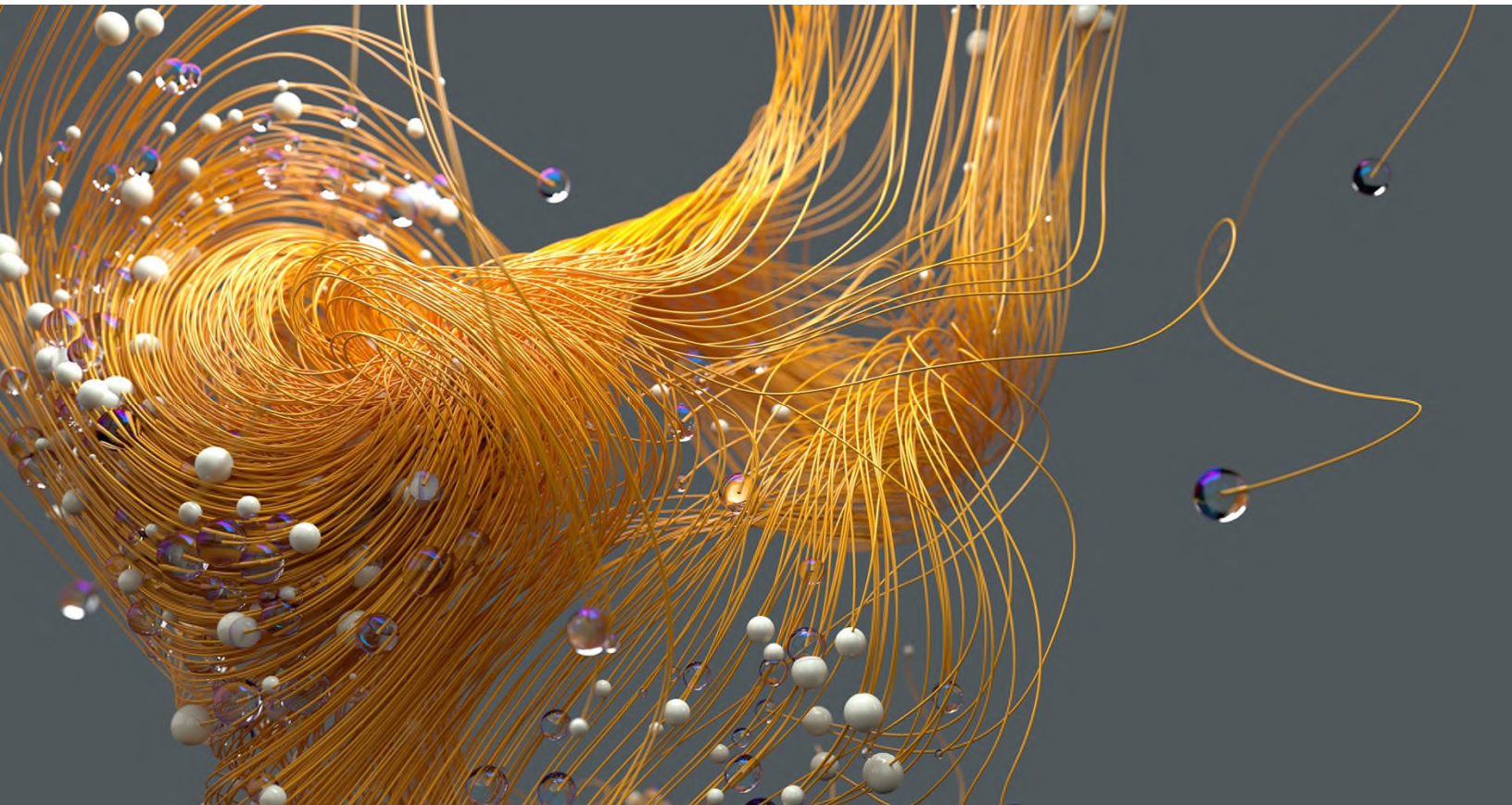


March 3, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

How Health Plans Can Repair Rural America's Broken Health System

Industry Insights

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How Health Plans Can Repair Rural America's Broken Health System

Banker Commentary by Lauren Keithahn

"Accessing healthcare in rural America has been compared to finding healthy food in food deserts and the situation is only getting worse."¹

Since 2009, over 100 rural hospitals in the U.S. have closed, which is one example of an escalating healthcare crisis in Rural America. The COVID-19 pandemic severely affected all Americans in 2020, but the impact was magnified for people who live in rural communities. Despite a quarter-century of research about rural communities' lack of access to physicians and healthcare services, the healthcare gap continues to increase. The survival of rural health care systems has never been more uncertain.

Making up ~20% of the U.S. population, rural communities confront a myriad of barriers to improving health outcomes, including aging populations, increased risk of chronic illness, and heightened poverty levels. The economic burden of adverse healthcare outcomes is significantly more prevalent in non-white households. During the pandemic, over 80% of non-white, rural households face serious financial problems compared to 36% of white rural households.

Inadequate healthcare infrastructure and financial pressures on the health system contribute to the disparity, but many non-financial obstacles also exist. As the pandemic took hold, rural patients encountered canceled appointments and procedures, delayed attention to mental health, and increased time spent searching for specialists. In addition, the combination of various economic shutdowns, closure of schools and other non-essential businesses, and uncertainty regarding the "return to normal" significantly increased the already high barrier to care for rural residents.

Health plans are uniquely positioned to develop innovative solutions for the rural healthcare crisis, holding insights into market demands and member needs regarding social determinants of health (SDOH). These organizations have accumulated data from both patients and providers, which has facilitated the development of adaptable and fluid approaches for varying SDOH factors across regions.

Improving rural health outcomes requires more than a technological solution to "plug in" to these communities – it requires a tailored and integrated approach to serving the unique demographic makeup of each community. Multiple health plans have recently invested in solutions to combat the growing healthcare disparity in vulnerable communities, both in urban and rural geographies, further driving home the concept that the future of rural health depends on innovation.

¹ <https://www.huronconsultinggroup.com/insights/healthcare-crisis-rural-america>

Industry Insights continued

Telehealth

Telehealth continues to serve as a primary tool for addressing the rural healthcare crisis, providing convenient, cost-effective, and timely expanded care for patients with current and new healthcare providers. More frequent engagement between the patient and the healthcare provider facilitates proactive intervention by providers. Telehealth provides a better continuity of care, fosters a trusting relationship between all parties, and focuses on preventing healthcare problems. This three-prong approach minimizes the financial pressure on larger health systems, as prevention is less expensive than treating inbound rural patients in urgent care centers and emergency rooms, thus reducing the infrastructure expense for patients, healthcare providers, and rural communities.

Cigna's acquisition of MDLIVE introduces a new care delivery model, optimizing care coordination to improve affordability, accessibility, and predictability. The combined platform will enable earlier identification and diagnosis of chronic illnesses and ensure access to high-quality, appropriate and affordable care.

Care Management

Care management is at the nexus of key demographic and clinical trends, driving lower costs and better outcomes through improvements in care delivery. Health plans can leverage big data to measure and improve outcomes, manage chronic diseases, and enable the transition to value-based care.

OneCare Vermont implemented a software package called CareNavigator to increase collaboration between providers, community-based organizations, and patients, and to help coordinate care across its communities, particularly in rural geographies. The software connects patients with their diverse social service and health care providers to create a shared care plan, with patients actively engaged throughout the planning process.

Population Health

Population health solutions aid in the decision-making process and effectively monitor total care delivery through a variety of tools, including team-based care models that partners community health hubs, specialty care operators, virtual communities and care-delivery mechanisms, and product developers with one another to drive a tailored promotion of health and well-being.

