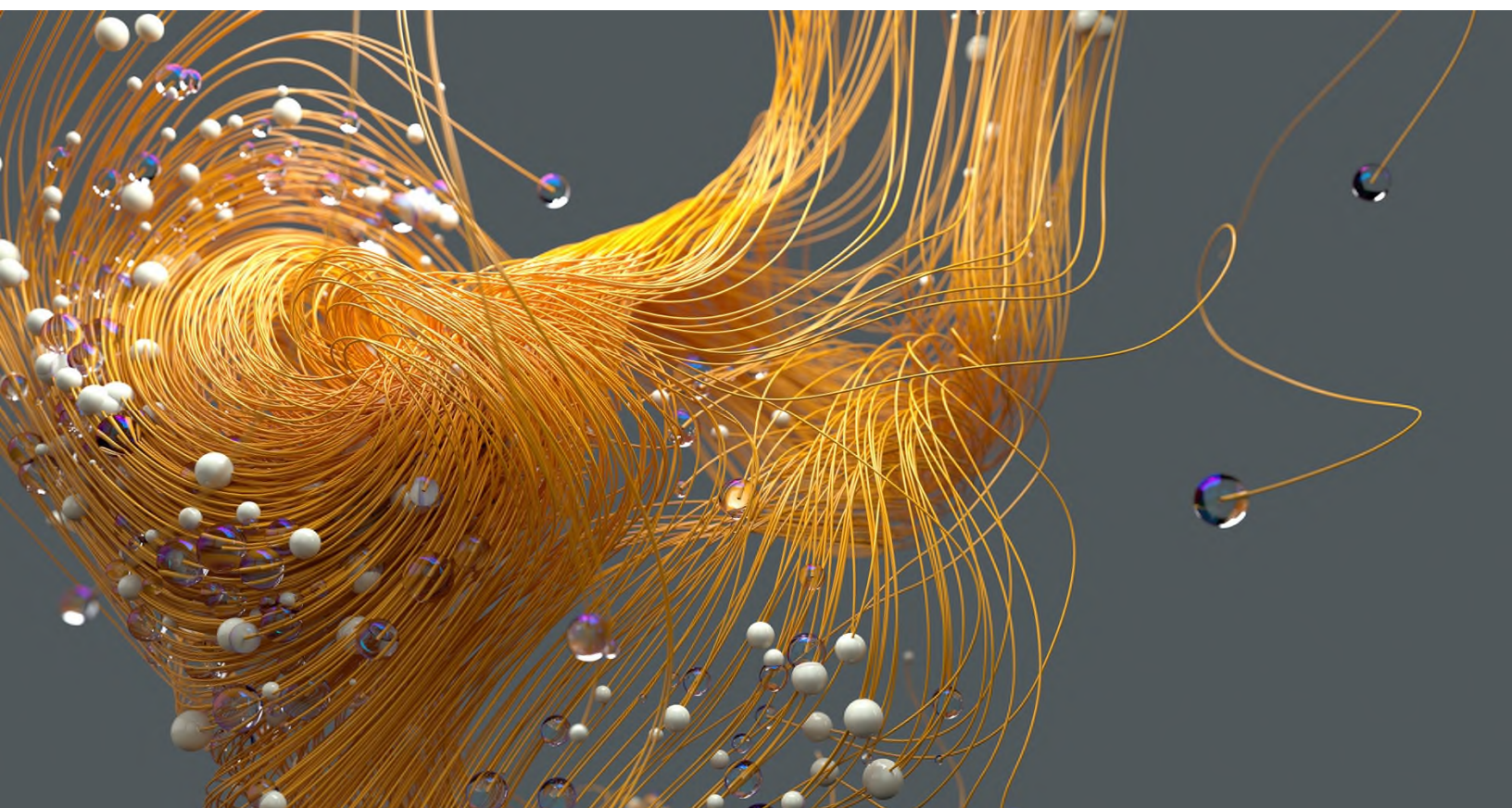


June 8, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report

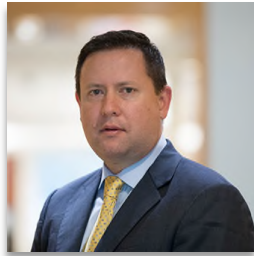


This week's banker commentary:
An Update on Potential Reforms to the PBM Industry

Industry Insights

Contents

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



An Update on Potential Reforms to the PBM Industry

Banker Commentary by Steven Alcauskas

Medication Affordability and PBM Reform Backdrop

Medication affordability remains an important topic for many Americans, with three in ten adults skipping medication because of cost in the last year, according to the Kaiser Family Foundation. Historically, a popular way to address this involved proposing reforms to the Pharmacy Benefit Management (“PBM”) industry, given its role at the center of medication payment flows. However, the pace of activity to make changes appears to have slowed at the federal level following the change in administration, given other near-term priorities.

Actions by the Trump and Biden Administrations

The outgoing Trump administration attempted to introduce a number of measures related to medication affordability and reforms to the PBM industry in late 2020. Some of these measures included:

- Changing permitted Part D rebates to only include point-of-sale payments back to the member, and not traditional rebates between a pharmaceutical company and PBM, by replacing the safe-harbor in the anti-kickback statute
- Prescription drug importation, initially from Canada, and then more broadly
- A Most Favored Nations clause that would peg a portion of Medicare drug spending to what other nations pay

The Biden administration froze much of this activity after taking office through a Presidential Action on January 20, 2021. In addition, they agreed to postpone the effective date for certain rebate rules from 2022 to 2023. During his campaign, Biden championed topics such as prescription drug importation, capping out of pocket drug costs in Part D, and limiting drug cost increases to the level of inflation. Since taking office, there has been little action on these items, possibly driven by other more immediate priorities related to COVID and the economy. This has left many stakeholders around the PBM industry with greater uncertainty regarding what, if anything, is going to change in the near or medium term.

Industry Insights continued...

State Actions

While there has been slower activity at the federal level, certain states have continued their path to reforming pharmacy benefits for their state Medicaid programs, most notably in Ohio. After Ohio publicly criticized the business practices of two of their PBMs, they are now in a high-profile lawsuit with a third. In addition, they switched their entire program to a single vendor in a structure designed to give the state more transparency and control over pricing and other areas.

Other states that have been active around PBM reform include Michigan, where the House of Representatives recently passed a bill aimed at reforming PBMs in the state with a number of provisions around greater oversight, addressing potential conflicts of interest with affiliate businesses owned by PBMs, and reimbursement methodologies. In addition, in a unanimous vote, the Florida House of Representatives also recently passed a bill to reform pharmacy benefits; however, certain initial provisions were watered-down. Furthermore, a proposal in Colorado to conduct a more transparent reverse auction for PBM services is gaining momentum.

Future Outlook

With COVID vaccination levels increasing in the United States and as priorities shift, the conversation around PBM reform and medication affordability at the federal level could pick up steam again. However, some states have already pushed ahead with PBM reform in a meaningful way and are not waiting. Certain PBMs are actively adjusting their business models or creating innovative approaches and technologies, which are designed to address many of the issues mentioned above, particularly transparency. Their business models should remain durable through any of the potential changes under consideration and could eventually lead to disruption in the industry.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
6/2/2021	Global Healthcare Exchange (GHX)	Warburg Pincus	NA	NA	NA	Operator of the industry's largest cloud-based trading network that connects those who buy, sell and use products needed to deliver patient care
6/2/2021	Resolution Medical	Arcline Investment Management	NA	NA	NA	End-to-end contract development and manufacturing organization (CDMO) focused on complex, rapidly growing medical technology segments
6/2/2021	Heart of Hospice (part of EPI Group, LLC)	LHC Group, Inc.	NA	NA	NA	Acquisition includes 16 hospice agencies in Arkansas, Louisiana, Mississippi, Oklahoma and South Carolina
6/1/2021	Quorum Health Corporation QHR Health Division	Grant Avenue Capital	NA	NA	NA	Health solutions provider serving independent, critical access and rural hospitals and health systems
6/1/2021	Odeza	Ensemble Health Partners (Golden Gate Capital)	NA	NA	NA	Patient engagement and messaging platform powering hospitals and health systems
6/1/2021	Care Advantage (BelHealth Investment Partners)	Searchlight Capital Partners	NA	NA	NA	One of the leading home healthcare providers in the Mid-Atlantic specializing in quality one-on-one nursing care in the home
5/26/2021	Greenphire (The Riverside Company)	Thoma Bravo	NA	NA	NA	Financial lifecycle management software for clinical trials
5/26/2021	Included Health	Grand Rounds Health and Doctor on Demand	NA	NA	NA	Comprehensive health platform for the LGBTQ+ community
5/26/2021	New Look Vision Group	FFL Partners and CDPQ	NA	NA	NA	Provider of eye care products and services across Canada and U.S.
5/26/2021	Nuventra	CATO Research (JLL Partners, Water Street Healthcare Partners)	NA	NA	NA	Provider of clinical pharmacology science and services
5/26/2021	SPH Analytics (STG Partners)	Press Ganey	NA	NA	NA	Operator of outpatient physical and occupational therapy clinics
5/25/2021	CORA Health (Gryphon Investor)	H.I.G. Capital	NA	NA	NA	Member experience measurement and engagement for the health insurance industry
5/20/2021	Pion	SFW Capital Partners	NA	NA	NA	Provider of analytical instrumentation for formulation development and quality control in the life sciences industry
5/19/2021	Gastro Health (Audax)	OMERS	NA	NA	NA	U.S. platform supporting medical groups specializing in the treatment of GI disorders, nutrition, and digestive health
5/19/2021	Medalogix and Muse Healthcare	The Vistria Group	NA	NA	NA	Science and machine learning technology companies focused on the advancement of patient care within home health, palliative and hospice care settings
5/19/2021	Modern Fertility	Ro (General Catalyst, FirstMark Capital, TQ Ventures)	\$225	NA	NA	At-home fertility tests for women
5/18/2021	Mindful Health Solutions	Norwest Venture Partners	NA	NA	NA	Provider of interventional psychiatry and other mental health services
5/18/2021	SimiTree Healthcare Consulting	Sheridan Capital Partners	NA	NA	NA	Consulting, outsourcing, and talent solutions for post-acute healthcare organizations
5/17/2021	HealthcareSource (Francisco Partners)	symplr (Clearlake Capital, SkyKnight Capital)	NA	NA	NA	Software provider of talent management solutions and services specifically for the healthcare industry.
5/17/2021	Vigene Biosciences (Signet Healthcare Partners)	Charles River Laboratories (NYSE: CRL)	\$350	NA	NA	Gene therapy contract development and manufacturing organization
5/17/2021	ArisGlobal (Athyrum Capital Management)	Nordic Capital	NA	NA	NA	Provider of innovative software-as-a-service solutions for the life sciences industry
5/14/2021	American Dental Partners (JLL Partners)	Heartland Dental (KKR)	NA	NA	NA	Dental service organization

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
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
6/1/2021	Notal Vision	Soleus Capital, Ganot Capital	Series D	\$60	Ophthalmic home monitoring services provider focused on early disease detection and treatment monitoring services
5/27/2021	binx health	OrbiMed (lead), Arrowmark Partners, Hildred Capital Management, Alta Life Sciences, Parian Global, LSP and J&J Development	Series E	\$104	Healthcare technology and diagnostics company for routine testing
5/26/2021	Akili Interactive	Neuberger Berman (lead), Polaris Partners; Mirae Assets; Shionogi, New Leaf Venture Partners; Roblox; QUAD Investment Management, and Ladera Venture Partners	Equity & Debt	\$160	Prescription video game treatment
5/25/2021	Feedtrail	Cofounders Capital and FCA Health Innovations (co-leads)	Undisclosed	Undisclosed	Cloud-based experience management solutions and advanced data analytics
5/19/2021	Wheel	Lightspeed Ventures (lead), CRV, Silverton Partners, Tusk Venture Partners, J.P. Morgan, and Future Shape	Series B	\$50	Platform for companies and clinicians to build virtual care services under their brand
5/18/2021	PathAI	D1 Capital Partners and by Kaiser Permanente (co-leads), General Atlantic, Tiger Global Management, 8VC, Adage, Biospring Partners, General Catalyst, and others	Series C	\$165	Provider of artificial intelligence-powered technology for pathology
5/18/2021	SymphonyRM	TT Capital Partners (lead), Adams Street Partners	Series B	\$25	AI solutions for provider and payer organizations to maximize patient outcomes and revenue growth
5/17/2021	eHealth (NASDAQ: EHTH)	H.I.G. Capital	Convertible Preferred Stock	\$225	Online marketplace offering consumers a broad choice of insurance products
5/17/2021	Eleanor Health	Warburg Pincus (lead), Town Hall Ventures, Echo Health Ventures, and Mosaic Health Solutions	Series B	\$20	Outpatient addiction and mental health provider delivering convenient and comprehensive care through a population and value-based payment structure
5/14/2021	Healogics	Marathon Asset Management	Preferred Equity	\$165	Outsourced operator of wound care centers in hospitals
5/13/2021	Rarebreed Veterinary Partners	Halle Capital Management and Trilantic North America	Undisclosed	Undisclosed	Technology-enabled veterinary services platform
5/12/2021	DrFirst	Sixth Street Growth	Equity	\$50	Connectivity technology solutions and consulting services
5/12/2021	ConvenientMD Advisor: Deutsche Bank	Bain Capital Double Impact	Growth Capital	Undisclosed	Urgent care provider
5/12/2021	DrFirst	Sixth Street Growth	Equity	\$50	Connectivity technology solutions and consulting services
5/11/2021	Aetion	Warburg Pincus (lead), B Capital, Foresite Capital, NEA and Flare Capital Partners	Series C	\$110	Real-world evidence solutions for the manufacturers, purchasers, and regulators of medical treatments and technologies
5/7/2021	Vori Health	NEA (lead), AlleyCorp and Max Ventures	Series A	\$45	Provider for innovative musculoskeletal care through technology, community and care teams

