IPO	\$107	\$526	\$16.00	5.2%	Synthetic biology company
Convey (CNVY)	6/16/2021	IPO	\$163	\$891	\$14.00	(35.7%)	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
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	102.4%	Technology-driven, national physician-enablement company

# Tax-Exempt Debt Markets

## Tax-Exempt Debt Information as of July 23, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.66%	1.65%	2.33%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.44%	1.45%	1.98%
SIFMA (Variable Rate Demand Notes)	0.02%	0.02%	0.18%
Revenue Bond Index	2.39%	2.40%	2.52%
SIFMA/ 1Month LIBOR	22.22%	22.22%	105.88%
RBI/30 Yr Treasury (%)	124.48%	124.35%	204.88%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.30%	1.28%	0.65%

## 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
Ochsner LSU Health System of North Louisiana** (Taxable)	\$325.000	LA	NR / BBB / NR	2031	MWC**	2.51%	2.51%	N/A	1.23%
North Mississippi Health Services** (Taxable)	\$200.000	MS	NR / A+ / AA	2051	MWC**	3.18%	3.18%	N/A	1.88%
The Mayflower Retirement Community Project (Limited Offering)	\$53.650	FL	NR / NR / BB+	2055	2031 (C)	4.00%	2.51%	3.35%	1.36%
The Mayflower Retirement Community Project (Limited Offering; TEMPS-50)	\$16.350	FL	NR / NR / BB+	2026	2023 (C)	1.75%	1.75%	N/A	1.36%
The Mayflower Retirement Community Project (Limited Offering; TEMPS-80)	\$10.000	FL	NR / NR / BB+	2027	2023 (C)	2.38%	2.38%	N/A	1.36%
La Maestra Community Health Centers (Cal-Mortgage insured)	\$11.415	CA	NR / AA- / NR	2051	2029 (C)	4.00%	1.67%	3.10%	1.36%
La Maestra Community Health Centers (Cal-Mortgage insured; Taxable)	\$0.880	CA	NR / AA- / NR	2040	2029 (C)	2.90%	2.90%	N/A	1.94%
<b>Total</b>	<b>\$617.295</b>								

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

\*\*Make whole at 20 bps

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Indiana Bond Bank Taxable Special Program Refunding Bonds, Series 2021A (Adams County Memorial Hospital Project) Insured By: Assured Guaranty Municipal Corp.	7/28/2021	\$24.045	NR / AA / NR
South Carolina Jobs - Economic Development Authority Retirement Community Revenue Notes, Series 2021A (Kiawah Life Plan Village, Inc, Project)	7/29/2021	\$20.390	NR / NR / NR

1. Bloomberg, Capital IQ

# Corporate High Grade, High Yield & Leveraged Loan Market

## Market Overview

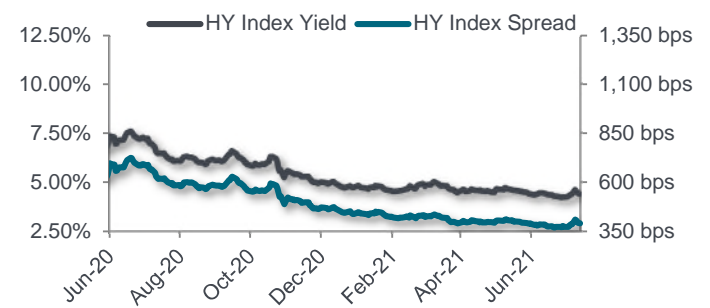
### High Yield

- Last week experienced a \$742 million outflow, following the prior week's outflows of \$1.4 billion; 1H21 net outflows totaled \$15.7 billion, which compares to 1H20 net inflows of \$23.9 billion

### Leveraged Loans

- Leveraged loan funds experienced a \$67 million outflow last week, marking the first outflow since early January. There have been 27 inflows in 2021; net inflows total \$28.7 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 25 deals price last week for \$20.1 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	07/23/21
Overall	4.40%	4.64%	4.55%	4.46%	4.67%
4B	3.00%	2.98%	2.83%	2.96%	3.34%
2B	4.63%	4.99%	4.98%	4.81%	4.95%
Middle Market	4.79%	5.15%	5.74%	5.15%	6.18%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
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
6/21/2021	HCA Inc	Sec. Notes	\$1,500	Baa3/BBB-/BBB-	3.500%	7/15/2051	+140	35 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	20 bps
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	15 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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%
6/16/2021	ICON	Sr. Sec. Notes	\$500	Ba1/BB+	2.875%	7/15/2026	210 bps	3.00% area
5/24/2021	Bausch Health	Sr. Sec. Notes	\$1,600	Ba2/BB	4.785%	6/1/2028	359 bps	5.00% area
5/18/2021	Tenet Healthcare	1st Lien Notes	\$1,400	B1/B+	4.250%	6/1/2029	282 bps	4.00%-4.25%

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
7/22/2021	Upstream Rehabilitation	Revelstoke Capital Partners	B3/B	Acquisition	\$883	L+425, 0% @ 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%
7/1/2021	Perrigo Rx	Altaris Capital Partners	B1/B	LBO	\$850	L+475, 0.00% @ 99	5.500%