SCAN Health Plan, a California-based Medicare Advantage plan, utilizes highly qualified care managers with customer service experience to help dually enrolled members navigate their benefits. SCAN addresses the needs of dual eligibles in a comprehensive and integrated manner, combining culturally sensitive and clinically appropriate medical care with the social supports and services that allow them to remain living in the community. SCAN's solution coordinates and leads efforts through meaningful human capital investments, sitting at the intersection between members, providers, and community organizations

As the number of vaccinations for COVID-19 has increased, many constituents are starting to see a light at the end of the tunnel. However, in rural communities, the healthcare challenges are far from over. In fact, the need to invest in rural America's healthcare infrastructure has never been more important for the 20+ million citizens who provide food and other essential resources for all Americans. By recognizing and adapting to the unique needs of each rural community, health plans can build sustainable solutions to repair rural America's health system.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
2/26/2021	MDLive (Sixth Street Growth)	Evernorth (CIGNA)	NA	NA	NA	Telehealth provider of online and on-demand healthcare delivery services and software
2/26/2021	Behavioral Analysis Center for Autism	Learn Behavioral (Gryphon Investors)	NA	NA	NA	Applied behavior analysis services to children and young adults with autism
2/24/2021	Brookdale Health Care Services (80% stake)	HCA Healthcare (NYSE: HCA)	\$500	NA	NA	Operator of 57 home health agencies and 22 hospice agencies across 26 states, along with 84 outpatient therapy locations
2/24/2021	Fastaff and U.S. Nursing	Cornell Capital and Trilantic North America	NA	NA	NA	Hospital staffing solutions
2/24/2021	IMAX Medical	Probo Medical (Varsity Healthcare)	NA	NA	NA	Specializes in the purchase, sales and logistic of pre-owner medical equipment
2/24/2021	PRA Health Sciences (NASDAQ: PRAH)	ICON (NASDAQ: ICLR)	\$12,000	3.8x	25.6x	Global contract research organization providing outsourced clinical development and data solution services
2/23/2021	Abode Hospice and Home Health (Summit Partners)	BrightSpring Health Services (KKR)	\$775	NA	NA	Home health and hospice provider that also offers palliative care and support services.
2/23/2021	EVOnational	IMA Group (Centre Partners)	NA	NA	NA	National provider of independent medical exams, medical screenings and other evaluation
2/23/2021	MedRisk (majority stake) (The Carlyle Group)	CVC Capital Partners	NA	NA	NA	Provider of managed physical medicine services for the workers' comp. industry
2/22/2021	American Veterinary Group (Latticework Capital Management and Trive Capital)	Oak Hill Capital	NA	NA	NA	Owns and manages a network of veterinary hospitals
2/22/2021	D&S Community Services (Comvest Partners)	The MENTOR Network (Vestar Capital)	NA	NA	NA	Provider of home and community-based services for individuals with intellectual and developmental disabilities
2/19/2021	MedPilot (Hudson River Capital, Wavemaker 360 Health, Tom Hirschfeld, Cedars-Sinai, Jumpstart, Techstars, Northcoast Ventures, and TurnCap)	Vytalize Health	NA	NA	NA	Patient engagement platform
2/19/2021	WithMe Health	Navitus Health Solution	NA	NA	NA	Personalized medication guidance solutions
2/18/2021	Behavioral Holdings (Welligent and DATIS HR Cloud)	Battery Ventures	NA	NA	NA	Cloud-based software solutions for health and human-services sector
2/18/2021	DDS Lab	RoundTable Healthcare Partners	NA	NA	NA	Dental laboratory offering a comprehensive line of fixed crown and bridge, removable, implant and orthodontic products
2/17/2021	Cognate BioServices (EW Healthcare Partners, Medivate Partners and BlackRock)	Charles River Laboratories (NYSE: CRL)	\$875	NA	NA	Cell and gene therapy contract development and manufacturing organization
2/17/2021	Solution Matrix	Broadview Group and EXI Investment Partners	NA	NA	NA	Manufacturer and distributor of engineered cold therapy products
2/17/2021	Total Access Urgent Care	ICV Partners	NA	NA	NA	Provider of urgent care and many emergency department services in the Midwest
2/16/2021	Hygiena (Warburg Pincus)	EW GROUP	NA	NA	NA	Rapid diagnostic solutions in healthcare, pharmaceutical and other hygiene-focused end-markets
2/16/2021	Monogram Health	SCAN Health Plan	NA	NA	NA	Kidney care management company providing at-home and data-driven solutions
2/16/2021	Physmed Home Health Care and Serene Care Hospice	Charter Health Care (Pharos Capital)	NA	NA	NA	Provider of home healthcare and in-home hospice

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
2/24/2021	Redox	Adams Street Partners (lead), Avenir, Battery Ventures, .406 Ventures, and RRE Ventures	Series D	\$45	Full-service integration platform to securely and efficiently exchange healthcare data
2/18/2021	Eden Health	Insight Partners (lead), Amigos Health, Aspect Ventures, Company Ventures, Flare Capital, Flexcap Ventures, Max Ventures and PJC	Series C	\$80	Concierge healthcare provider offered through employers
2/17/2021	Medfar Clinical Solutions	Walter Capital	Minority	\$25	Cloud-based electronic medical records solution provide
2/11/2021	Modern Health	Founders Fund (lead)	Series D	\$74	Mental health and wellness platform
2/11/2021	Zocdoc	Francisco Partners	Growth Equity	\$150	Online doctor directory and appointment services to patients
2/10/2021	Array Behavioral Health	Wells Fargo Strategic Capital	Growth Equity	\$24	Telepsychiatry provider
2/9/2021	PatientsLikeMe	Alta Partners, Hambrecht Ducera Growth Ventures, Optum Ventures and PBM Capital (co-leads), Jeff Leerink and Symphony Ventures	Undisclosed	\$26	Integrated community, health management, and real-world data platform
2/2/2021	Capital Rx	Transformational Capital (lead), Edison Partners	Series B	\$50	Pharmacy benefit manager
2/2/2021	SWORD Health	Transformation Capital, Khosla Ventures, Founders Fund, Green Innovations, Vesalius Biocapital and Faber	Series B	\$25	Virtual musculoskeletal care provider
2/1/2021	eHealth (Nasdaq: EHTH)	H.I.G. Capital	Convertible Preferred	\$225	Health insurance marketplace
1/29/2021	Aware Recovery Care	Health Enterprise Partners	Growth Equity	Undisclosed	In-home addiction treatment
1/26/2021	Sidecar Health	Drive Capital (lead), BOND, Tiger Global, Menlo Ventures, Cathay Innovation, GreatPoint Ventures	Series C	\$125	Health insurtech company
1/26/2021	TimelyMD	JMI Equity	Undisclosed	\$60	Full-service telehealth provider

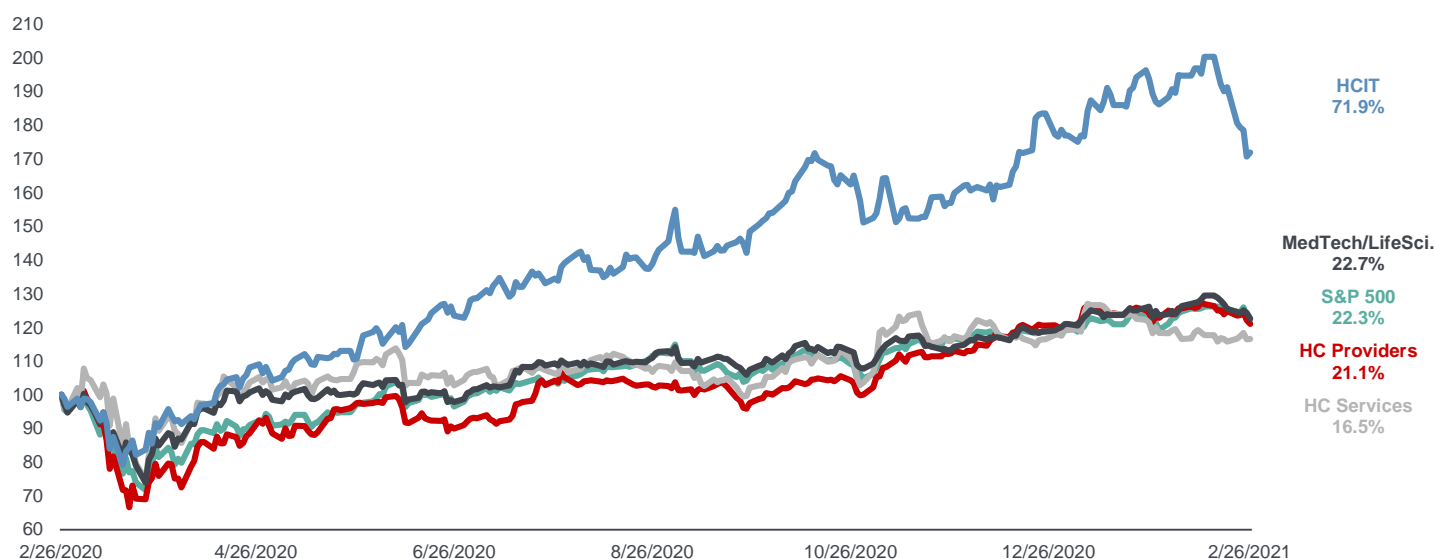
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of February 26, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	31,494	30,932	14.7%	(1.8%)
S&P 500	3,907	3,811	22.3%	(2.4%)
NASDAQ	13,874	13,192	46.9%	(4.9%)
Russell 2000	2,267	2,201	41.8%	(2.9%)
NYSE Healthcare	20,076	19,760	15.3%	(1.6%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	28.4%	(2.8%)
Alternate Site Services	(1.6%)	(1.5%)
Diagnostics	35.0%	(4.6%)
Distribution	6.3%	(2.7%)
Healthcare IT	71.9%	(11.2%)
Healthcare REITs	(15.5%)	(0.7%)
Managed Care	21.0%	2.1%
Medical Technology	20.1%	(2.2%)
Outsourced Services	13.5%	(1.6%)
Pharma Services	51.8%	(2.5%)
Pharmacy	6.2%	(2.9%)
Post-Acute Care	14.9%	(5.2%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Pricing Date	Issuer (Ticker)	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
2/11/2021	Apria (APR)	IPO	\$150	\$744	\$20.00	5.7%	Provider of integrated home healthcare equipment
2/11/2021	Bioventus (BVS)	IPO	\$104	\$649	\$13.00	7.6%	Joint pain and preservation medtech company
2/11/2021	Signify Health (SGFY)	IPO	\$564	\$6,036	\$24.00	64.3%	Value-based care platform
2/10/2021	OptimizeRx (OPRX)	Follow On	\$66	\$959	\$49.50	25.7%	Provider of digital health solutions for life science companies, physicians and patients
2/5/2021	Lucira Health (LHDX)	IPO	\$153	\$933	\$17.00	78.4%	Single-use test kits for COVID-19
2/5/2021	Aspira Women's Health (AWH)	Follow On	\$45	\$889	\$7.50	4.0%	Bio-analytic and diagnostic services for ovarian cancer
1/29/2021	Surgery Partners (SGRY)	Follow On	\$227	\$2,161	\$30.25	29.6%	Operator of surgical facilities and ancillary services
1/28/2021	Ortho Clinical Diagnostics (OCDX)	IPO	\$1,292	\$3,604	\$17.00	(1.2%)	In vitro diagnostics company
1/28/2021	TransEnterix (TRXC)	Follow On	\$69	\$412	\$3.00	71.3%	Robotic assisted surgical systems