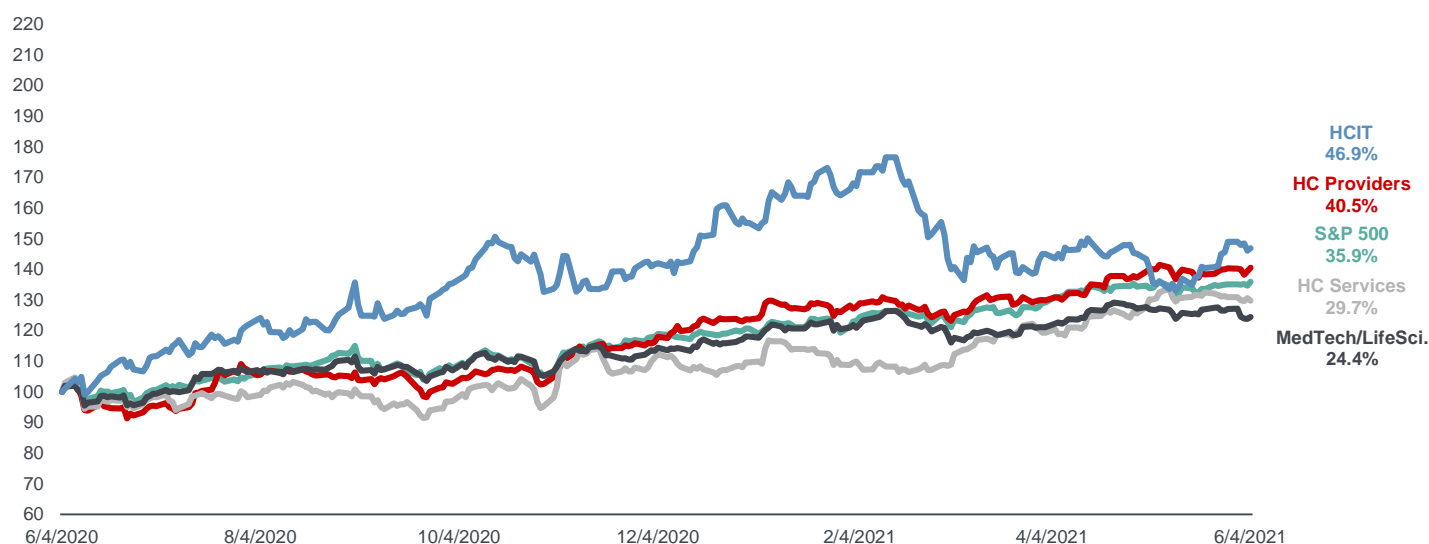
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of June 4, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,529	34,756	32.2%	0.7%
S&P 500	4,204	4,230	35.9%	0.6%
NASDAQ	13,749	13,814	43.7%	0.5%
Russell 2000	2,269	2,286	57.5%	0.8%
NYSE Healthcare	21,495	21,222	19.3%	(1.3%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	99.5%	(0.0%)
Alternate Site Services	20.1%	1.7%
Diagnostics	38.4%	(0.9%)
Distribution	20.1%	1.4%
Healthcare IT	46.9%	(1.6%)
Healthcare REITs	20.6%	1.4%
Managed Care	30.9%	(1.7%)
Medical Technology	22.0%	(2.1%)
Outsourced Services	47.7%	(0.0%)
Pharma Services	49.0%	(1.8%)
Pharmacy	28.3%	1.3%
Post-Acute Care	36.3%	(0.5%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Issuer (Ticker)	Pricing Date	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	42.7%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	(2.0%)	Diversified home care platform focused on providing care to medically complex, high-cost patient populations
Agiliti (AGTI)*	4/23/2021	IPO	\$368	\$2,040	\$14.00	20.8%	Medical equipment management and service solutions
Treace Medical Concepts (TMCI)	4/23/2021	Follow On	\$106	\$1,322	\$17.00	69.2%	Orthopedic medical devices and biologic solutions
SeaSpine (SPNE)	4/19/2021	Follow On	\$88	\$709	\$19.50	8.6%	Spinal surgical solutions
Agilon Health (AGL)	4/15/2021	IPO	\$1,072	\$11,545	\$23.00	48.0%	Partners with physicians to create their own Medicare-centric globally capitated line of business
Phreesia (PHR)*	4/9/2021	Follow On	\$225	\$2,611	\$50.00	(9.1%)	Healthcare IT solutions
Alignment Healthcare (ALHC)	3/25/2021	IPO	\$39	\$3,232	\$18.00	31.9%	Tech-enabled Medicare Advantage company

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of June 4, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.78%	1.81%	3.40%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.58%	1.61%	3.05%
SIFMA (Variable Rate Demand Notes)	0.03%	0.05%	0.14%
Revenue Bond Index	2.54%	2.56%	2.58%
SIFMA/ 1Month LIBOR	37.50%	55.56%	82.35%
RBI/30 Yr Treasury (%)	113.39%	113.27%	182.98%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.54%	1.60%	0.73%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Westhills Village Retirement Community	\$14.250	SD	NR / A+ / NR	2041	2028 (C)	3.00%	2.75%	2.89%	1.48%
Total	\$14.250								

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

1. Bloomberg, Capital IQ

What's On Deck: Tax-Exempt Healthcare Issuances¹ (\$MM)

Issuer	Date	Amount	Rating
Kaiser Permanente Taxable Bonds Series 2021	6/8/2021	\$2,650.000	NR / AA- / AA-
California Statewide Communities Development Authority Kaiser Permanente Series 2021	6/10/2021	\$700.000	NR / AA- / AA-
San Mateo County Joint Powers Financing Authority Lease Revenue Bonds (Cordilleras Mental Health Center Replacement Project) 2021 Series A-1	6/10/2021	\$144.450	Aa1 / AA+ NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

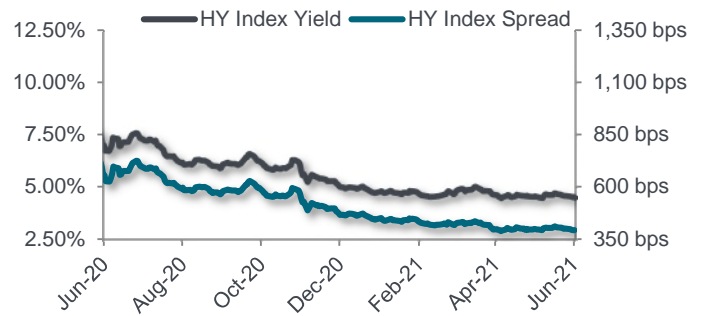
High Yield

- Last week experienced a \$385 million outflow, following the prior week's outflows of \$1.4 billion; net outflows total \$13.9 billion YTD, which follows \$44.9 billion of net inflows in 2020

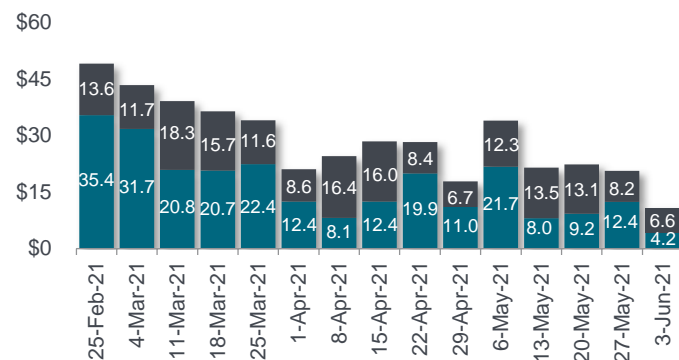
Leveraged Loans

- Leveraged loan funds experienced a \$460 million inflow last week, marking the 21st consecutive inflow of 2021; net inflows total \$17.0 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw five deals price last week for \$4.2 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			April 2021	May 2021	06/03/21
Overall	5.32%	4.40%	4.91%	4.52%	4.42%
4B	4.00%	3.00%	3.15%	2.78%	2.80%
2B	5.41%	4.63%	5.18%	4.99%	4.81%
Middle Market	6.02%	4.79%	4.56%	5.74%	5.23%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	40 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	55 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.200%	5/28/2026	+45	65 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.750%	5/28/2028	+55	80 area
5/25/2021	AstraZeneca	Sr. Notes	\$750	A3 / BBB+	2.250%	5/28/2031	+70	100 area
5/25/2021	AstraZeneca	Sr. Notes	\$750	A3 / BBB+	3.000%	5/28/2051	+80	115-120

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25
4/22/2021	Jazz Pharma	Sr. Sec. Notes	\$1,500	Ba2/BB+	4.375%	1/15/2029	298 bps	4.625% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
5/24/2021	ANI Pharmaceuticals	Not Sponsored	B2/B+	Acquisition	\$300	L+600, 0.75% @ 98	7.250%
5/14/2021	Generate Life Sciences	Not Sponsored	B3/B-	Acquisition	\$130	L+400, 0.00% @ 99	4.243%
5/13/2021	Sound Physicians	Summit Partners	B1/B	Acquisition	\$200	L+300, 0.50% @ 99.25	3.688%
5/13/2021	Cordis Corp	Hellman & Friedman	B2/B-	LBO	\$375	L+450, 0.75% @ 99.5	5.375%
4/30/2021	Surgery Partners	Public	B3/B-	Refinancing	\$125	L+325, 0.75% @ 99.75	4.063%

Healthcare News

Ambulatory Services Led Healthcare Jobs Recovery in May¹

Healthcare Dive | June 4, 2021

The healthcare industry added 23,000 jobs in May, with virtually all in ambulatory service roles, according to a new government jobs report released Friday. Ambulatory services added 22,000 jobs that month. Hospitals saw their first gains in several months, posting about 2,900 new roles, according to the preliminary data from the Bureau of Labor Statistics. Early evidence suggests some shortages and trouble finding talent as an exhausted workforce pivots to post-pandemic life, with a number of hospital systems recently posting steep sign-on bonuses to attract the nurses they need. Nursing homes lost around 2,900 jobs, adding to the sustained losses seen throughout the pandemic. Employment in the healthcare sector is still down about 508,000 jobs compared with February 2020.

Record 31 Million Americans Have Health-Care Coverage Through Affordable Care Act, White House Says²

Washington Post | June 5, 2021

About 31 million Americans now have health-care coverage through the Affordable Care Act, the White House announced Saturday, setting a record since the law, colloquially known as “Obamacare,” was enacted in 2010 under President Barack Obama. According to a report from the Health and Human Services Department, about 11.3 million Americans were enrolled in health-care plans through the Affordable Care Act’s federal marketplaces as of February, with 14.8 million people newly enrolled in Medicaid through the law’s expansion of eligibility as of December. The report also counted an additional 3.9 million Medicaid-enrolled adults who would have been eligible even before the Affordable Care Act but credited “enhanced outreach, streamlined applications, and increased federal funding” from the law for the numbers. The report also said 1 million people were enrolled in the Affordable Care Act’s Basic Health Program option, which covers people whose incomes are just slightly too high to qualify them for Medicaid, as well as for some immigrants.

Providing More Low-Value Care Doesn't Lead to Higher Patient Experience Ratings³

Healthcare Finance | May 28, 2021

As hospitals, insurance companies and policymakers seek to improve healthcare quality and reduce medical costs, one important metric used to assess clinicians hinges on how patients feel about their healthcare experience. Many healthcare providers and policymakers fear that increased pressure to please patients – and ensure high satisfaction ratings as a result – could lead to overuse of low-value care that doesn't provide any clinical benefit while unnecessarily ratcheting up medical bills. But new research from the University of Chicago and Harvard Medical School may alleviate some of those concerns. A study published in JAMA Internal Medicine, found no relationship between favorable patient ratings and exposure to more low-value care. At least one oft-cited study supports the concern that a focus on patient ratings will lead to more low-value care, finding patients with higher satisfaction ratings had higher odds of inpatient admission, higher healthcare and prescription drug costs, and higher mortality. This study implied that catering to patient satisfaction may lead to worse outcomes. But those reporting the new findings this week said those past results emerged from flawed methodology, as they didn't adjust for certain key factors, such as how sick the patient might be, which could be a confounding factor.

1. <https://www.healthcaredive.com/news/ambulatory-services-led-healthcare-jobs-recovery-in-may/601311/>

2. <https://www.washingtonpost.com/politics/2021/06/05/record-31-million-americans-have-health-care-coverage-through-affordable-care-act-white-house-says/>

3. <https://www.healthcarefinancenews.com/news/providing-more-low-value-care-doesnt-lead-higher-patient-experience-ratingS>

Healthcare News Continued...

Moody's Warns of Revenue Risks as Healthcare Cyberattacks Increase¹

Healthcare IT News | June 1, 2021

A report this week from Moody's Investors Service found that cyber risk will likely remain high for the healthcare sector, leading to the potential for lost revenue, increased expenses and elevated scrutiny. "The large amount of sensitive patient data held by the industry will make it a rich target for attacks, particularly in the form of ransomware," researchers predicted. Still, they said, "for many, credit risk will be mitigated by healthcare systems' strong liquidity and large scale, which often allow for the continuation of critical patient care amid cyber-related disruption." Looking forward, Moody's says healthcare systems will need to deploy additional resources to thwart future cybersecurity breaches, secure their networks from third-party vendor access points – as well as internal vulnerabilities – and step up cybersecurity financial investments.

Government Relief, Summer Volume Spikes Kept Primary Physicians Afloat in 2020: MGMA Report²

Fierce Healthcare | June 1, 2021

Despite the pandemic, physician compensation remained steady in 2020, with a modest increase in compensation for primary care physicians and a slight increase for specialty physicians. Looking first at primary care physicians, the 2.6% growth during 2020 came most notably from the Paycheck Protection Program and Provider Relief Fund, both issued from the government, according to the latest research from the Medical Group Management Association's (MGMA) annual compensation report. It also helped that primary care doctors witnessed a rebound in patient volumes toward the end of the year. Looking at a three-year increase, primary care compensation was up 5.27%. Looking at five years, it was up 10.15%, MGMA reported. The findings come as a surprise after a year of lower patient volumes, caps on elective procedures and a growing number of practice closures brought on by COVID-19. The 32nd annual MGMA report was based on interviews with more than 185,000 providers across more than 6,700 physician- and hospital-owned organizations.