## Healthcare News

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### Relentless Cyber Attacks Are Putting Financial Pressure On Hospitals: Fitch Ratings <sup>1</sup>

**Fierce Healthcare | July 26, 2021**

In the past eighteen months, there has been an increase of over 55% in cyber-attacks on hospitals. The sensitive data healthcare entities have access to makes them an ideal target for ransomware and double extortion schemes. It is believed that a quick switch to virtual solutions designed to reduce interactions but not necessarily to defend against cyber-attacks made the system more prone to breaches. The Department of Health and Human Services estimates that over twenty-two million Americans had exposed patient data as a result of cyber breaches in 2020. The increase in cyber-crime during the pandemic caused significant disruption and increased operating costs for hospital systems already facing significant patient demand. Moreover, hospitals are unable to bill patients with compromised financial records or systems, slowing revenue generation. With the significant investment associated with equipment purchased to provide patient care during a pandemic, it is believed these issues could continue to plague healthcare entities in the near future.

### The Robot Will See You Now: Health-Care Chatbots Boom, But Still Can't Replace Doctors <sup>2</sup>

**MSN | July 26, 2021**

Intermountain Healthcare in Utah uses a bot named Scout that was designed by health-tech company Gyant to filter patients based on symptoms. While chatbots have been available for years, they gained popularity during the pandemic due to high patient volume and the need for filtering patients. Despite the clear time and cost benefits of a bot that uses AI to identify symptoms, predict certain diagnoses, and make recommendations to patients, there has been significant concern regarding the accuracy of relying on a robot instead of a trained medical professional. Gyant defends its bot saying it has been trained with over 17 million patient interactions and does not ever actually make a diagnosis. Rather, these bots are being used to identify serious symptoms that require immediate medical assistance; however, many argue that until bots like Scout can be tested further, there should be a medical professional confirmation following conversations with a bot. Health-tech companies continue to research the potential benefits of AI for the healthcare system.

### The Busy Signal: Telehealth Deals Surge as Usage Stays High<sup>3</sup>

**Managed Healthcare Executive | July 22, 2021**

As health insurers and retailers focus on meeting patients' demands to have access to healthcare when they want it, how they want it, telehealth acquisitions and expansions are going strong. Among the deals announced this spring were Cigna's acquisition of MDLive, Bright Health's acquisition of Zipnosis and Walmart's announcement that it was planning to purchase MeMD. Meanwhile, Amazon, which has been offering telehealth services to some of its own employees, said it would start to offer virtual care nationwide and signed its first deal this spring to provide its Amazon Care telehealth app to another company. The dealmaking is just one of the business-related symptoms of the surge of telehealth usage that started with the COVID-19 pandemic last year and has continued at a pace not seen in prior years. Telehealth "needed a jolt. The jolt was the pandemic to really get adherence and adoption," says Nick Donkar, U.S. health services deals sector leader at the consultancy PwC.

## Healthcare News Continued...

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### Mayo, Kaiser Execs Detail Their Joint Investment In Medically Home<sup>1</sup>

Becker's Hospital Review | July 21, 2021

In May, two of the largest healthcare providers in the U.S. — Oakland, Calif.-based Kaiser Permanente and Rochester, Minn.-based Mayo Clinic — made a joint strategic investment in Medically Home Group, a Boston-based tech services company that powers hospital-at-home programs. The two systems made the investment to expand access to Medically Home's virtual and in-person care model so that other providers can adopt it.

### Missouri's Medicaid Expansion Is On Again<sup>2</sup>

New York Times | July 23, 2021

On Thursday, the Missouri Supreme Court unanimously ruled that the state legislature must fund the Medicaid expansion program estimated to cover an additional 275,000 people in the state. Medicaid expansion was successfully passed in a voter referendum last summer, but the state government refused to proceed. According to a Kaiser Family Foundation estimate, Missouri is likely to receive approximately \$1 billion in additional funds over the next two years, as federal stimulus funds will cover Missouri's 10% share of the program. The program was originally estimated to cost the state a maximum of \$200 million. There are currently four million individuals who would be covered under Medicaid expansion in 11 other states that have not adopted the expansion program. It is unlikely that Medicaid expansion programs will reach individuals in Mississippi, Wyoming, Florida and Texas through voter referendum processes.

### J.D. Power: Number Of Patients Seeking Health, Wellness Services At Pharmacies On The Rise<sup>3</sup>

Fierce Healthcare | July 28, 2021

The number of people seeking care in a retail setting continues to grow, a new survey shows. J.D. Power released its 2021 U.S. Pharmacy Study on Wednesday, where it found that 51% of customers at retail pharmacies used health and wellness services in the past year. By comparison, 48% said the same in 2020's report and 43% said they used such services in 2019, J.D. Power said. James Beem, managing director of healthcare intelligence at J.D. Power, told Fierce Healthcare that while the healthcare industry as a whole saw a boost in consumer perception due to the pandemic, the tides were already shifting in the retail space. "It's really around cost, convenience and there's a perception of quality now that's new," he said. "I think the models are starting to evolve to be more clinically driven, and any time that's the case, the consumers put their trust in the quality and clinical guidance."