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of February 26, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.20%	1.92%	2.29%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.95%	1.67%	2.14%
SIFMA (Variable Rate Demand Notes)	0.03%	0.03%	1.18%
Revenue Bond Index	2.80%	2.54%	2.96%
SIFMA/ 1Month LIBOR	25.00%	27.27%	72.39%
RBI/30 Yr Treasury (%)	129.03%	118.69%	155.79%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.49%	1.50%	1.24%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Three Pillars Senior Living**	\$29.440	WI	NR / NR / BBB+	2055	2031 (C)	4.00%	2.94%	3.52%	1.67%
Three Pillars Senior Living** (Taxable)	\$21.300	WI	NR / NR / BBB+	2055	2031 (C)	4.19%	4.19%	N/A	2.20%
Grand View Hospital Project	\$285.000	PA	NR / BB+ / NR	2054	2031 (C)	5.00%	3.33%	4.19%	1.80%
Henry Mayo Newhall Hospital*** (Taxable)	\$73.890	CA	NR / BBB- / NR	2043	2031 (C)	3.27%	3.27%	N/A	2.24%
Henry Mayo Newhall Hospital	\$30.310	CA	NR / BBB- / NR	2028	NC	4.00%	1.59%	N/A	1.80%
Henry Mayo Newhall Hospital	\$5.490	CA	NR / BBB- / NR	2051	2031 (P)	4.00%	1.91%	3.04%	1.80%
Sunrise Retirement Community	\$21.060	IA	NR / NR / NR	2051	2030 (C)	5.00%	4.67%	4.84%	1.80%
Cove in Odessa Apartments	\$20.000	TX	Aaa / NR / NR	2024	2023 (P)	0.37%	0.37%	N/A	1.80%
Total	\$486.490								

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

**Cain Brothers Sole-Managed Transaction

***AGM Insured

1. Bloomberg, Capital IQ

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

National Finance Authority Federal Lease Revenue Bonds (VA Birmingham Health Care Center Project) Federally Taxable Series 2021	3/4/2021	\$106.000	A2 / NR / NR
Town of Huntington Local Development Corporation Revenue Bonds (Gurwin Independent Housing, Inc. / Fountaingate Gardens Project) Series 2021	3/3/2021	\$102.095	NR / NR / NR
California Infrastructure and Economic Development Bank Federally Taxable Revenue Bonds (The Scripps Research Institute) Series 2021	3/4/2021	\$75.000	A1 / NR / A

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

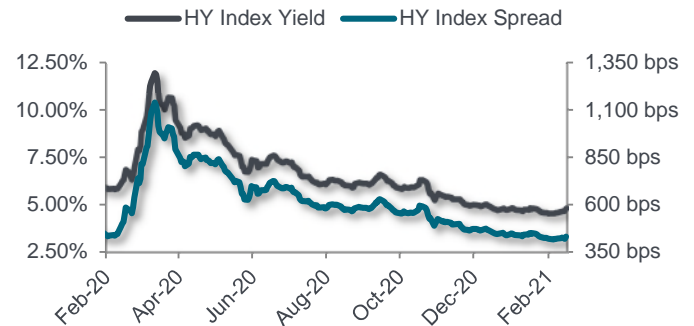
High Yield

- Last week saw a \$2.2B outflow, marking the seventh outflow of 2021; net outflows total \$6.1B YTD, which follows \$44.9B of net inflows in 2020
- Last week saw 20 deals price for \$13.6B in new issue volume

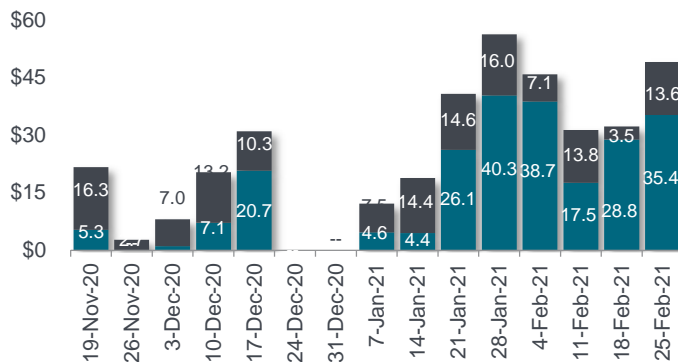
Leveraged Loans

- Last week saw a \$686MM inflow, marking the seventh inflow of 2021; net inflows total \$6.4B YTD, which follows \$27.0B of net outflows in 2020
- The leveraged loan primary market saw 42 deals price last week for \$35.4B

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	3Q20	4Q20	30-Day Rolling Average		
			December 2020	January 2021	02/25/21
Overall	5.62%	5.32%	5.43%	4.29%	4.31%
4B	4.35%	4.00%	N/A	2.98%	3.06%
2B	5.56%	5.41%	5.49%	4.45%	4.54%
Middle Market	N/A	6.02%	5.98%	N/A	3.91%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
2/8/2021	Becton Dickinson	Sr Notes	\$1,000	Baa3 / BBB / BBB-	1.957%	2/11/2031	+80	25 bps
12/7/2020	CVS Health Corp	Sr Notes	\$750	Baa2 / BBB / NR	1.300%	8/21/2027	+67	20 bps
12/7/2020	CVS Health Corp	Sr Notes	\$1,250	Baa2 / BBB / NR	1.875%	2/28/2031	+95	25 bps
11/30/2020	McKesson Corp	Sr Notes	\$500	Baa2 / BBB+ / BBB+	0.900%	12/3/2025	+55	23 bps
11/18/2020	Stryker Corp	Sr Notes	\$600	Baa1 / A- / NR	0.600%	12/1/2023	+40	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
2/25/2021	US Acute Care	Sr. Sec. Notes	\$375	B2/B-	6.375%	3/1/2026	563 bps	6.50% area
2/24/2021	DaVita (add-on)	Sr. Notes	\$1,000	Ba3/B+	4.625%	6/1/2030	301 bps	101.25-101.75
2/10/2021	Centene	Sr. Notes	\$2,200	Ba1/BBB-	2.500%	3/1/2031	136 bps	2.50%
2/10/2021	Catalent Pharma	Sr. Notes	\$550	B1/BB-	3.125%	2/15/2029	220 bps	3.25% area
2/8/2021	Akumin (add-on)	Sr. Sec. Notes	\$75	B3/B-	7.000%	11/1/2025	520 bps	104.50-105.00

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
2/26/2021	Horizon Therapeutics	Public	Ba2/BB	Acquisition	\$1,600	L+200, 0.50% @ 99.75	2.563%
2/23/2021	BrightSpring Health Services	Kohlberg, Kravis & Roberts	B2/B	Acquisition	\$1,225	L+350, 0.00% @ 100	3.688%
2/24/2021	Wedgewood Pharmacy	Partners Group	B3/B-	LBO	\$220	L+450, 0.75% @ 99	5.500%
2/23/2021	Ardent Health Services LLC	Equity Group Investments	B3/B	Refinancing	\$797	L+375, 1.00% @ 100	4.750%
2/18/2021	National Mentor	Centerbridge Partners	B2/B	Recap/Dividend	\$1,500	L+375, 0.75% @ 99.5	4.625%

Healthcare News

Lifespan, Care New England and Brown University Agree to Form an Academic Health System¹

Healthcare Finance News | February 24, 2021

Providence Rhode Island-based health systems Lifespan and Care New England have signed a definitive agreement to merge and create an integrated academic health system with Brown University. To help facilitate the creation of the academic health system, Brown will provide capital commitments of \$125 million over five years. Additionally, representatives from Brown will sit on the board of the newly merged health system to help the hospitals integrate. Once formed, the academic health system will offer a variety of medical specialties, conduct biomedical research and provide healthcare services to the Rhode Island community, according to the release. Before the merger is complete, the health systems will need approval from the Rhode Island Department of Health, the state attorney general and the Federal Trade Commission.