Expanding Insurance Coverage Is Top Priority for New Medicare-Medicaid Chief³

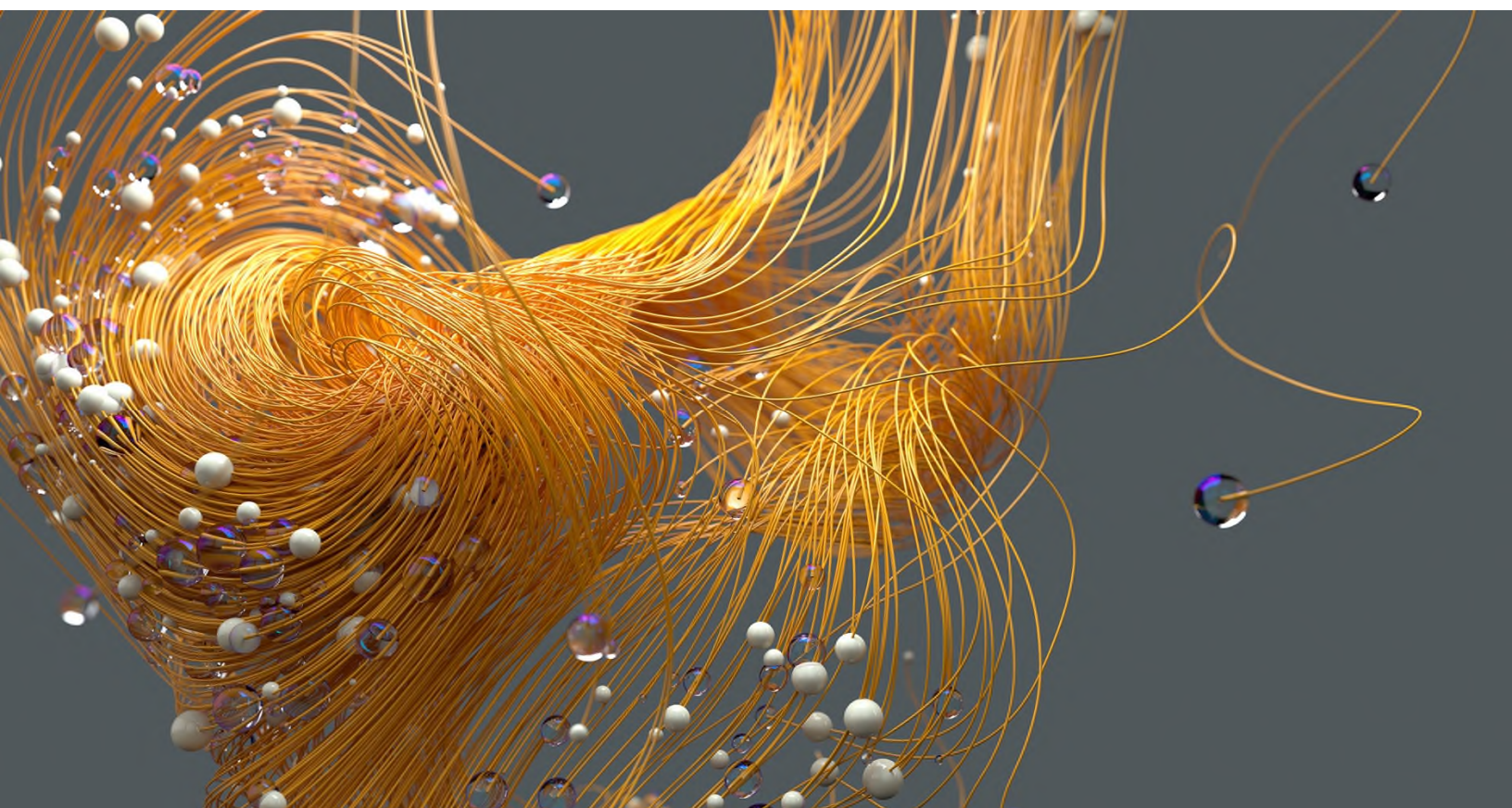
Kaiser Health News | June 3, 2021

The new head of the federal agency that oversees health benefits for nearly 150 million Americans and \$1 trillion in federal spending said in one of her first interviews that her top priorities will be broadening insurance coverage and ensuring health equity. "We've seen through the pandemic what happens when people don't have health insurance and how important it is," said Chiquita Brooks-LaSure, who was confirmed by the Senate to lead the Centers for Medicare & Medicaid Services on May 25 and sworn in on May 27. "Our focus is going to be on making sure regulations and policies are going to be focused on improving coverage." Brooks-LaSure also suggested the administration would support efforts in Congress to ensure coverage for the millions of Americans in the so-called Medicaid gap. Those are people in the dozen states that have not expanded Medicaid under the Affordable Care Act who earn too little to qualify for ACA marketplace coverage. Georgia Democratic Sens. Jon Ossoff and Raphael Warnock, whose GOP-led state has not expanded the program, are calling for a new federal program to cover those who fall in the gap.

June 16, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



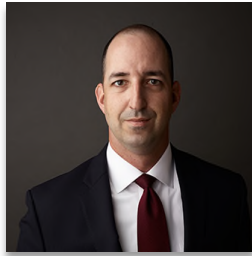
This week's banker commentary:

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

Industry Insights

Contents

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



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

Banker Commentary by Joseph Pollock

Regular readers of Cain Brothers' *Industry Insights* will be familiar with overarching themes driving healthcare over the past several years from consolidation within certain silos, such as nonprofit acute care hospital systems focusing on critical mass, through horizontal and vertical consolidation between acute and non-acute care providers and their respective payers, and acceleration of focus on the consumer by disrupters from the technology and retail industries. All of this culminates in today's open-ended questions on the potential impact of data science, machine learning and artificial intelligence on the measurement of healthcare needs and outcomes and the consequent delivery of healthcare services. While the methods evolve, the goal has been constant: apply downward force on the cost of healthcare through a migration toward value-based care delivery.

COVID-19 as the Classic Tail Risk Event

The events of 2020 and 2021 have underscored the presence and potential intensity of various tail risks that historically took a back seat to the daily pressures of patient care and competitive dynamics between industry participants. Clearly, COVID-19 highlighted the shortcomings of disparate management policies for this kind of global crisis and the lack of a uniform national response on topics ranging from sourcing medical supplies and personal protective equipment to national and international travel patterns. In response, however, the combination of healthcare-specific tools that were deployed through CMS, FEMA, the SBA and other agencies, in combination with the broader economic assistance from the Federal Reserve, enabled a broad spectrum of healthcare providers to weather the storm of increased emergency care and decreased elective procedures.

Cyber-Attacks Moving from Tail Risk to Increasingly Common Events

With COVID-19 hopefully in recession across most of the United States, our industry – among many others – is facing a rapidly accelerating threat from cyber-attacks, particularly in the form of ransomware targeting information technology infrastructure. The broader pressures mentioned above have put information technology at the center of providers' operations, leaving organizations with a clear and vulnerable target for opportunistic bad actors. As I write this week's update, Lisa Monaco, United States Deputy Attorney General, is instructing our nation's business leaders to prepare now for

Industry Insights continued...

an exponential increase in ransomware attacks¹. Management of these attacks is complicated by the differing disclosure practices to law enforcement and the public regarding the attacks and whether ransom has been paid. Investment in information technology has long been a leading factor causing industry participants to favor size and scale to absorb these significant and continuous costs. This unfortunate trend is likely to place an even higher premium on the resources required to deter, withstand, and manage such attacks.

Environmental Events Becoming More Consistent

Finally, as we kick off summer, we are reminded of tail risks of the environmental category, and how these events can adversely impact healthcare providers. While not a new category of risk for our industry, it seems to be a recurring and intensifying theme each year. Nearly three-fourths of the American West is grappling with the most severe drought in the recorded history of the U.S. Drought Monitor. Hot and arid conditions will exacerbate the threat of wildfires and water supply shortages this summer, and conditions this spring are much worse than a year ago². For those in the Gulf and East Coast states, the National Oceanic and Atmospheric Administration estimates there is a 60% chance that hurricanes will be more active than normal³. As we have seen in prior years, these environmental events are likely to cause stress to the healthcare system in the form of general public health risks, unpredictable inpatient and outpatient utilization patterns, increased consumption of first responder resources and crowding of already stressed Emergency Departments.

Response to Industry Challenges Driving Incremental Improvement

While the trend of consolidation and vertical/horizontal integration has been a long-standing – but sometimes slow moving – theme in the evolution of healthcare delivery over the last decade, it seems clear that until these forces take hold more deeply and permanently. In turn, healthcare industry participants and their regulators will need to remain flexible and creative, collaborating with each other using mechanisms and lessons learned from prior events. Smaller organizations may find themselves borrowing or renting scale and scope from larger operators and key national and state organizations in order to make ends meet through unforeseen challenges.

Certainly, leaders throughout the national healthcare delivery network executed effective, elegant and simple financial and operational solutions in each phase of the COVID-19 crisis, putting what we all hope is the worst of the U.S. experience in the rear-view mirror. With the same dedication to their respective communities and stakeholders, it's likely that we will see further creative collaboration between market participants, possibly creating the next opportunity to accelerate on the path toward lower national healthcare costs over time.

- 1) CEOs need to prepare now for exponential increase in ransomware attacks, top DOJ official says
 - a. CNBC PUBLISHED FRI, JUN 4, 2021, 12:00 PM EDT Tucker Higgins
- 2) A severe drought is gripping the Western U.S. as wildfire season begins
 - a. CNBC PUBLISHED FRI, JUN 4, 2021, 11:41 AM EDT Emma Newburger
- 3) NOAA calls for above normal hurricane season this year
 - a. CNBC PUBLISHED THU, MAY 20, 2021, 7:40 PM EDT

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
6/10/2021	AllyAlign Health Partners (Health Enterprise Partners)	New Enterprise Associates	NA	NA	NA	Medicare Advantage insurance company
6/9/2021	Ciox Health	Datavant	Merger \$7,000	10.0x	NA	Clinical data exchange
6/10/2021	DataSmart Solutions	TCS Healthcare (HCAP Partners and Logan Growth Advisors)	NA	NA	NA	Predictive risk analytics software company
6/9/2021	Geode Health	KKR	NA	NA	NA	Mental health services company that will partner with psychiatrists, psychologists, and therapists to offer in-person and virtual outpatient care
6/9/2021	Respiratory Therapy Home Care	Hospice Source (Transition Capital Partners)	NA	NA	NA	Manufactures durable medical equipment for hospice patients
6/8/2021	MAS Medical Staffing	Periscope Equity	NA	NA	NA	Tech-enabled medical staffing agency
6/8/2021	Sentry Data Systems (Abry Partners)	Craneware (AIM:CRW)	\$400	4.3x	17.4x	Pharmacy procurement, compliance and utilization management
6/7/2021	Iora Health	1Life Healthcare (Nasdaq: ONEM)	\$2,100	9.5x	NA	Human-centric, value-based primary care group with built-for-purpose technology focused on serving Medicare populations,
6/7/2021	Newport Healthcare	Onex	NA	NA	NA	Mental health care provider for teens and young adults
6/2/2021	Global Healthcare Exchange (GHX)	Warburg Pincus	NA	NA	NA	Operator of the industry's largest cloud-based trading network that connects those who buy, sell and use products needed to deliver patient care
6/2/2021	Resolution Medical	Arcline Investment Management	NA	NA	NA	End-to-end contract development and manufacturing organization (CDMO) focused on complex, rapidly growing medical technology segments
6/2/2021	Heart of Hospice (part of EPI Group, LLC)	LHC Group, Inc.	NA	NA	NA	Acquisition includes 16 hospice agencies in Arkansas, Louisiana, Mississippi, Oklahoma and South Carolina
6/1/2021	Quorum Health Corporation QHR Health Division	Grant Avenue Capital	NA	NA	NA	Health solutions provider serving independent, critical access and rural hospitals and health systems
6/1/2021	Odeza	Ensemble Health Partners (Golden Gate Capital)	NA	NA	NA	Patient engagement and messaging platform powering hospitals and health systems
6/1/2021	Care Advantage (BelHealth Investment Partners)	Searchlight Capital Partners	NA	NA	NA	One of the leading home healthcare providers in the Mid-Atlantic specializing in quality one-on-one nursing care in the home
5/26/2021	Greenphire (The Riverside Company)	Thoma Bravo	NA	NA	NA	Financial lifecycle management software for clinical trials
5/26/2021	Included Health	Grand Rounds Health and Doctor on Demand	NA	NA	NA	Comprehensive health platform for the LGBTQ+ community
5/26/2021	New Look Vision Group	FFL Partners and CDPQ	NA	NA	NA	Provider of eye care products and services across Canada and U.S.
5/26/2021	Nuventra	CATO Research (JLL Partners, Water Street Healthcare Partners)	NA	NA	NA	Provider of clinical pharmacology science and services
5/26/2021	SPH Analytics (STG Partners)	Press Ganey	NA	NA	NA	Operator of outpatient physical and occupational therapy clinics
5/25/2021	CORA Health (Gryphon Investor)	H.I.G. Capital	NA	NA	NA	Member experience measurement and engagement for the health insurance industry
5/20/2021	Pion	SFW Capital Partners	NA	NA	NA	Provider of analytical instrumentation for formulation development and quality control in the life sciences industry
5/19/2021	Gastro Health (Audax)	OMERS	NA	NA	NA	U.S. platform supporting medical groups specializing in the treatment of GI disorders, nutrition, and digestive health

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
6/1/2021	Notal Vision	Soleus Capital, Ganot Capital	Series D	\$60	Ophthalmic home monitoring services provider focused on early disease detection and treatment monitoring services
5/27/2021	binx health	OrbiMed (lead), Arrowmark Partners, Hildred Capital Management, Alta Life Sciences, Parian Global, LSP and J&J Development	Series E	\$104	Healthcare technology and diagnostics company for routine testing
5/26/2021	Akili Interactive	Neuberger Berman (lead), Polaris Partners; Mirae Assets; Shionogi, New Leaf Venture Partners; Roblox; QUAD Investment Management, and Ladera Venture Partners	Equity & Debt	\$160	Prescription video game treatment
5/25/2021	Feedtrail	Cofounders Capital and FCA Health Innovations (co-leads)	Undisclosed	Undisclosed	Cloud-based experience management solutions and advanced data analytics
5/19/2021	Wheel	Lightspeed Ventures (lead), CRV, Silverton Partners, Tusk Venture Partners, J.P. Morgan, and Future Shape	Series B	\$50	Platform for companies and clinicians to build virtual care services under their brand
5/18/2021	PathAI	D1 Capital Partners and by Kaiser Permanente (co-leads), General Atlantic, Tiger Global Management, 8VC, Adage, Biospring Partners, General Catalyst, and others	Series C	\$165	Provider of artificial intelligence-powered technology for pathology
5/18/2021	SymphonyRM	TT Capital Partners (lead), Adams Street Partners	Series B	\$25	AI solutions for provider and payer organizations to maximize patient outcomes and revenue growth
5/17/2021	eHealth (NASDAQ: EHTH)	H.I.G. Capital	Convertible Preferred Stock	\$225	Online marketplace offering consumers a broad choice of insurance products
5/17/2021	Eleanor Health	Warburg Pincus (lead), Town Hall Ventures, Echo Health Ventures, and Mosaic Health Solutions	Series B	\$20	Outpatient addiction and mental health provider delivering convenient and comprehensive care through a population and value-based payment structure