Advancements in Automation are Cutting into the Rising Costs of Manual Healthcare Transactions²

Healthcare Finance News | February 25, 2021

Healthcare technology and research firm CAQH recently released a report detailing the extent to which savings could be achieved by adding automation and AI-powered tech administrative workflows. While the industry has so far avoided about \$122 billion in costs by streamlining certain processes, an opportunity exists to save an additional \$16.3 billion by fully automating certain manual transactions. The reason automation is still being implemented in fits and starts in healthcare is because the technology is only now catching up to the need. Before 2020, the share of prior authorizations that were automated stood at about 13%. Last year that shot up to 21%, the largest increase seen in some time. While the cost of manual transactions is increasing, the cost of automation is decreasing, as electronic processes become even more efficient and chip away at transaction costs.

Humana Teams with Mercy to Expand Access to Virtual Care³

Fierce Healthcare | February 25, 2021

Humana is teaming with Missouri-based health system Mercy Health to grow access to virtual health resources. Humana's Medicare Advantage members will have in-network access to Mercy Virtual, the system's "hospital without beds". Mercy Virtual is staffed with more than 300 clinicians and provides care around the clock, including virtual primary care. This agreement unites two organizations striving to offer care that is more accessible, personalized and coordinated. The offering will be available to any Humana Medicare Advantage member seeking care from one of Mercy's 4,000 primary and specialty care clinicians in Arkansas, Kansas, Missouri and Oklahoma, according to the announcement.

Healthcare News Continued...

FDA Panel Backs J&J's Coronavirus Vaccine, Clearing Way for Shot's Authorization ¹

Healthcare Dive | February 26, 2021

A group of advisers to the Food and Drug Administration gave unanimous support for Johnson & Johnson's single-shot coronavirus vaccine on Friday of last week. Unlike the shots from Pfizer and Moderna, J&J's is given as a single dose, and can be shipped at standard refrigerator temperatures. The U.S. has preordered 100 million doses, which J&J has committed to deliver by the end of June. A large, international study of about 40,000 volunteers found J&J's vaccine was 66% effective in preventing moderate or severe COVID-19. Protection was higher, at 85%, against severe disease and no participants who received the vaccine were hospitalized with COVID-19 beginning 28 days after their shot. No vaccinated volunteers died from COVID-19, either.

Pandemic Is Hitting Hospitals Hard, Including Their Bottom Line²

US News | February 26, 2021

Hospitals could lose \$53 billion to \$122 billion in revenue in 2021, between 4% and 10% of their total revenue, according to an analysis prepared by consulting firm Kaufman Hall & Associates for the American Hospital Association. Hospitals are spending more to treat COVID-19 patients as well as maintain regular operations during the pandemic. At the same time, drug expenses increased by 17% in 2020; labor by 14%; and supplies by 13%. However, the nation's COVID-19 vaccination program is expected to help hospitals by reducing the number of severe cases and helping people feel safe to return to the hospital for other medical care. The American Hospital Association has asked Congress and the Biden administration to beef up the Provider Relief Fund by another \$35 billion. This money is not included in the \$1.9 trillion relief bill advanced by President Joe Biden and up for a vote in the U.S. House of Representatives.

OIG: Hospital Stays Getting More Expensive for Medicare, Raising Upcoding Concerns ³

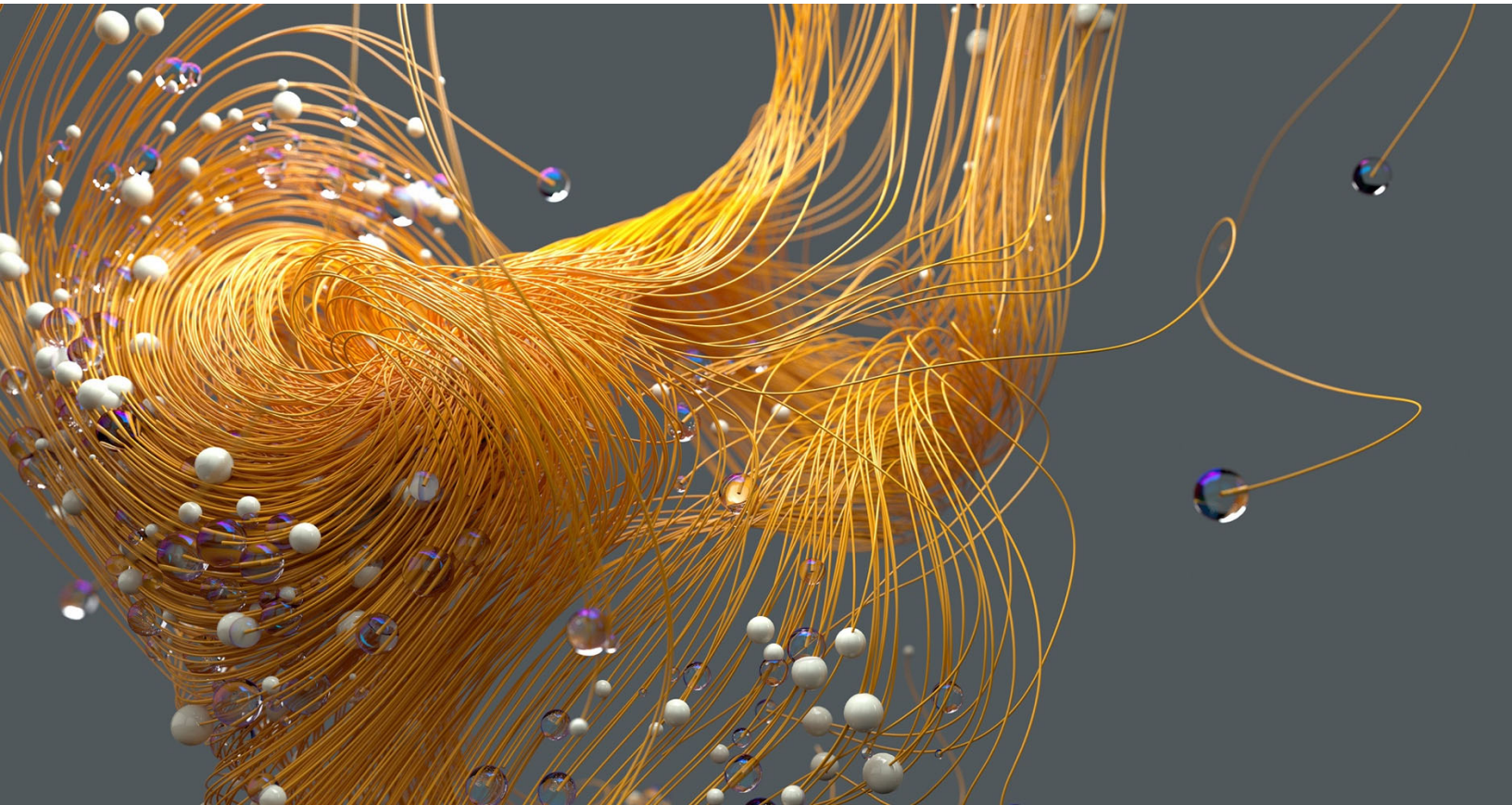
Fierce Healthcare | February 25, 2021

Hospitals increased their Medicare billing for the most severe inpatient stays, sparking concerns that facilities could be improperly charging the federal government. The Department of Health and Human Services' Office of Inspector General (OIG) released a report Wednesday that found that stays at the highest severity level are susceptible to inappropriate billing practices such as upcoding. With that said, the number of inpatient stays at the highest severity level increased almost 20% from 2014 to 2019 and accounted for nearly half of all Medicare spending on inpatient hospital visits. Additionally, these Medicare payments for stays at the highest severity level increased by more than \$10 billion, a 24% hike. The OIG recommends the Centers for Medicare & Medicaid Services take targeted reviews of hospital inpatient stays that are vulnerable to upcoding.

March 11, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

Is Our Health System Standing on the Right Platform?

Industry Insights

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Is Our Health System Standing on the Right Platform?

Banker Commentary by David Morlock

American healthcare is migrating toward a business model of value-based care. As this occurs, health systems must strategically examine the mix of assets and businesses that make up their portfolios. In order to compete well in a value-based model, market participants are gearing up for the journey that embraces convenience, consumerism, and decentralized service on a tech-heavy care delivery platform.

This migration signals a major strategic reorientation. Virtually all large health systems have huge legacy investments in high-cost, centralized facilities that predominantly deliver acute care services. Interestingly, most health system executives acknowledge that these high-cost, centralized delivery platforms are not well-suited to compete in price-sensitive, value-driven markets. Despite this clear, looming, and known risk, most health systems continue to pursue volume-oriented growth based on fee-for-service payment models.

The strategic conundrum is that hospitals are no longer the only choice for care. Increasingly, they are not even the first choice for care. Instead, as the dual issues of affordability and consumerism rise, lower-cost, more convenient settings are fast becoming the norm. The pandemic has accelerated the growth and viability of these non-hospital care settings by leveraging technology to deliver care in lower cost more convenient settings. This is not just the telehealth version of a routine doctor's visit. We are quickly evolving to more complicated acute care services being delivered in the home setting, as well.

In other words, the threat to hospitals is growing. It is not shrinking. It is not even leveling off. Things will only continue to get worse, if your strategic focus is simply running hospitals.

As payment models evolve to incorporate risk, bundles, capitation, and other population health, value-based principles, health systems are confronted with an existential challenge. A centralized business model cannot compete effectively with more nimble service providers that offer convenient care at lower prices with great customer service. Hunkering down on business as usual will not work in the future.

To confront this existential threat, health systems must expand their delivery platforms to accommodate physician groups, urgent care clinics, telemedicine services, acute-care-at-home, and other flexible, cost-effective, asset-light delivery channels. They must deliver the right care at the right time in the right setting at the right price.

Industry Insights Continued...

“Business-as-usual” capital formation strategies cannot provide the speed, scale and flexibility necessary to fund evolving business models. Managing the complexity of consumer-driven healthcare requires innovative funding. In many cases, owning the legacy fixed assets, and trying to maintain full control and ownership of all operations, can be an impediment to the flexibility, agility and market responsiveness necessary to better serve communities and patients.

Health systems have significant capital locked up in ancillary businesses and brick-and-mortar assets. Home care, hospice, post-acute, urgent care, diagnostic labs and ambulatory surgical centers are industry segments that can provide both new sources of capital and revenue. Even administrative functions, such as revenue cycle, can provide new sources of capital and revenue. Health systems do not need to own all of these aspects. What they do need are relationships that allow them to be integrated into the health system platform.

Increasingly, health systems are selling full or partial stakes in these assets and business lines to strategic partners. These transactions provide investment capital, expand service offerings with expert partners, and create greater connectivity with consumers. In essence, health systems are building care delivery platforms that align business lines, capabilities and service offerings. In this new framework, the effectiveness of capital formation strategies will be a function of how much flexibility they offer health systems in deploying capital toward critical consumer, patient and community needs.

Cain Brothers leads the industry in bringing these creative transactions to conclusion, because of our unique position as experts in both “old economy” NFP health systems and “new economy” private equity-backed health care companies. Contact Cain Brothers today to discuss.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
3/5/2021	iTakeControl	The Riverside Company	NA	NA	NA	Provider of clinical operations and medical affairs technology and services focused on rare disease and specialty pharma
3/4/2021	GSL Solutions	Becton, Dickinson (NYSE: BDX)	NA	NA	NA	Smart medication devices for the storage and tracking of controlled substances and patient specific medications
3/4/2021	Regent Surgical Health	Towerbrook and Ascension Capital	NA	NA	NA	Owner and manager of ambulatory surgery centers
3/3/2021	Renalogic	Carrick Capital Partners	NA	NA	NA	Dialysis risk management and cost containment
3/2/2021	Atrius Health	Optum	NA	NA	NA	Independent physician network in Massachusetts
3/2/2021	Azalea Health	LLR Partners	NA	NA	NA	Provider of cloud-based electronic health record and patient engagement solutions
3/2/2021	American Preclinical Services	NAMSA (ArchiMed)	NA	NA	NA	Full service preclinical CRO.
3/2/2021	Health Promoters, Jupiter Medical Group, Primary Care Associates and Richard Hays	Conviva (Humana)	NA	NA	NA	South Florida primary care physician network of 12 health centers
3/2/2021	RestorixHealth (Cressey and Leonard Green)	American Medical Technologies (One Equity Partners and Silverfern Group)	NA	NA	NA	Wound care services platform
3/2/2021	Resolution Bioscience	Agilent Technologies (NYSE: A)	\$695	19.9x	NA	Next-generation sequencing based precision oncology solutions
3/1/2021	Vet's Best Friend	Revelstoke Capital Partners	NA	NA	NA	Operator of general practice veterinary clinics and hospitals
2/26/2021	MDLive (Sixth Street Growth)	Evernorth (CIGNA)	NA	NA	NA	Telehealth provider of online and on-demand healthcare delivery services and software
2/26/2021	Behavioral Analysis Center for Autism	Learn Behavioral (Gryphon Investors)	NA	NA	NA	Applied behavior analysis services to children and young adults with autism
2/24/2021	Brookdale Health Care Services (80% stake)	HCA Healthcare (NYSE: HCA)	\$500	NA	NA	Operator of 57 home health agencies and 22 hospice agencies across 26 states, along with 84 outpatient therapy locations
2/24/2021	Fastaff and U.S. Nursing	Cornell Capital and Trilantic North America	NA	NA	NA	Hospital staffing solutions
2/24/2021	IMAX Medical	Probo Medical (Varsity Healthcare)	NA	NA	NA	Specializes in the purchase, sales and logistic of pre-owner medical equipment
2/24/2021	PRA Health Sciences (NASDAQ: PRAH)	ICON (NASDAQ: ICLR)	\$12,000	3.8x	25.6x	Global contract research organization providing outsourced clinical development and data solution services
2/23/2021	Abode Hospice and Home Health (Summit Partners)	BrightSpring Health Services (KKR)	\$775	NA	NA	Home health and hospice provider that also offers palliative care and support services.
2/23/2021	EVOnational	IMA Group (Centre Partners)	NA	NA	NA	National provider of independent medical exams, medical screenings and other evaluation
2/23/2021	MedRisk (majority stake) (The Carlyle Group)	CVC Capital Partners	NA	NA	NA	Provider of managed physical medicine services for the workers' comp. industry
2/22/2021	American Veterinary Group (Latticework Capital Management and Trive Capital)	Oak Hill Capital	NA	NA	NA	Owns and manages a network of veterinary hospitals
2/22/2021	D&S Community Services (Comvest Partners)	The MENTOR Network (Vestar Capital)	NA	NA	NA	Provider of home and community-based services for individuals with intellectual and developmental disabilities
2/19/2021	MedPilot	Vytalize Health	NA	NA	NA	Patient engagement platform
2/19/2021	WithMe Health	Navitus Health Solution	NA	NA	NA	Personalized medication guidance solutions

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
3/2/2021	Beam Dental	Mercato Partners (lead), Traverse, Drive Capital, Georgian, Nationwide, Breakout Capital	Series E	\$80	Digital dental insurer
3/4/2021	CorVista Health	Ambix Life Science Fund (lead), MedVenture Partners	Series C	\$65	Digital health company dedicated to cardiovascular disease diagnosis
3/5/2021	PocketPills	TELUS Ventures	Series B	\$30	Canadian based online pharmacy
3/5/2021	TytoCare	Insight Partners (lead), Tiger Global and Qumra Capital	Series D	\$50	All-in-one modular device and telehealth platform for AI-powered, on-demand remote medical examinations
3/5/2021	Dispatch Health	Tiger Global (lead), Alta Partners, Echo Health Ventures, Humana, Oak HC/FT and Questa Capital	Series D	\$200	Provider of in-home health care
3/3/2021	Upward Health	Heritage Group (lead) Noro-Moseley Partners, the Blue Venture Fund, Windham Ventures	Undisclosed	Undisclosed	Medical group that specializes in high-risk, high-need populations
2/24/2021	Redox	Adams Street Partners (lead), Avenir, Battery Ventures, .406 Ventures, and RRE Ventures	Series D	\$45	Full-service integration platform to securely and efficiently exchange healthcare data
2/18/2021	Eden Health	Insight Partners (lead), Amigos Health, Aspect Ventures, Company Ventures, Flare Capital, Flexcap Ventures, Max Ventures and PJC	Series C	\$80	Concierge healthcare provider offered through employers
2/17/2021	Medfar Clinical Solutions	Walter Capital	Minority	\$25	Cloud-based electronic medical records solution provide
2/11/2021	Modern Health	Founders Fund (lead)	Series D	\$74	Mental health and wellness platform
2/11/2021	Zocdoc	Francisco Partners	Growth Equity	\$150	Online doctor directory and appointment services to patients
2/10/2021	Array Behavioral Health	Wells Fargo Strategic Capital	Growth Equity	\$24	Telepsychiatry provider
2/9/2021	PatientsLikeMe	Alta Partners, Hambrecht Ducera Growth Ventures, Optum Ventures and PBM Capital (co-leads), Jeff Leerink and Symphony Ventures	Undisclosed	\$26	Integrated community, health management, and real-world data platform