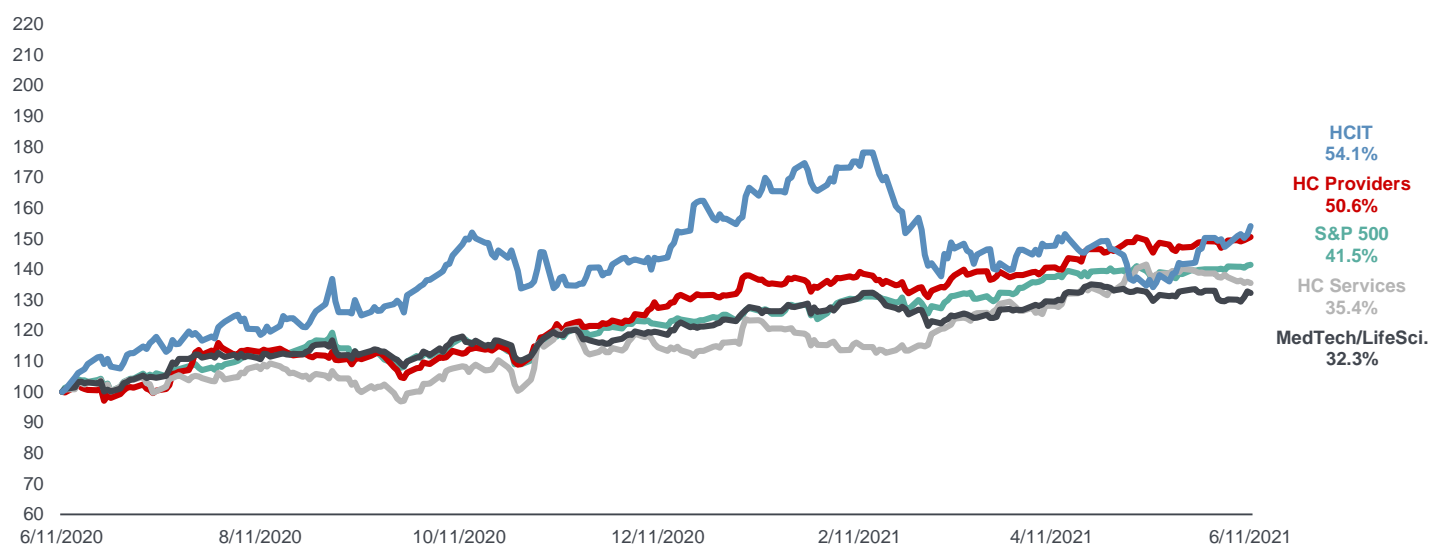
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of June 11, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,756	34,480	37.2%	(0.8%)
S&P 500	4,230	4,247	41.5%	0.4%
NASDAQ	13,814	14,069	48.2%	1.8%
Russell 2000	2,286	2,336	72.2%	2.2%
NYSE Healthcare	21,222	21,590	26.9%	1.7%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	111.2%	(0.6%)
Alternate Site Services	26.9%	1.9%
Diagnostics	48.5%	0.2%
Distribution	33.7%	2.5%
Healthcare IT	54.1%	4.1%
Healthcare REITs	37.0%	3.2%
Managed Care	35.0%	(2.1%)
Medical Technology	29.1%	1.2%
Outsourced Services	55.9%	(0.4%)
Pharma Services	64.7%	5.2%
Pharmacy	35.7%	(0.5%)
Post-Acute Care	47.2%	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. ¹	Offer Price	Current / Offer	Description
LifeStance Health Group (LFST)	6/10/2021	IPO	\$590	\$9,210	\$18.00	33.3%	Offers online psychiatry and therapy services
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	73.5%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	5.7%	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	50.0%	Medical equipment management and service solutions
Treace Medical Concepts (TMCI)	4/23/2021	Follow On	\$106	\$1,322	\$17.00	112.4%	Orthopedic medical devices and biologic solutions
SeaSpine (SPNE)	4/19/2021	Follow On	\$88	\$709	\$19.50	0.8%	Spinal surgical solutions
Agilon Health (AGL)	4/15/2021	IPO	\$1,072	\$11,545	\$23.00	60.0%	Partners with physicians to create their own Medicare-centric globally capitated line of business
Phreesia (PHR)*	4/9/2021	Follow On	\$225	\$2,611	\$50.00	15.7%	Healthcare IT solutions

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of June 11, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.69%	1.78%	3.30%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.49%	1.58%	2.95%
SIFMA (Variable Rate Demand Notes)	0.03%	0.03%	0.11%
Revenue Bond Index	2.43%	2.54%	2.58%
SIFMA/ 1Month LIBOR	42.86%	37.50%	61.11%
RBI/30 Yr Treasury (%)	113.02%	113.39%	153.57%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.46%	1.54%	0.93%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Christian Care Communities (Cain Brothers Sole-Managed Transaction)	\$54.360	KY	NR / NR / NR	2055	2031 (C)	5.13%	5.50%	N/A	1.39%
Kaiser Permanente (Taxable Corporate CUSIP)**	\$1,400.000	CA	NR / AA- / AA-	2051	MWC	3.00%	3.00%	N/A	2.21%
Kaiser Permanente (Taxable Corporate CUSIP)**	\$1,250.000	CA	NR / AA- / AA-	2041	MWC	2.81%	2.81%	N/A	2.13%
Cordilleras Mental Health Center Replacement Project	\$153.005	CA	Aa1 / AA+ / NR	2055	2031 (C)	2.50%	2.50%	N/A	1.39%
Total	\$2,857.365								

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

**Make whole at 15 bps

1. Bloomberg, Capital IQ

What's On Deck: Tax-Exempt Healthcare Issuances¹ (\$MM)

Issuer	Date	Amount	Rating
Colorado Health Facilities Authority Hospital Revenue Bonds, Series 2021A			
Kansas Development Finance Authority Hospital Revenue Bonds, Series 2021B	6/15/2021	\$710.000	Aa2 / AA / AA
Orange County (Florida) Health Facilities Authority Hospital Revenue Bonds, Series 2021C (AdventHealth Obligated Group)			
Yamhill County Hospital Authority Revenue and Refunding Bonds, Series 2021A, B-1, B-2, and B-3 (Friendsview)	6/16/2021	\$132.590	NR / NR / NR
Philadelphia Authority for Industrial Development (The Children's Hospital of Philadelphia Project) Hospital Revenue Bonds Series A of 2021	6/17/2021	\$125.000	Aa2 / AA / NR
County of Grand Traverse Hospital Finance Authority Revenue and Revenue Refunding Bonds (Munson Healthcare Obligated Group), Series 2021	6/16/2021	\$97.270	A1 / NR / AA
City of Hazard, Kentucky Healthcare Revenue Bonds (Appalachian Regional Healthcare Project) Series 2021	6/15/2021	\$69.775	NR / A / NR
Public Finance Authority Health Care Facilities Revenue Bonds (Scotland Health Care System) Series 2021A	6/15/2021	\$36.865	NR / A- / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

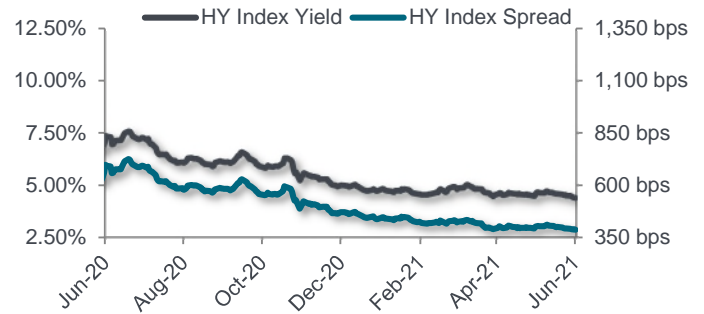
High Yield

- Last week experienced a \$642 million outflow, following the prior week's outflows of \$385 million; net outflows total \$12.6 billion YTD, which follows \$44.9 billion of net inflows in 2020

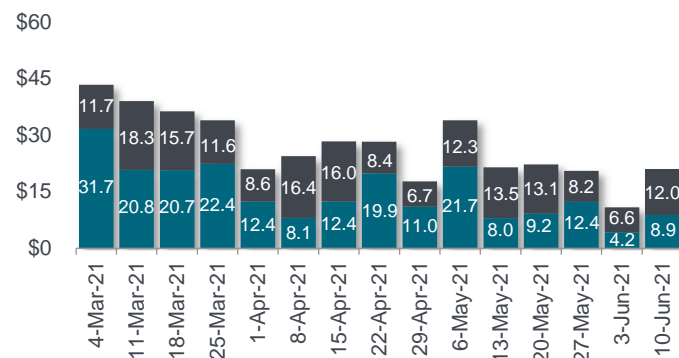
Leveraged Loans

- Leveraged loan funds experienced a \$925 million inflow last week, marking the 22nd consecutive inflow of 2021; net inflows total \$24.4 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 16 deals price last week for \$8.9 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			April 2021	May 2021	06/10/21
Overall	5.32%	4.40%	4.91%	4.52%	4.36%
4B	4.00%	3.00%	3.15%	2.78%	2.84%
2B	5.41%	4.63%	5.18%	4.99%	4.77%
Middle Market	6.02%	4.79%	4.56%	5.74%	4.61%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	40 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	55 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.200%	5/28/2026	+45	65 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.750%	5/28/2028	+55	80 area
5/25/2021	AstraZeneca	Sr. Notes	\$750	A3 / BBB+	2.250%	5/28/2031	+70	100 area
5/25/2021	AstraZeneca	Sr. Notes	\$750	A3 / BBB+	3.000%	5/28/2051	+80	115-120

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25
4/22/2021	Jazz Pharma	Sr. Sec. Notes	\$1,500	Ba2/BB+	4.375%	1/15/2029	298 bps	4.625% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
6/11/2021	Prestige Brands Inc	Private	B1/B+	Acquisition	\$600	L+200, 0.50% @ 99.5	2.625%
6/10/2021	Heartland Dental Care Inc	Kohlberg, Kravis & Roberts	B3/B-	Acquisition	\$870	L+400, 0.00% @ 99.5	4.244%
5/24/2021	ANI Pharmaceuticals	Not Sponsored	B2/B+	Acquisition	\$300	L+600, 0.75% @ 98	7.250%
5/14/2021	Generate Life Sciences	Not Sponsored	B3/B-	Acquisition	\$130	L+400, 0.00% @ 99	4.243%
5/13/2021	Sound Physicians	Summit Partners	B1/B	Acquisition	\$200	L+300, 0.50% @ 99.25	3.688%

Healthcare News

Apple Unveils New Health Features Aimed at Patient-Doctor Data Exchange¹

Healthcare Dive | June 8, 2021

Last Monday, Apple unveiled new health features for its devices, including a health record tool aimed at making it easier for users to share health information with their doctors. Apple health app users can now choose which contacts, including physicians, friends and family members, can access their protected health information, such as cholesterol levels or their physical activity history. The app will also allow patients to learn more about lab tests and their results without having to run an Internet search or logging in to a results portal. Along with data sharing, Apple also added hearing assistance, a mobility feature, and a respiratory tracker on its devices. The new capabilities allow loved ones or doctors, with patients' permission, to review trends like sleep quality or blood glucose level, or receive notifications about anything out of the ordinary, like a sudden change in heart rate or a potential fall.

AI Embedded In The EHR Helps Prevent Adverse Medication Interactions²

Healthcare Finance | June 10, 2021

Artificial intelligence has stepped in to help complete the medication information in the medical record for patients who can't remember what drugs they are taking, let alone the dose. Errors in medication information is a safety concern, especially in the emergency room when patients arrive for a health issue and clinicians need to know what other prescriptions are being taken that could create an adverse interaction with a new drug. Generally, gaps in information mean losing treatment time by calling the pharmacy, the prescribing physician, the patient's caregiver, or all three. These steps can be avoided entirely with the use of artificial intelligence to fill in gaps in medical records. During the pandemic, the artificial intelligence technology proved invaluable. This is because technicians, whose job it is to take the medication histories, weren't allowed in the rooms, since there frequently wasn't enough personal protection equipment. Nurses did their best to collect the data, but they had much else to do as well. Despite this obstacle, and largely due to advancements in technology and implementation of EHR AI, productivity in medication history increased 14 to 15% during COVID.

Nevada Becomes Second State With Public Health Insurance Option With Governor OK³

Healthcare Dive | June 10, 2021

Nevada this week became the second U.S. state to pass a public health insurance option plan after Governor Steve Sisolak signed the bill into law on Wednesday. The state will bid out the business to private insurance carriers instead of doing the work in-house and will rely heavily on Medicaid managed care organizations. Medicaid MCO's will be required to submit a bid in order to be considered. However, coverage under Nevada's plan won't begin until 2026 as the state seeks a waiver from the federal government to enact the plan and estimate the potential savings from the program. Besides Nevada, Washington is the only other state to enact a public option insurance plan, though a handful of others are interested in creating an affordable health plan option for resident's ineligible for Medicaid but unable to afford a marketplace plan. Insurance under Washington's option went live this year.

1. <https://www.healthcaredive.com/news/apple-unveils-new-health-features-aimed-at-patient-doctor-data-exchange/601443/>

2. <https://www.healthcarefinancenews.com/news/ai-embedded-ehr-helps-prevent-adverse-medication-interactions>

3. <https://www.healthcaredive.com/news/nevada-becomes-second-state-with-public-health-insurance-option-with-governor/601618/>

Healthcare News Continued...

Computer Vision in Healthcare Market to Project Lucrative CAGR of 47.3% from 2020-2027¹

Healthcare Finance | June 10, 2021

According to Market Research Future, the Global Computer Vision in the Healthcare Market accounted for \$276.5 million in 2019 and is expected to grow at a CAGR of 47.3% from 2020-2027. The expected growth is due to increased demand and accelerated implementation related to government policy. The goal of computer vision is to aid doctors in diagnosis, illness progression tracking, and therapy prescription. Computer vision results in faster and more accurate diagnosis, saves time on repetitive tasks, and has been successfully implemented in surgeries and diagnosis for respiratory illnesses and cancer. Top companies providing computer vision in healthcare include Microsoft, Nvidia, Intel, Xilinx, and IBM.