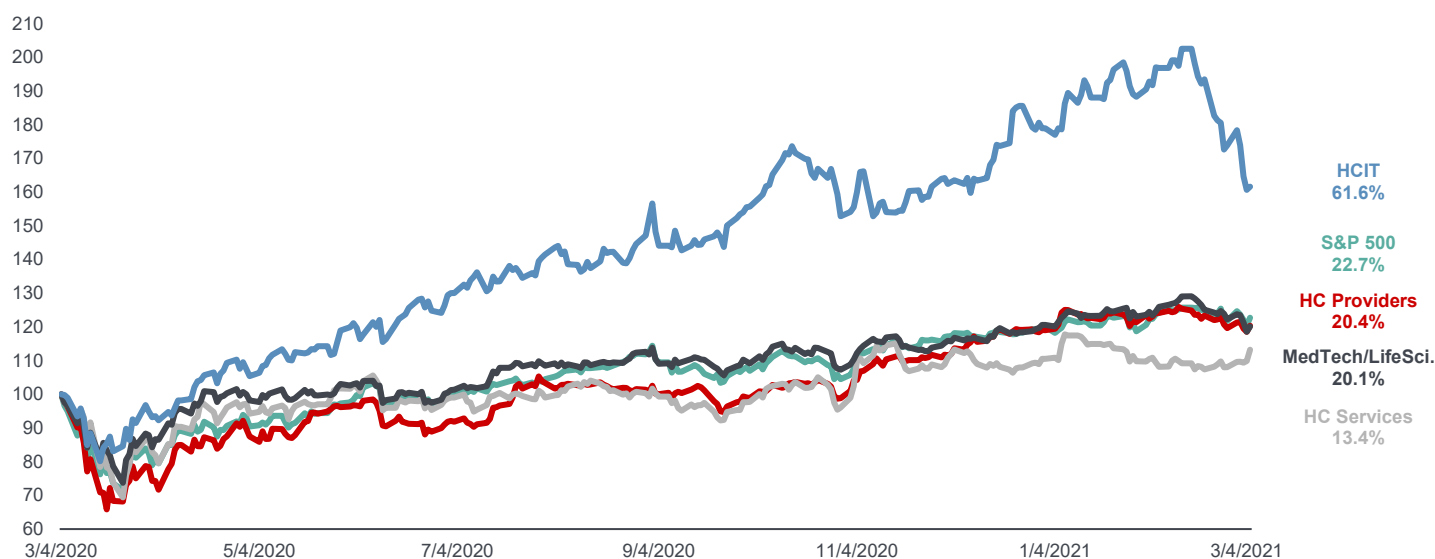
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of March 5, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	30,932	31,496	16.3%	1.8%
S&P 500	3,811	3,842	22.7%	0.8%
NASDAQ	13,192	12,920	43.3%	(2.1%)
Russell 2000	2,201	2,192	43.2%	(0.4%)
NYSE Healthcare	19,760	19,807	15.0%	0.2%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	31.8%	6.3%
Alternate Site Services	(0.5%)	1.3%
Diagnostics	25.7%	(3.2%)
Distribution	12.3%	2.8%
Healthcare IT	61.6%	(7.6%)
Healthcare REITs	(10.3%)	2.7%
Managed Care	15.5%	5.7%
Medical Technology	18.2%	(1.4%)
Outsourced Services	17.8%	2.8%
Pharma Services	40.9%	(5.0%)
Pharmacy	3.7%	2.0%
Post-Acute Care	17.0%	(1.8%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Pricing Date	Issuer (Ticker)	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
3/3/2021	Oscar Health (OSCR)	IPO	\$1,184	\$5,089	\$39.00	(20.5%)	Provider of integrated home healthcare equipment
3/4/2021	InnovAge (INNV)	IPO	\$350	\$3,207	\$21.00	14.7%	Provider of integrated home healthcare equipment
2/11/2021	Apria (APR)	IPO	\$150	\$744	\$20.00	7.9%	Provider of integrated home healthcare equipment
2/11/2021	Bioventus (BVS)	IPO	\$104	\$649	\$13.00	(11.6%)	Joint pain and preservation medtech company
2/11/2021	Signify Health (SGFY)	IPO	\$564	\$6,036	\$24.00	18.0%	Value-based care platform
2/10/2021	OptimizeRx (OPRX)	Follow On	\$66	\$959	\$49.50	(12.5%)	Provider of digital health solutions for life science companies, physicians and patients
2/5/2021	Lucira Health (LHDX)	IPO	\$153	\$933	\$17.00	(29.4%)	Single-use test kits for COVID-19
2/5/2021	Aspira Women's Health (AWH)	Follow On	\$45	\$889	\$7.50	(10.5%)	Bio-analytic and diagnostic services for ovarian cancer
1/29/2021	Surgery Partners (SGRY)	Follow On	\$227	\$2,161	\$30.25	27.2%	Operator of surgical facilities and ancillary services

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of March 5, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.16%	2.20%	2.27%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.91%	1.95%	2.12%
SIFMA (Variable Rate Demand Notes)	0.03%	0.03%	1.15%
Revenue Bond Index	2.80%	2.80%	2.77%
SIFMA/ 1Month LIBOR	30.00%	25.00%	72.78%
RBI/30 Yr Treasury (%)	122.81%	129.03%	167.88%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.62%	1.49%	1.04%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
VA Birmingham Health Care Center (Taxable)	\$103.000	AL	A2 / NR / NR	2036	MWC**	3.78%	3.78%	N/A	1.54%
Gurwin Independent Housing, Inc. / Fountaingate Gardens Project	\$38.615	NY	NR / NR / NR	2056	2030 (C)	5.25%	5.38%	N/A	1.76%
Gurwin Independent Housing, Inc. / Fountaingate Gardens Project***	\$32.500	NY	NR / NR / NR	2027	NC	4.00%	4.13%	N/A	1.76%
Gurwin Independent Housing, Inc. / Fountaingate Gardens Project***	\$31.000	NY	NR / NR / NR	2025	NC	3.00%	3.13%	N/A	1.76%
The Scripps Research Institute (Taxable)	\$69.185	CA	A1 / NR / A	2051	MWC	3.46%	3.46%	N/A	2.30%
Total	\$274.300								

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

**MWC at Treasury +45 bps

***\$32.5MM & \$31.0MM Tranches: Entrance Fee Principal Redemption Bonds

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
The Jackson Laboratory Taxable Bonds, Series 2021 (Corporate CUSIPs)	3/10/2021	\$203.000	A1 / NR / NR
Public Finance Authority Health Care Facilities Revenue Bonds (Appalachian Regional Healthcare System Obligated Group) Series 2021A	3/10/2021	\$112.135	NR / BBB / NR
West Cornwall Township Municipal Authority Revenue Refunding Bonds, Series 2021A (Lebanon Valley Brethren Homes / Londonderry Village)	3/11/2021	\$17.420	NR / NR / BBB
St. Tammany Parish Hospital Service District No. 2 Taxable General Obligation Refunding Bonds, Series 2021	3/11/2021	\$10.155	NR / A+ / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

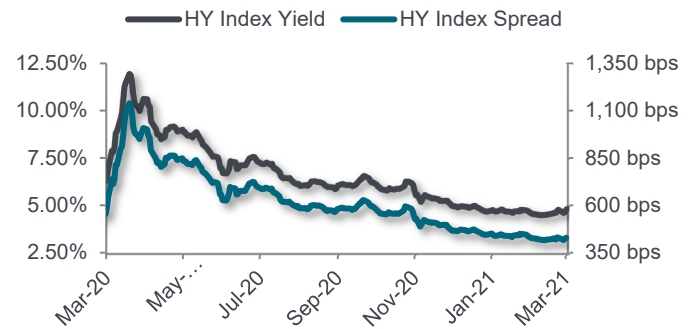
High Yield

- Last week saw a \$601MM inflow, marking the first inflow following three weeks of outflows; net outflows total \$5.5B YTD, which follows \$44.9B of net inflows in 2020

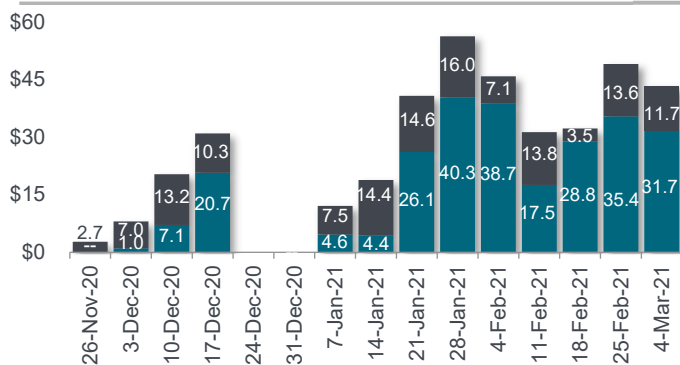
Leveraged Loans

- Last week saw a \$624MM inflow, marking the eighth consecutive inflow of 2021; net inflows total \$7.0B YTD, which follows \$27.0B of net outflows in 2020
- The leveraged loan primary market saw 38 deals price last week for \$31.7B

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

		30-Day Rolling Average				
		3Q20	4Q20	January 2021	February 2021	03/04/21
Overall		5.62%	5.32%	4.30%	4.26%	4.20%
4B		4.35%	4.00%	2.98%	2.93%	2.84%
2B		5.56%	5.41%	4.45%	4.55%	4.49%
Middle Market		N/A	6.02%	N/A	4.29%	4.34%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
3/4/2021	PerkinElmer Inc	Sr Notes	\$400	Baa3 / BBB / BBB	1.550%	3/15/2031	+100	20 bps
3/4/2021	PerkinElmer Inc	Sr Notes	\$400	Baa3 / BBB / BBB	3.625%	3/15/2051	+130	25 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$500	Aa3 / AA / AA	0.450%	3/5/2024	+20	18 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$350	Aa3 / AA / AA	0.260%	3/5/2024	SOFR+24	18 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$650	Aa3 / AA / AA	0.991%	3/5/2026	+30	18 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
3/3/2021	Owens & Minor	Sr. Notes	\$500	B2/BB-	4.500%	3/31/2029	324 bps	4.50%-4.75%
2/25/2021	US Acute Care	Sr. Sec. Notes	\$375	B2/B-	6.375%	3/1/2026	563 bps	6.50% area
2/24/2021	DaVita (add-on)	Sr. Notes	\$1,000	Ba3/B+	4.625%	6/1/2030	301 bps	101.25-101.75
2/10/2021	Centene	Sr. Notes	\$2,200	Ba1/BBB-	2.500%	3/1/2031	136 bps	2.50%
2/10/2021	Catalent Pharma	Sr. Notes	\$550	B1/BB-	3.125%	2/15/2029	220 bps	3.25% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
3/5/2021	Trustaff	Cornell Capital	B2/B	LBO	\$525	L+425, 0.75% @ 99.5	5.125%
3/5/2021	DuPage Medical Group	Ares Management	B2/B	Recap/Dividend	\$650	L+325, 0.75% @ 99.5	4.125%
2/26/2021	Horizon Therapeutics	Public	Ba2/BB	Acquisition	\$1,600	L+200, 0.50% @ 99.75	2.563%
2/23/2021	BrightSpring Health Services	Kohlberg, Kravis & Roberts	B2/B	Acquisition	\$1,225	L+350, 0.00% @ 100	3.688%
2/24/2021	Wedgewood Pharmacy	Partners Group	B3/B-	LBO	\$220	L+450, 0.75% @ 99	5.500%

Healthcare News

Leading Health Innovators Launch Alliance To Advance Care In The Home¹

PR Newswire | March 3, 2021

Today, a coalition of innovative health care companies launched a group called Moving Health Home to fundamentally change the way policymakers think about the home as a site of clinical service. Americans want to receive health care in their homes. Evidence from the pandemic shows it's possible, and data proves it is safe and effective. Therefore, it is time to change reimbursement models and the culture around institutional care to allow for Americans to choose their home as a site of care. The COVID-19 pandemic exposed the untapped potential of home-based clinical care, and the opportunity for a more robust set of services ranging from primary care to hospital-level treatment. The advent of telehealth, remote monitoring, digital therapeutics, provider home visiting, medical records sharing, and other technology has shown that care in the home can be at least equivalent to, if not better than, care offered in facilities.

A Sneak Peek Of The Current State And Future Use Of Artificial Intelligence In Pathology²

News Medical Life Sciences | March 8, 2021

Artificial intelligence can already scan images of the eye to assess patients for diabetic retinopathy, a leading cause of vision loss, and find evidence of strokes on brain CT scans. But what does the future hold for this emerging technology? How will it change how doctors diagnose disease, and how will it improve the care patients receive? A team of doctors led by UVA Health's James H. Harrison Jr., MD, PhD, has given us a glimpse of tomorrow in a new article on the current state and future use of artificial intelligence (AI) in the field of pathology. Harrison and other members of the College of American Pathologists' Machine Learning Workgroup have spent the last two years evaluating the potential of AI and machine learning, assessing its current role in diagnostic testing and outlining what is needed to meet its potential in the not-too-distant future. And that potential is huge, they report.

Support For Telehealth Medicare Reimbursement Gains Steam In Congress³

Healthcare Dive | March 3, 2021

Congressional support for permanently expanding access to telehealth seems to be rising, though thorny questions persist around payment, timing and which flexibilities should be retained after the COVID-19 public health emergency expires. In a House subcommittee panel on telehealth Tuesday, lawmakers on both side of the aisle were supportive of the modality, especially 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. "It's time to make Medicare reimbursement for telehealth permanent," Health Subcommittee Chairwoman Anna Eshoo, D-Calif., said.

Healthcare News Continued...

Special Enrollment Period Boosts ACA Enrollment By 200k Enrollees¹

Health Payer Intelligence | March 8, 2021

The Affordable Care Act's federal marketplace has gained 200,000 new enrollees since the beginning of the special enrollment period, the Biden administration announced. "These numbers are an encouraging sign—but we can't slow down until every American has the security and peace of mind that quality, affordable health coverage provides," President Joe Biden said in the announcement. In tandem with the special enrollment periods, the administration advocated for its American Rescue Plan, which was still under consideration in the Senate when this statement was released. "Getting more Americans covered is an important part of the equation—but we also need to lower health costs," President Biden said. Recent research affirmed that cost could still be a major deterrent for individuals seeking healthcare coverage on the Affordable Care Act marketplace. Although 8.9 million individuals are eligible for subsidies on the Affordable Care Act marketplace, many Americans may turn down even the \$0 premium bronze plan due to the high deductible. What one saves on premiums could easily bleed out in deductible out-of-pocket healthcare spending, eligible individuals may reason.