New AAMC Report Reinforces Mounting Physician Shortage Amid COVID-19 Recovery²

AAMC | June 11, 2021

According to new data published today by the AAMC (Association of American Medical Colleges), the United States could see an estimated shortage of between 37,800 and 124,000 physicians by 2034, including shortfalls in both primary and specialty care.

"The COVID-19 pandemic has highlighted many of the deepest disparities in health and access to health care services and exposed vulnerabilities in the health care system," said AAMC President and CEO David J. Skorton, MD. "The pandemic also has underscored the vital role that physicians and other health care providers play in our nation's health care infrastructure and the need to ensure we have enough physicians to meet America's needs."

How the Medicare Advantage Landscape Has Evolved for Home Care Providers³

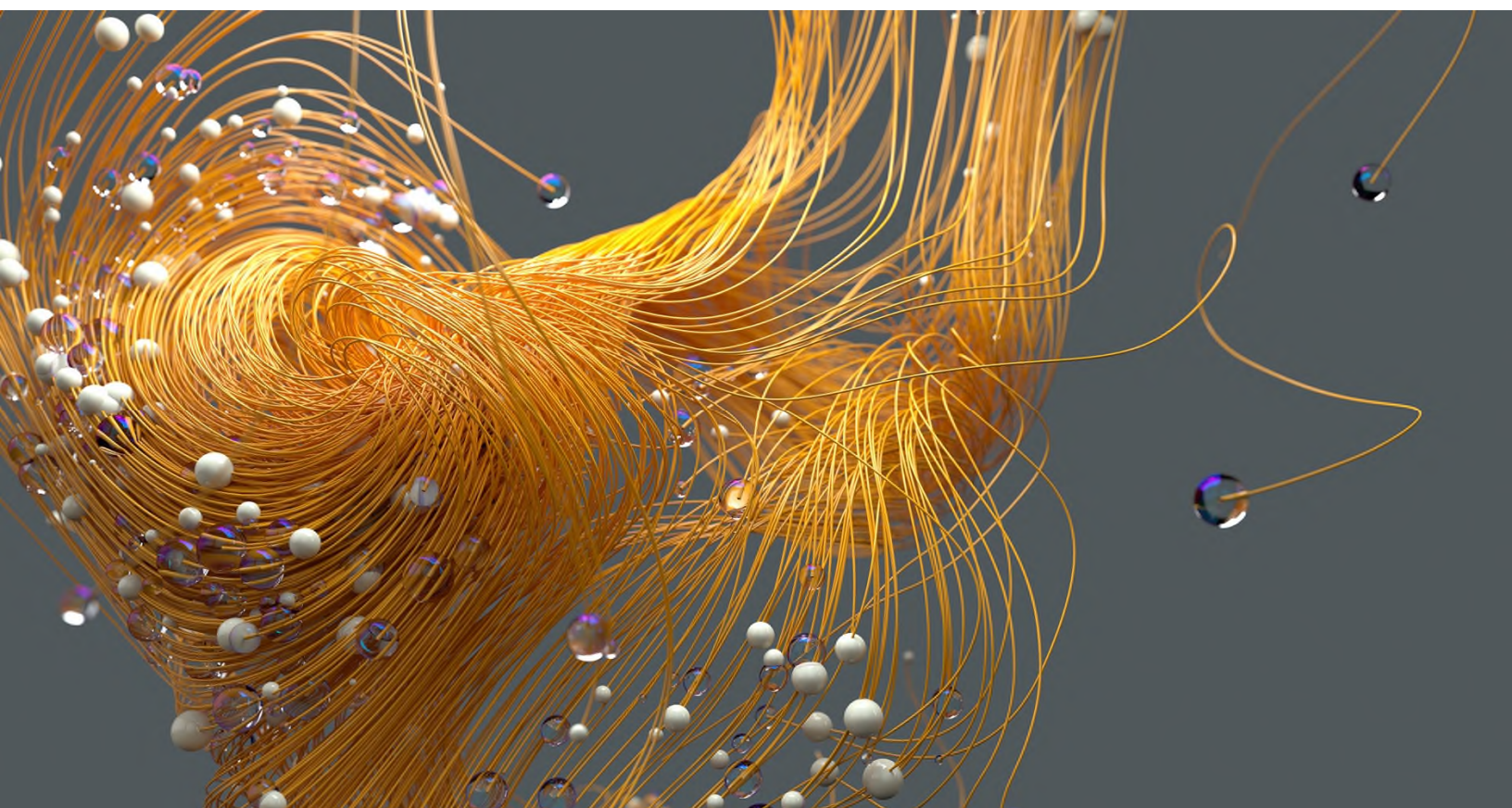
Home Healthcare News | June 13, 2021

The Medicare Advantage (MA) opportunity isn't one that has happened overnight for home care providers, with some industry insiders even describing it as a "slow burn." In more recent years, a shift has begun to take place, however. Although MA has become a bigger piece of the overall Medicare program puzzle, home care only stepped into the picture in 2019. The previous year, the U.S. Centers for Medicare & Medicaid Services (CMS) issued a final rule that mandated non-medical in-home care services as a benefit for MA plans. CMS continued to stretch the flexibility around the rules, allowing coverage for benefits that "have a reasonable expectation of improving or maintaining the health or overall function" for individuals with chronic conditions.

June 23, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Rational Exuberance for Medicare Advantage Market Disrupters

Industry Insights

Contents

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



Rational Exuberance for Medicare Advantage Market Disrupters

Banker Commentary by Carsten Beith

Medicare Advantage (MA) focused companies, like Oak Street Health (14x revenues), Cano Health (11x revenues), and Iora Health (announced sale to One Medical at 7x revenues), reflect

valuation multiples that appear irrational to many market observers. Multiples may be exuberant, but they are not necessarily irrational.

One reason for high valuations across the healthcare sector is the large pools of capital from institutional public investors, retail investors and private equity that are seeking returns higher than the low single digit bond yields currently available. Private equity alone has hundreds of billions in investable funds seeking opportunities in healthcare. As a result of this abundance of capital chasing deals, there is a premium attached to the scarcity of available companies with proven business models and strong growth prospects.

Valuations of companies that rely on Medicare and Medicaid reimbursement have traditionally been discounted for the risk associated with a change in government reimbursement policy. This “bop the mole” risk reflects the market’s assessment that when a particular healthcare sector becomes “too profitable,” the risk increases that CMS will adjust policy and reimbursement rates in that sector to drive down profitability. However, there appears to be consensus among both political parties that MA is the right policy to help manage the rise in overall Medicare costs and, thus, incentives for MA growth can be expected to continue. This factor combined with strong demographic growth in the overall senior population means investors apply premiums to companies in the MA space compared to traditional providers.

Large pools of available capital, scarcity value, lower perceived sector risk and overall growth in the senior population are all factors that drive higher valuations for the MA disrupters. However, these factors pale in comparison to the underlying economic driver for these companies. Taking full risk for MA enrollees and dramatically reducing hospital utilization, while improving health status, is core to their business model. These companies target and often achieve reduced hospital utilization by 30% or more for their assigned MA enrollees.

In 2019, the average Medicare days per 1,000 in the U.S. was 1,190. With about \$14,700 per Medicare discharge and a 4.5 ALOS, the average cost per Medicare day is approximately \$3,200. At the U.S. average 1,190 Medicare hospital days per thousand, if MA hospital utilization is decreased by 25%, the net hospital revenue per 1,000 MA

Industry Insights continued...

enrollees is reduced by about \$960,000. If one of the MA disrupters has, for example, 50,000 MA lives in a market, the decrease in hospital revenues for that MA population would be about \$48 million. This does not include the associated physician fees and other costs in the care continuum. That same \$48 million + in the coffers of the risk-taking MA disrupters allows them deliver comprehensive array of supportive services including addressing social determinants of health. These services then further reduce utilization and improves overall health status, creating a virtuous circle. This is very profitable.

MA is only the beginning. When successful MA businesses expand beyond MA, and they will, disruption across the healthcare economy will be profound and painful for the incumbents. The market is rationally exuberant about that prospect.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
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	~\$2,700.0	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 (by Kinderhook Industries)	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
6/10/2021	AllyAlign Health Partners (Health Enterprise Partners)	New Enterprise Associates	NA	NA	NA	Medicare Advantage insurance company
6/9/2021	Ciox Health	Datavant	Merger \$7,000	10.0x	NA	Clinical data exchange
6/10/2021	DataSmart Solutions	TCS Healthcare (HCAP Partners and Logan Growth Advisors)	NA	NA	NA	Predictive risk analytics software company
6/9/2021	Geode Health	KKR	NA	NA	NA	Mental health services company that will partner with psychiatrists, psychologists, and therapists to offer in-person and virtual outpatient care
6/9/2021	Respiratory Therapy Home Care	Hospice Source (Transition Capital Partners)	NA	NA	NA	Manufactures durable medical equipment for hospice patients
6/8/2021	MAS Medical Staffing	Periscope Equity	NA	NA	NA	Tech-enabled medical staffing agency
6/8/2021	Sentry Data Systems (Abry Partners)	Craneware (AIM:CRW)	\$400	4.3x	17.4x	Pharmacy procurement, compliance and utilization management
6/7/2021	Iora Health	1Life Healthcare (Nasdaq: ONEM)	\$2,100	9.5x	NA	Human-centric, value-based primary care group with built-for-purpose technology focused on serving Medicare populations,
6/7/2021	Newport Healthcare	Onex	NA	NA	NA	Mental health care provider for teens and young adults
6/2/2021	Global Healthcare Exchange (GHX)	Warburg Pincus	NA	NA	NA	Operator of the industry's largest cloud-based trading network that connects those who buy, sell and use products needed to deliver patient care
6/2/2021	Resolution Medical	Arcline Investment Management	NA	NA	NA	End-to-end contract development and manufacturing organization (CDMO) focused on complex, rapidly growing medical technology segments
6/2/2021	Heart of Hospice (part of EPI Group, LLC)	LHC Group, Inc.	NA	NA	NA	Acquisition includes 16 hospice agencies in Arkansas, Louisiana, Mississippi, Oklahoma and South Carolina
6/1/2021	Quorum Health Corporation QHR Health Division	Grant Avenue Capital	NA	NA	NA	Health solutions provider serving independent, critical access and rural hospitals and health systems
6/1/2021	Odeza	Ensemble Health Partners (Golden Gate Capital)	NA	NA	NA	Patient engagement and messaging platform powering hospitals and health systems
6/1/2021	Care Advantage (BelHealth Investment Partners)	Searchlight Capital Partners	NA	NA	NA	One of the leading home healthcare providers in the Mid-Atlantic specializing in quality one-on-one nursing care in the home
5/26/2021	Greenphire (The Riverside Company)	Thoma Bravo	NA	NA	NA	Financial lifecycle management software for clinical trials

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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 investors	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
6/1/2021	Notal Vision	Soleus Capital, Ganot Capital	Series D	\$60	Ophthalmic home monitoring services provider focused on early disease detection and treatment monitoring services
5/27/2021	binx health	OrbiMed (lead), Arrowmark Partners, Hildred Capital Management, Alta Life Sciences, Parian Global, LSP and J&J Development	Series E	\$104	Healthcare technology and diagnostics company for routine testing
5/26/2021	Akili Interactive	Neuberger Berman (lead), Polaris Partners; Mirae Assets; Shionogi, New Leaf Venture Partners; Roblox; QUAD Investment Management, and Ladera Venture Partners	Equity & Debt	\$160	Prescription video game treatment
5/25/2021	Feedtrail	Cofounders Capital and FCA Health Innovations (co-leads)	Undisclosed	Undisclosed	Cloud-based experience management solutions and advanced data analytics
5/19/2021	Wheel	Lightspeed Ventures (lead), CRV, Silverton Partners, Tusk Venture Partners, J.P. Morgan, and Future Shape	Series B	\$50	Platform for companies and clinicians to build virtual care services under their brand
5/18/2021	PathAI	D1 Capital Partners and by Kaiser Permanente (co-leads), General Atlantic, Tiger Global Management, 8VC, Adage, Biospring Partners, General Catalyst, and others	Series C	\$165	Provider of artificial intelligence-powered technology for pathology
5/18/2021	SymphonyRM	TT Capital Partners (lead), Adams Street Partners	Series B	\$25	AI solutions for provider and payer organizations to maximize patient outcomes and revenue growth

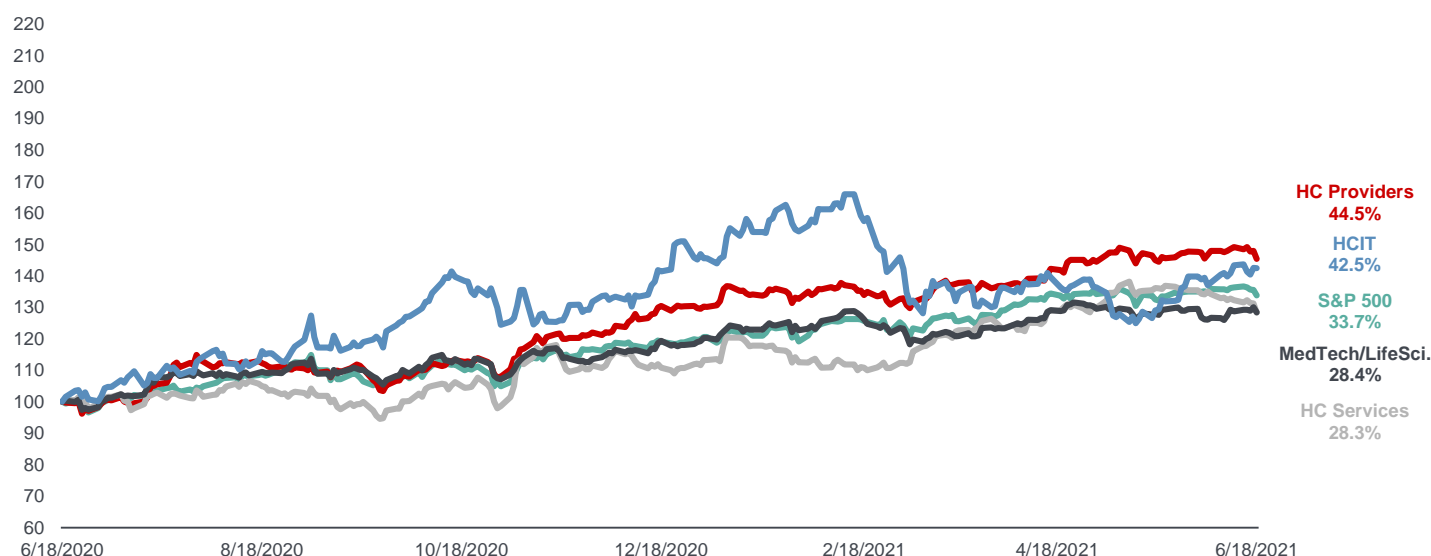
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of June 18, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,480	33,290	27.6%	(3.4%)
S&P 500	4,247	4,166	33.7%	(1.9%)
NASDAQ	14,069	14,030	41.1%	(0.3%)
Russell 2000	2,336	2,238	56.8%	(4.2%)
NYSE Healthcare	21,590	21,387	22.2%	(0.9%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	99.2%	(5.4%)
Alternate Site Services	24.0%	(2.8%)
Diagnostics	46.1%	0.8%
Distribution	20.8%	(5.2%)
Healthcare IT	42.5%	(0.5%)
Healthcare REITs	22.9%	(3.8%)
Managed Care	29.4%	(2.2%)
Medical Technology	25.4%	(0.2%)
Outsourced Services	42.8%	(4.4%)
Pharma Services	59.6%	(0.7%)
Pharmacy	25.9%	(5.0%)
Post-Acute Care	35.7%	(4.2%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Issuer (Ticker)	Pricing Date	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
Codex DNA (DNAY) *	6/18/2021	IPO	\$107	\$526	\$16.00	15.6%	Synthetic biology company
Convey (CNVY)	6/16/2021	IPO	\$163	\$891	\$14.00	(12.9%)	IT solutions for the payer market
LifeStance Health Group (LFST)	6/10/2021	IPO	\$590	\$9,210	\$18.00	45.6%	Offers online psychiatry and therapy services
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	97.2%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	4.6%	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	73.4%	Medical equipment management and service solutions
Treace Medical Concepts (TMCI)	4/23/2021	Follow On	\$106	\$1,322	\$17.00	97.1%	Orthopedic medical devices and biologic solutions
SeaSpine (SPNE)	4/19/2021	Follow On	\$88	\$709	\$19.50	5.6%	Spinal surgical solutions

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of June 18, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.75%	1.69%	2.96%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.55%	1.49%	2.61%
SIFMA (Variable Rate Demand Notes)	0.03%	0.03%	0.11%
Revenue Bond Index	2.45%	2.43%	2.61%
SIFMA/ 1Month LIBOR	33.33%	42.86%	57.89%
RBI/30 Yr Treasury (%)	121.89%	113.02%	180.00%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.37%	1.46%	0.76%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
AdventHealth Obligated Group	\$491.785	CO	Aa2 / AA / AA	2051	2031 (C)	3.00%	2.19%	2.64%	1.45%
AdventHealth Obligated Group**	\$178.440	KS	Aa2 / AA / AA	2054	2031 (P)	5.00%	1.17%	N/A	1.45%
AdventHealth Obligated Group	\$50.220	FL	Aa2 / AA / AA	2052	2026 (P)	5.00%	0.56%	N/A	1.45%
Friendsview	\$80.970	OR	NR / NR / NR	2056	2031 (C)	5.00%	3.13%	4.11%	1.45%
Friendsview (TEMPS-50 sm)	\$24.000	OR	NR / NR / NR	2026	2022 (C)	1.75%	1.75%	N/A	1.45%
Friendsview (TEMPS-70 sm)	\$11.250	OR	NR / NR / NR	2027	2022 (C)	2.13%	2.13%	N/A	1.45%
Friendsview (TEMPS-85 sm)	\$8.000	OR	NR / NR / NR	2028	2023 (C)	2.50%	2.50%	N/A	1.45%
The Children's Hospital of Philadelphia Project	\$124.015	PA	Aa2 / AA / NR	2032	NC	5.00%	1.22%	N/A	1.45%
Munson Healthcare Obligated Group	\$100.265	MI	A1 / NR / AA	2051	2031 (C)	3.00%	2.24%	2.67%	1.45%
Appalachian Regional Healthcare	\$70.075	KY	NR / A / NR	2051	2031 (C)	4.00%	1.91%	3.03%	1.45%
Scotland Health Care System	\$37.230	NC	NR / A- / NR	2051	2031 (C)	3.00%	2.29%	2.69%	1.45%
Asbury Pennsylvania Obligated Group	\$27.235	PA	NR / NR / NR	2041	2030 (C)	4.50%	4.00%	4.23%	1.45%
Total	\$1,203.485								

*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 5.00% / 0.86% / N/A; Subject to 11/15/2028 Mandatory Tender date

1. Bloomberg, Capital IQ

Tax-Exempt Debt Markets continued...

What's On Deck: Tax-Exempt Healthcare Issuances¹ (\$MM)

Issuer	Date	Amount	Rating
Indiana University Health, Inc.Obligated Group Taxable Bonds, Series 2021A \$300MM CORPORATE CUSIP			
Indiana Finance Authority Hospital Revenue Bonds (Indiana University Health, Inc.Obligated Group) Series 2011L	6/24/2021	\$407.790	Aa2 / AA / AA
Indiana Finance Authority Hospital Revenue Bonds (Indiana University Health, Inc.Obligated Group) Series 2011M 2011L 2011M HARD PAR PUTS			
St. John's County Industrial Development Authority Senior Living Revenue Bonds, Series 2021A (Vicar's Landing Project)	6/22/2021	\$91.945	NR / NR / BB+
Pennsylvania Economic Development Financing Authority Revenue Bonds (Presbyterian Senior Living Project) Series 2021	Week of	\$60.370	NR / NR / NR
Montana Facility Finance Authority Health Facilities Revenue Bonds (Bozeman Deaconess Health Services Obligated Group) Series 2021A	6/24/2021	\$54.075	NR / A / NR
Massachusetts Development Finance Authority Revenue Refunding Bonds Berkshire Health Systems Issue, Series I (2021)	6/23/2021	\$48.460	NR / A / AA-
The Economic Development Corporation of the City of Kentwood Limited Obligation Revenue & Revenue Refunding Bonds, Series 2021 & Series 2022 (Holland Home Obligated Group)	6/24/2021	\$41.235	NR / NR / BBB-
Montana Facility Finance Authority Health Facilities Revenue Bonds (Bozeman Deaconess Health Services Obligated Group) Series 2021B (Taxable)	6/24/2021	\$35.395	NR / A / NR
St. Tammany Parish Hospital Service District No. 2 General Obligation Bonds, Series 2021	6/23/2021	\$23.110	NR / A+ / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

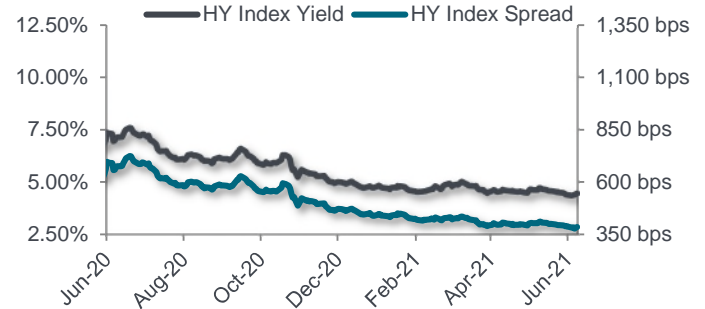
High Yield

- Last week experienced a \$2.2 billion outflow, following the prior week's outflows of \$642 million; net outflows total \$14.8 billion YTD, which follows \$44.9 billion of net inflows in 2020

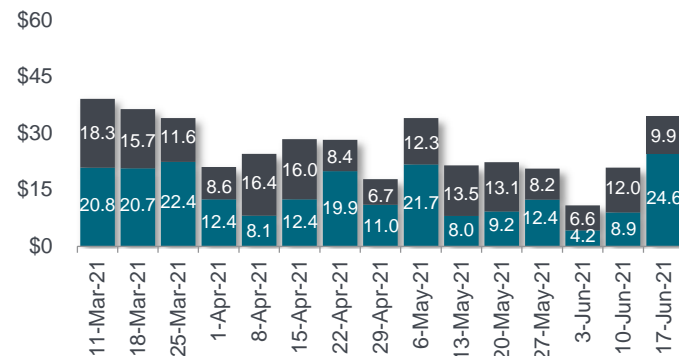
Leveraged Loans

- Leveraged loan funds experienced a \$559 million inflow last week, marking the 23rd consecutive inflow of 2021; net inflows total \$25.0 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 41 deals price last week for \$24.6 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			April 2021	May 2021	06/20/21
Overall	5.32%	4.40%	4.91%	4.52%	4.46%
4B	4.00%	3.00%	3.15%	2.78%	2.91%
2B	5.41%	4.63%	5.18%	4.99%	4.87%
Middle Market	6.02%	4.79%	4.56%	5.74%	4.61%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/25/2021	AstraZeneca	Sr. Notes	\$1,400	A3 / BBB+	0.300%	5/26/2023	+20	40 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,600	A3 / BBB+	0.700%	5/28/2024	+40	55 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.200%	5/28/2026	+45	65 area
5/25/2021	AstraZeneca	Sr. Notes	\$1,250	A3 / BBB+	1.750%	5/28/2028	+55	80 area
5/25/2021	AstraZeneca	Sr. Notes	\$750	A3 / BBB+	2.250%	5/28/2031	+70	100 area
5/25/2021	AstraZeneca	Sr. Notes	\$750	A3 / BBB+	3.000%	5/28/2051	+80	115-120

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
6/17/2021	Signify Health	New Mountain Capital	B1/B	Refinancing	\$350	L+325, 0.75% @ 99.5	3.875%
6/17/2021	Quantum Health	Warburg Pincus	B3/B-	Refinancing	\$300	L+450, 0.75% @ 100	5.250%
6/16/2021	AccentCare Inc	Advent International	B3/B-	Refinancing	\$873	L+400, 0.00% @ 100	4.125%
6/11/2021	Prestige Brands Inc	Private	B1/B+	Acquisition	\$600	L+200, 0.50% @ 99.5	2.625%
6/10/2021	Heartland Dental Care Inc	Kohlberg, Kravis & Roberts	B3/B-	Acquisition	\$870	L+400, 0.00% @ 99.5	4.244%

Healthcare News

A Pill To Treat Covid-19¹

New York Times | June 17, 2021

The Department of Health and Human Services announced a new \$3.2 billion program that will speed up clinical trials for drug candidates to combat Covid-19 and other viruses. While previous efforts were focused on vaccinations, the Antiviral Program for Pandemics will facilitate and encourage the development of treatments that can stop a virus after infection. Other viruses, such as hepatitis C and influenza, can be treated with an antiviral pill, and prominent healthcare specialists such as Dr. Fauci believe a similar solution can be achieved for Covid-19. By blocking replication of a virus during the first stages of an infection, antivirals could provide weaker immune systems with the support they need to overcome the virus. The U.S. government has already sought deals to purchase doses of drugs in the later stages of clinical trials, and they hope the research and investment will prepare the government in the event of future pandemics.

The Future Challenges Of Big Data In Healthcare²

Forbes | June 18, 2021

In recent years, advancements in technology have allowed the rapid collecting, storing, and analyzing of large amounts of data in a phenomenon referred to as big data. New insights made possible by big data have altered many industries, and healthcare has become one of the biggest users of supercomputers to manage data collection. The use of telehealth and remote patient care during the pandemic acted as a catalyst for ideas such as the “data-driven physician” and the use of electronic health records for data models or early-access to critical health information. Currently analytic models meant to reduce physician error are being tested for their accuracy and risk levels, and it is believed that successful models could significantly lower costs by offering proactive solutions and more comprehensive patient care. Despite the many benefits, patient privacy rights and government policies, discrepancies in recording patient information, and necessary advancements in computational biology are three large obstacles big data faces before it can revolutionize healthcare in the U.S.

MedPAC: CMMI Should Consider a ‘Smaller, More Harmonized’ Portfolio of Alternative Payment Models³

Home Healthcare News | June 15, 2021

To reduce redundancies and confusion in the Medicare system, health care policymakers should consider implementing “a smaller, more harmonized” portfolio of alternative payment models (APMs). That’s according to the Medicare Payment Advisory Commission (MedPAC), which released its regular June report to Congress on Tuesday. “In many cases, providers participate in multiple [alternative payment models] simultaneously, and Medicare beneficiaries are attributed to multiple models at the same time,” the report notes. “This overlapping participation can have unintended consequences.” For the most part, APMs are operated by the Center for Medicare and Medicaid Innovation (CMMI), the entity established in 2010 by the Affordable Care Act (ACA) to study and launch new care delivery mechanisms. The biggest exception to that is the Medicare Shared Savings Program, which was created as a permanent program by the ACA.

Healthcare News Continued...

Supreme Court Leaves Affordable Care Act Intact¹

The Wall Street Journal | June 17, 2021

The Supreme Court rejected a challenge to the Affordable Care Act from Republican-led states in a 7-2 decision, ruling that they lacked standings to bring forth the case. The states, including Texas, attempted to strike down the law on technical arguments after Congress minimized the tax penalty for failing to carry health insurance. In the decision, Justice Breyer wrote “We do not reach these questions of the Act’s validity,” and “Texas and the other plaintiffs in this suit lack the standing necessary to raise them.” The decision underscored that the court, even with the recent addition of more conservative justices, at times is still able to find broad coalitions supporting middle-ground outcomes in hot-button cases. This represents the third time the court has preserved the Affordable Care Act since 2010.

FDA Lays Out Device Cybersecurity Efforts as Feds Look to Implement Biden Executive Order²

Healthcare Dive | June 17, 2021

The FDA has warned the Biden administration that recent ransomware attacks on hospitals and health systems “highlight the ungraceful failure” of perimeter-based firewalls and the safety consequences of not separating operational technology from informational technology. The agency voiced its concerns for the entire healthcare sector and specifically medical device cybersecurity after Biden’s executive order signed last month, which seeks to improve U.S. cyber posture as hacker threats grow. Moody’s Investors Services also issued a warning regarding the increase in ransomware attacks against large healthcare providers for the foreseeable future. The FDA has urged the NIST (National Institute of Standards and Technology) and the NTIA (National Telecommunications and Information Administration) to continue to enhance their approaches to the development of standards and guidelines for operational technology by leveraging public and private sector experts.

HHS Giving Hospitals More Leeway in Using COVID-19 Relief Funds³

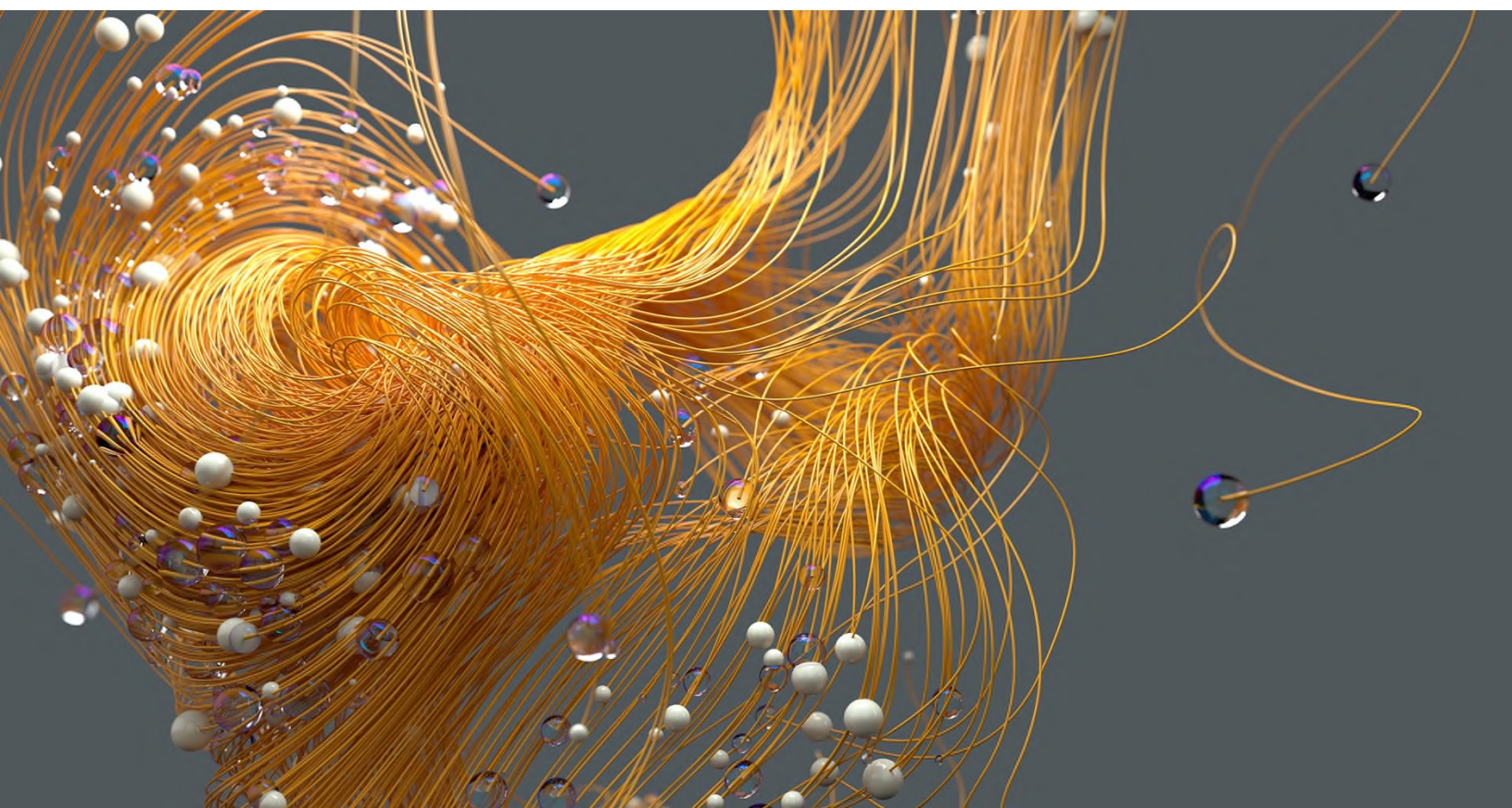
Healthcare Finance | June 14, 2021

The U.S. Department of Health and Human Services has given providers more flexibility on spending COVID-19 relief funds and has updated the reporting requirements for good measure. Now there is more flexibility for providers to spend the funding if they received it after June 30, 2020, a move aimed at reducing the burden on smaller providers in particular. Among the key updates is that the period of availability of funds is based on the date the payment is received, rather than requiring all payments be used by June 30, regardless of when they were received. Since the Provider Relief Fund was established, it has been a source of financial backing for a number of various efforts and initiatives, including training, staffing and storage related to COVID-19 vaccines.

June 30, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

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

Industry Insights

Contents

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



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

Banker Commentary by Jill Frew

Armed with over \$500 billion combined in cash, top tech companies are continuing a steady march into the healthcare industry, utilizing the same strategies and tools that have allowed them to disrupt other industries. Amazon has launched its own healthcare business and bought online pharmacy PillPack in 2018. Apple is turning the iPhone into a patient engagement and diagnostics tool. Google recently closed a \$2 billion acquisition of Fitbit and is betting heavily on healthcare through its investment arm, AI and analytics. As illustrated below, Big Tech companies are accelerating their pursuit of the healthcare industry.

Microsoft

In April Microsoft announced its \$20 billion deal to acquire speech recognition company Nuance Communications. The transaction is the company's largest acquisition, since its \$26 billion purchase of LinkedIn, and provides insight into Microsoft's healthcare and AI strategy. Microsoft stated that it acquired Nuance to support the expansion of healthcare offerings for its cloud products. It is widely known that Nuance is already integrated into EHR companies like Epic and Cerner. Its AI products include a virtual assistant that integrates into patient health records and enables multi-party conversation transcription service in hospitals and large physician practices, as well as a deep learning language model that is able to convert voice dictation to structured notes that can be added to a patient's health record. Microsoft's CEO Satya Nadella recently noted that the acquisition of Nuance could double the company's total addressable market based on its ability to deliver AI-first solutions for doctors and radiologists and overall clinical decision support in partnership with the rest of the healthcare ecosystem.

Apple

Apple has been targeting the healthcare space for a number of years. In 2016 it began by working on a plan (aka "Project Casper") for its own network of healthcare clinics with Apple-employed physicians. As part of its work on Casper, Apple took over clinics that catered to its employees and hired clinicians, along with technical staff. But the project has largely stalled, and Apple has returned to its focus to selling hardware, with a focus on the Apple Watch. Apple recently announced a number of new healthcare-related features for consumers including the ability to review long-term analyses of their health, receive automated alerts of changes to their family members' conditions and share health data directly to a provider's EHR system through the Apple Health app. A new "Trends" feature displays 20 different health metrics such as steps, resting heart rate, blood glucose and sleep longitudinally, the company said. It will also deliver optional automated alerts when there is a meaningful change in any of these metrics. Apple is uniquely positioned to capitalize on its 113 million iPhone users; some analysts have projected that this focus on consumer health could result in additional revenue for Apple in excess of \$300 billion.

Industry Insights continued...

Amazon

Amazon's expansion into healthcare could be one of its most consequential moves to date. Amazon recently announced plans to roll out its telehealth solution, branded Amazon Care, to all 50 states by this summer. Consumers connect with a clinician via video or chat through the Amazon Care app. If the consumer needs to see a healthcare professional in person, Amazon Care can arrange for a doctor or nurse to visit the user's home to perform examinations, such as taking blood, as well as routine primary care, such as giving vaccinations and other diagnostic tests. Amazon Care builds on a number of other initiatives Amazon has rolled out over the past few years. For example, In 2018 Amazon bought PillPack, a company that's the equivalent of Prime for medications, delivering drugs to people who take several medications in a day and refills their prescription when needed. Healthcare has been a focus among Amazon's hardware products as well. Alexa-powered devices, like the Echo and Dot, already have health-focused features, such as providing breastfeeding advice and helping with first aid. Amazon's strengths in hardware, as well as its vast computing and analytics resources through AWS, could help Amazon Care tackle bigger challenges in the future.

Alphabet

Google's healthcare division was created by a companywide effort to combine many of Alphabet's disparate health projects under David Feinberg in 2018. Its mission has been to make people's health information broadly accessible and useful in a world where finding a doctor, analyzing clinical data, and diagnosing conditions can be made easier by technology. Google Health has nearly 600 employees focused on research, imaging, clinical tools, health sensors, and more. Earlier this month Google closed the \$2.1 billion acquisition of the fitness tracking company Fitbit. According the company, the transaction is intended to make health and wellness "more accessible to more people." Under a recently announced partnership with HCA Healthcare, Alphabet's Google Cloud will use patient records to develop algorithms that attempt to improve efficiency and patient outcomes. Like many Google initiatives, it's essentially an initiative to access more data. Its initiative with HCA is expected to help providers better handle digital medical records or diagnostic data, and it will also serve to implant Google at the center of digital operations for medical facilities all over the country. Previous attempts to disrupt patient care using artificial intelligence (i.e., IBM Watson) has not lived up to expectations. However, industry analysts believe Google's most recent initiative with HCA could be more successful, largely because the company is working so closely with the largest health system in the U.S.

It's perhaps not surprising that Big Tech is looking to play a central role in the healthcare industry. Aside from being a huge market – healthcare accounts for around 20% of all spending in the U.S. – it's also largely resistant to economic cycles and ripe for change. In addition, it's an industry driven by data, delivered in many different formats (i.e., images, scan results, text, voice) from a wide variety of sources. Most importantly, Big Tech companies have better connectivity to the consumer than traditional healthcare companies. Healthcare organizations can learn from Big Tech's attempts to meet the changing needs of the consumer, providing better ways to communicate and access the information they need.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
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	Bay Mark 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
6/10/2021	Aily Align Health Partners (Health Enterprise Partners)	New Enterprise Associates	NA	NA	NA	Medicare Advantage insurance company
6/9/2021	Ciox Health	Datavant	Merger \$7,000	10.0x	NA	Clinical data exchange
6/10/2021	DataSmart Solutions	TCS Healthcare (HCAP Partners and Logan Growth Advisors)	NA	NA	NA	Predictive risk analytics software company
6/9/2021	Geode Health	KKR	NA	NA	NA	Mental health services company that will partner with psychiatrists, psychologists, and therapists to offer in-person and virtual outpatient care
6/9/2021	Respiratory Therapy Home Care	Hospice Source (Transition Capital Partners)	NA	NA	NA	Manufactures durable medical equipment for hospice patients
6/8/2021	MAS Medical Staffing	Periscope Equity	NA	NA	NA	Tech-enabled medical staffing agency
6/8/2021	Sentry Data Systems (Abry Partners)	Craneware (AIM:CRW)	\$400	4.3x	17.4x	Pharmacy procurement, compliance and utilization management
6/7/2021	Iora Health	1Life Healthcare (Nasdaq: ONEM)	\$2,100	9.5x	NA	Human-centric, value-based primary care group with built-for-purpose technology focused on serving Medicare populations

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
6/1/2021	Notal Vision	Soleus Capital, Ganot Capital	Series D	\$60	Ophthalmic home monitoring services provider focused on early disease detection and treatment monitoring services
5/27/2021	binx health	OrbiMed (lead), Arrowmark Partners, Hildred Capital Management, Alta Life Sciences, Parian Global, LSP and J&J Development	Series E	\$104	Healthcare technology and diagnostics company for routine testing
5/26/2021	Akili Interactive	Neuberger Berman (lead), Polaris Partners; Mirae Assets; Shionogi, New Leaf Venture Partners; Roblox; QUAD Investment Management, and Ladera Venture Partners	Equity & Debt	\$160	Prescription video game treatment
5/25/2021	Feedtrail	Cofounders Capital and FCA Health Innovations (co-leads)	Undisclosed	Undisclosed	Cloud-based experience management solutions and advanced data analytics

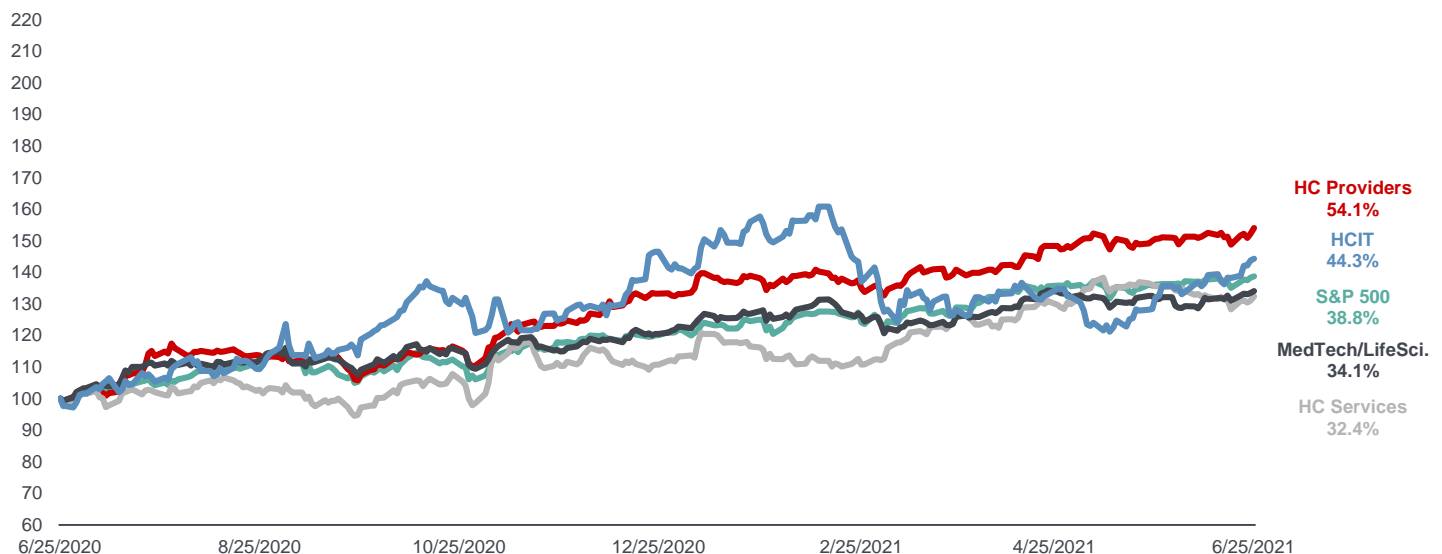
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of June 25, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	33,290	34,434	33.7%	3.4%
S&P 500	4,166	4,281	38.8%	2.7%
NASDAQ	14,030	14,360	43.4%	2.4%
Russell 2000	2,238	2,334	65.2%	4.3%
NYSE Healthcare	21,387	21,806	25.7%	2.0%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	122.4%	3.4%
Alternate Site Services	27.6%	1.4%
Diagnostics	51.8%	3.3%
Distribution	23.8%	1.4%
Healthcare IT	44.3%	4.5%
Healthcare REITs	39.9%	4.4%
Managed Care	33.8%	3.7%
Medical Technology	31.2%	2.3%
Outsourced Services	49.6%	3.0%
Pharma Services	62.7%	2.5%
Pharmacy	28.9%	2.1%
Post-Acute Care	41.5%	3.9%

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Issuer (Ticker)	Pricing Date	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
Bright Health Group (BHG)	6/24/2021	IPO	\$924	\$10,671	\$18.00	(4.2%)	National, integrated system of care
Doximity (DOCS)	6/24/2021	IPO	\$494	\$966	\$26.00	115.3%	Digital platform for U.S. medical professionals
Codex DNA (DNAY)*	6/18/2021	IPO	\$107	\$526	\$16.00	11.0%	Synthetic biology company
Convey (CNVY)	6/16/2021	IPO	\$163	\$891	\$14.00	(20.6%)	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	100.2%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	5.3%	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	55.1%	Medical equipment management and service solutions

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of June 25, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.82%	1.75%	2.78%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.62%	1.55%	2.43%
SIFMA (Variable Rate Demand Notes)	0.03%	0.03%	0.12%
Revenue Bond Index	2.53%	2.45%	2.63%
SIFMA/ 1Month LIBOR	30.00%	33.33%	63.16%
RBI/30 Yr Treasury (%)	117.13%	121.89%	178.91%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.45%	1.37%	0.75%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Indiana University Health, Inc.** (Taxable)	\$300.000	IN	Aa2 / AA / AA	2051	MWC	2.85%	2.85%	N/A	2.10%
Indiana University Health Obligated Group	\$58.225	IN	Aa2 / AA / AA	2046	2026 (P)	0.70%	0.70%	N/A	1.52%
Indiana University Health Obligated Group	\$49.565	IN	Aa2 / AA / AA	2046	2026 (P)	0.70%	0.70%	N/A	1.52%
Nassau Health Care Corporation (Remarketing; Nassau County guaranteed)	\$150.080	NY	A2 / A+ / NR	2029	NC	5.00%	1.14%	N/A	1.52%
Bozeman Deaconess Health Services Obligated Group	\$56.895	MT	NR / A / NR	2050	2031 (C)	3.00%	2.38%	2.73%	1.52%
Bozeman Deaconess Health Services Obligated Group (Taxable)	\$36.185	MT	NR / A / NR	2051	MWC	3.38%	3.38%	N/A	2.10%
Vicar's Landing Project	\$84.430	FL	NR / NR / BB+	2050	2030 (C)	4.00%	2.89%	3.50%	1.52%
Presbyterian Senior Living Project	\$59.530	PA	NR / NR / BBB+	2046	2029 (C)	4.00%	2.20%	3.23%	1.52%
Berkshire Health Systems Issue	\$47.985	MA	NR / A / AA-	2031	NC	5.00%	1.30%	N/A	1.52%
Holland Home Obligated Group (Forward Delivery)	\$32.960	MI	NR / NR / BBB-	2043	2031 (C)	4.00%	3.10%	3.50%	1.52%
Holland Home Obligated Group	\$9.905	MI	NR / NR / BBB-	2045	2031 (C)	4.00%	2.76%	3.33%	1.52%
Buena Vida Estates Project	\$28.500	FL	NR / NR / NR	2055	2031 (C)	4.00%	3.77%	3.90%	1.52%
Buena Vida Estates Project	\$3.500	FL	NR / NR / NR	2055	NC	3.77%	3.77%	N/A	1.52%
St. Tammany Parish Hospital Service District No. 2***	\$23.110	LA	NR / A+ / NR	2041	2031 (C)	4.00%	1.96%	2.81%	1.52%
Total	\$940.870								

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

**Make whole at 15 bps

***Doing business as Slidell Memorial Hospital (SMH); BAM insured

1. Bloomberg, Capital IQ

Tax-Exempt Debt Markets continued...

What's On Deck: Tax-Exempt Healthcare Issuances¹ (\$MM)

Issuer	Date	Amount	Rating
Harris County Cultural Education Facilities Finance Corporation Hospital Revenue Bonds (Texas Children's Hospital) Series 2021A Series 2021B	6/30/2021	\$320.000	Aa2 / AA / AA
Duluth Economic Development Authority (St. Louis County, Minnesota) Revenue Bonds (Benedictine Health System) Series 2021A	Week of	\$79.065	NR / NR / NR
New Hope Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds, Series 2021 (Westminster Project)	6/29/2021	\$59.115	NR / NR / BBB
Indiana Finance Authority Refunding Revenue Bonds, Series 2021A&B (BHI Senior Living)	6/30/2021	\$58.915	NR / NR / BBB
New Hampshire Health and Education Facilities Authority Revenue Bonds Concord Hospital Issue Series 2021A	6/29/2021	\$43.415	A2 / NR / AA-
Colorado Health Facilities Authority Revenue Refunding and Improvement Bonds, Series 2021 (Christian Living Neighborhoods)	6/30/2021	\$32.460	NR / NR / NR
Michigan Strategic Fund / The Economic Development Corporation of the City of Kalamazoo Limited Obligation Revenue & Revenue Refunding Bonds, Series 2021 (Friendship Village of Kalamazoo)	6/29/2021	\$20.000	NR / NR / NR
St. Tammany Parish Hospital Service District No. 2 General Obligation Bonds, Series 2021	6/23/2021	\$23.110	NR / A+ / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

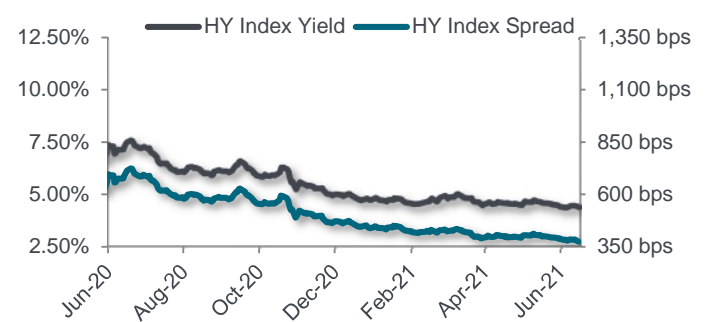
High Yield

- Last week experienced a \$189 million inflow, following the prior week's outflows of \$2.2 billion; net outflows total \$14.7 billion YTD, which follows \$44.9 billion of net inflows in 2020

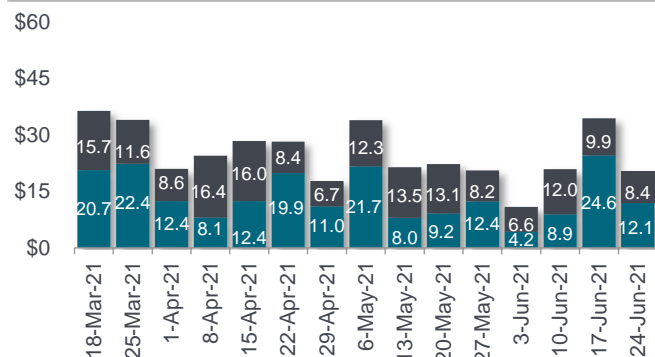
Leveraged Loans

- Leveraged loan funds experienced a \$615 million inflow last week, marking the 24th inflow of 2021; net inflows total \$25.6 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 25 deals price last week for \$12.1 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			April 2021	May 2021	06/24/21
Overall	5.32%	4.40%	4.91%	4.52%	4.53%
4B	4.00%	3.00%	3.15%	2.78%	2.98%
2B	5.41%	4.63%	5.18%	4.99%	4.87%
Middle Market	6.02%	4.79%	4.56%	5.74%	5.15%

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
6/24/2021	HCA Holdings	Public	Ba1/BB+	Refinancing	\$1,000	L+175, 0% @ 100	1.896%
6/24/2021	Cano Health Inc	Public	B2/B	Acquisition	\$295	L+450, 0.75% @ 99.75	5.313%
6/24/2021	Tivity Health	Public	B2/B	Refinancing	\$400	L+425, 0% @ 99.5	4.521%
6/23/2021	Aspen Dental Management	Ares Management	B2/B	Recap/Dividend	\$700	L+375, 0.5% @ 99.5	4.375%
6/17/2021	Signify Health	New Mountain Capital	B1/B	Refinancing	\$350	L+325, 0.75% @ 99.5	3.875%

Healthcare News

Biden Admin 'Absolutely Supportive' Of Telehealth Once Crisis Ebbs, Becerra Says¹

Healthcare Dive | June 24, 2021

Telehealth use skyrocketed in the early months of COVID-19 as Washington rolled back restrictions to digitally delivered care, allowing patients, kept out of doctor's offices by state restrictions and fears of virus transmission, to turn to virtual care in droves. As COVID-19 cases waned amid increased vaccination, so too have telehealth visits declined. Still, they remain significantly elevated compared to pre-COVID-19 levels. Congress is currently deliberating what expanded virtual care flexibilities should remain after the COVID-19 national emergency. Bipartisan lawmakers have expressed support for nixing originating site and geographic requirements to coverage that made it difficult to use telemedicine widely and allowing traditional Medicare to reimburse broadly for the service.

The ASC-Hospital Power Shift: Who Will Win The Next 3-5 Years?²

Becker's | June 23, 2021

In 2020, more complex surgeries rapidly moved into ASCs as hospitals were overburdened with COVID-19 cases. Some surgery centers forged deeper relationships with local hospitals when these cases transitioned, while other hospitals saw ASCs as fiercer competition. Stephen Hochschuler, MD, co-founder of Texas Back Institute in Plano; David Rothbart, MD, medical director of Spine Team Texas in Southlake; Anthony Romeo, MD, executive vice president of the Musculoskeletal Institute of DuPage Medical Group in Elmhurst, Ill.; and Maulik Bhalani, MD, owner and founder of Florida Pain Medicine in Wesley Chapel, discussed the relationship between hospitals and ASCs during a June 16 panel at Becker's 18th Annual Spine, Orthopedic and Pain Management-Driven ASC + Future of Spine Virtual Conference. "What we know now is probably 70 percent or more of all orthopedic and spine cases can be done in an ASC, and that's frightening to the hospital," said Dr. Romeo. "They realize they have to play ball now."

As 5 Blue Cross Blue Shield Plans Join To Tackle Drug Prices, Some Are Skeptical³

Healthcare Dive | June 23, 2021

This past week, five Blue Cross Blue Shield (BCBS) announced the launch of venture that aims to tackle the issue of a frequently debated topic: the cost of prescription drugs. The five plans – BCBS of Massachusetts, Michigan, California, and additionally HighMark Inc. and Independence Blue Cross, have created a new company called Evio, with the overarching mission to utilize data to assess the efficacy of a drug, and ultimately align respective drug cost to drug performance. This move is directly in line with a new healthcare system trend that moves towards payment aligning with the value of patient care, with an emphasis on the utilization of big data to create solutions. Newly created Evio, which required "significant" investment to get off the ground, will cover 20 million people and creates the ability to analyze the effectiveness of a variety of different drugs at a large scale. However, just like any other investment, profitable returns are expected, creating skepticism within the healthcare community regarding whether the mission of the venture is really to create affordability for patients. Hence, Evio will be watched with a close eye by many in months to come.

1. <https://www.healthcaredive.com/news/biden-admin-absolutely-supportive-of-telehealth-once-crisis-ebbs-becerra/602389/>

2. <https://www.beckersasc.com/asc-news/the-asc-hospital-power-shift-who-will-win-the-next-3-5-years.html>

3. <https://www.healthcaredive.com/news/as-5-blue-cross-blue-shield-plans-join-to-tackle-drug-prices-some-are-skep/602224/>

Healthcare News Continued...

Biden Quietly Transforms Medicaid Safety Net¹

Kaiser Health News | June 24, 2021

The Biden administration is quietly engineering a series of expansions to Medicaid that may bolster protections for millions of low-income Americans and bring more people into the program. Biden's efforts — which have been largely overshadowed by other economic and health initiatives — represent an abrupt reversal of the Trump administration's moves to scale back the safety-net program. The moves, some of which were funded by the COVID relief bill that passed in March, could further boost Medicaid enrollment — which the pandemic pushed to a record 80.5 million in January, including those served by the related Children's Health Insurance Program. That's up from 70 million before the COVID crisis began. New mothers, inmates and undocumented immigrants are among those who could gain coverage. At the same time, the Biden administration is opening the door to new Medicaid-funded services such as food and housing that the government insurance plan hasn't traditionally offered. Taken together, the Medicaid moves represent some of the most substantive shifts in federal health policy undertaken by the new administration. "They are taking very bold action," said Rutgers University political scientist Frank Thompson, an expert on Medicaid history, noting the administration's swift reversal of Trump policies. "There really isn't a precedent."

Covid Vaccines will Deliver Long-Term Health Boost for Drugmakers²

Wall Street Journal | June 25, 2021

Vaccine development was once the ultimate long-distance race for drugmakers. In the pandemic, the industry showed it can run a sprint when needed. Before the pandemic, such a development timeline was unthinkable. In the eyes of regulators, safety issues with a vaccine are far more worrisome than for most drug classes since vaccines are typically meant for a broad population. As such, long development timelines are the norm. But the industry's recent success challenges that reality. Because the pandemic made patients skittish about visiting healthcare facilities, regulators relaxed policies on issues like remote data collection in clinical trials. Even rival drugmakers collaborated with each other to speed up manufacturing. The experience is bound to have concrete effects on future drug-approval policy. For instance, the law governing how the FDA handles drug approvals is due to expire in September of 2022. While the reauthorization will be a product of always-messy negotiations on Capitol Hill, it wouldn't be surprising if it provided more resources to regulators, coupled with a mandate to review applications for new drugs more quickly in the future. The drug industry has long pushed for more flexible regulation. The pandemic response showed that isn't merely an empty talking point.