Teens' Mental Health Claims Double Amid Pandemic: Experts Weigh In²

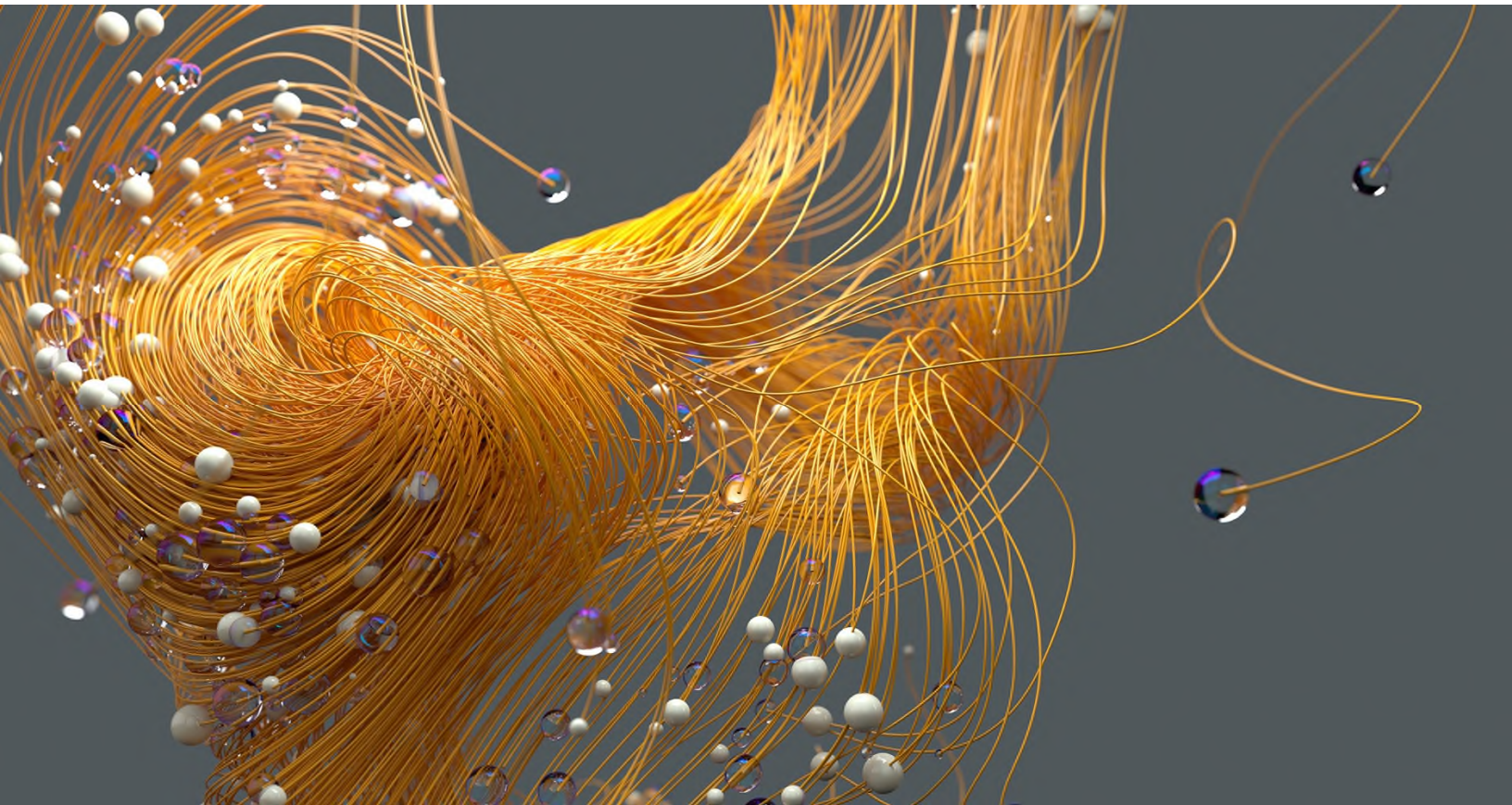
Fox News | March 6, 2021

American teens seeking mental health respite nearly doubled insurance claims amid the coronavirus pandemic in 2020, according to a recent analysis. The findings from nonprofit Fair Health stemmed from over 32 billion private healthcare claims filed from January to November 2020. Results noted a surge in claims particularly among teens aged 13-18, while 19 to 22-year-olds had "similar but less pronounced" trends. "In March and April 2020, mental health claim lines for individuals aged 13-18, as a percentage of all medical claim lines, approximately doubled over the same months in the previous year," per the report. "All medical claim lines (including mental health claim lines), however, decreased by approximately half." More specifically, the report documented a 94% increase in claims related to generalized anxiety disorder for those 13-18 in April, while major depressive and adjustment disorders claims saw 84% and 90% increases, respectively.

March 16, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Keeping Up with Technology: Payers in 2021

Industry Insights

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Keeping Up with Technology: Payers in 2021 Platform?

Banker Commentary by Alice Tan

The COVID-19 pandemic has heightened more than ever the need for payer innovation and technology modernization. It has brought to light the digital gaps and limitations in our present payer and health insurance organizations. Without a shift in growth strategy and swift adoption of technologies, payers and health plans risk falling even further behind.

Payers have historically been slow to make the first move into technology investments, both in-house and through M&A. The “if it ain’t broke, don’t fix it” mentality has led to outdated systems and processes that simply cannot survive the demands of today’s consumers and the evolving digitally enabled healthcare ecosystem. Fortunately, M&A and private equity investments in companies such as emids, Clarity, HealthEdge and Zipari have sped up innovative solutions for payers.

Drivers of Adoption

In the last several years, numerous drivers have been motivating payers and health plans to take a more pressing and accelerated approach.

Ever-changing Regulatory Environment: Payers and health plan products are highly regulated. They are required to be compliant with the latest federal and state regulatory changes and rule updates. Notably, in October 2020, CMS issued a final rule on price transparency. This requires payers and health plans to disclose real-time pricing and cost-sharing information to consumers in advance of any treatment and service by 2023. This regulatory pressure will force payers to invest in technologies to meet compliance.

Administrative Cost Burden and Internal Inefficiencies: \$250 billion of U.S. healthcare expenditures are wasted due to administrative inefficiencies¹. This financial burden has compounded over the past two decades, and providers and payers alike are feeling the pressure to reduce costs. Payers’ existing processes are highly cost-inefficient due to increasing administrative overhead resulting from the lack of workflow optimization and automation. Updating legacy IT systems could enhance productivity of development teams by 40%².

Evolving Role of Payers and the Rise of Consumerism: Today’s health plan consumers have more preferences and options than ever. They have substantial control in selecting healthcare coverage and will make decisions based on price, brand, physician quality and coverage. The industry has shifted from being more payer-centric, where payers are the decision makers of the market, to becoming more customer-centric. To stay competitive, payers will need new capabilities including analytics for customer segmentation, data insights for plan innovation, and applications for member experience, among others. Inability to adapt to the consumer quickly will significantly hinder operations and future growth.

Industry Insights continued...

Plan Complexity: Increasing complexity and variability between health plans are impossible to manage effectively with the payers' legacy systems. There is an urgent need to address diverse consumer preferences for health insurance products at record speeds. Ability to customize plans quickly will better customer acquisition and retention.

Data Enablement: Technology is only as transformative as the data that fuels it. Quality data from a single source of truth is the foundation for data analytics and insights. Payers who are employing analytic tools can create more flexible products to keep up with consumer demands, better integrate with provider patient data ecosystems and provide an overall more coordinated care model.

Challenges in Adoption

Though the value proposition for adoption is clear, there resides internal challenges payers must address in the implementation of these new technologies.

Siloed Operations and Limited Expertise: Most payer internal operations teams (plan and benefit design, sales, claims, customer support, compliance) operate separately. Each department's roles and decisions are a key to the workflow, yet there is no platform for real-time information flow and collaboration. Additionally, expertise and talent are limited within payer organizations. Given how complex and nuanced health plan data has become, there are few employees that have the know-how to properly update.

Disjointed Systems and Legacy IT: Legacy payer systems are so fragmented and obsolete that they can no longer stay competitive in today's marketplace. Existing processes have numerous, disparate data sources across large volumes of excel files and word documents. Each change requires labor-intensive, manual updates and tedious quality control efforts. They are slow to revise, error-prone, non-compliant and cannot keep up with changing business needs.

Budget Constraints: Given existing cost take out mandates, payers are constrained on capital to invest in new technology. Whether outsourcing or insourcing new initiatives, cost is top of mind. Payers need firm-wide support to digitally transform the organization. It will require leadership and backing from management and key department leaders across IT, operations, compliance in order to approve budgets and implement change.

What is Next?

As payers move into 2021, enterprise-wide data systems, legacy modernization, sales channel initiatives, and digital member experience products are top technology priorities³. To drive future growth and operational effectiveness, payers could look to numerous avenues. One could consider 1) leveraging outsourcing opportunities with IT vendors that have purpose-built platforms to address customer and operational challenges, 2) customizing new in-house systems, and 3) investing in or acquiring complementary technologies and companies. The payers whom can most rapidly adopt an enterprise-wide digital platform that seamlessly integrates into the broader healthcare ecosystem will come out as the clear leaders.

Footnote to ^{1, 2, 3}

JAMA Report, HCL Research, Everest Group Research

Healthcare M&A Activity

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Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
3/11/2021	Premier Health Consultants (majority stake)	Trinity Health	NA	NA	NA	Urgent care provider
3/9/2021	Bio-Optronics (Mainsail Management)	Advarra (Genstar Capital)	NA	NA	NA	Clinical trial management system for health systems and research sites
3/9/2021	Claritas Rx	Questa Capital	NA	NA	NA	Provider of data and analytics solutions covering specialty and rare disease patients
3/9/2021	Crown Health Care Laundry Services (Quilvest Capital Partners)	The Pritzker Organization	NA	NA	NA	Provider of outsourced linen management services and specialty products to hospitals, clinics and other facilities
3/8/2021	Mercy's Outreach Laboratory Services Business	Quest Diagnostics (NYSE: DGX)	NA	NA	NA	29 hospital laboratories and two independent clinic laboratories
3/8/2021	NDC (Court Square Capital Partners)	Platinum Equity	NA	NA	NA	Complete supply chain solutions to distributors, manufacturers, GPOs and providers
3/5/2021	iTakeControl	The Riverside Company	NA	NA	NA	Provider of clinical operations and medical affairs technology and services focused on rare disease and specialty pharma
3/4/2021	GSL Solutions	Becton, Dickinson (NYSE: BDX)	NA	NA	NA	Smart medication devices for the storage and tracking of controlled substances and patient specific medications
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3/3/2021	Renalogic	Carrick Capital Partners	NA	NA	NA	Dialysis risk management and cost containment
3/2/2021	Atrius Health	Optum	NA	NA	NA	Independent physician network in Massachusetts
3/2/2021	Azalea Health	LLR Partners	NA	NA	NA	Provider of cloud-based electronic health record and patient engagement solutions
3/2/2021	American Preclinical Services	NAMSA (ArchiMed)	NA	NA	NA	Full service preclinical CRO.
3/2/2021	Health Promoters, Jupiter Medical Group, Primary Care Associates and Richard Hays	Conviva (Humana)	NA	NA	NA	South Florida primary care physician network of 12 health centers
3/2/2021	RestorixHealth (Cressey and Leonard Green)	American Medical Technologies (One Equity Partners and Silverfern Group)	NA	NA	NA	Wound care services platform
3/2/2021	Resolution Bioscience	Agilent Technologies (NYSE: A)	\$695	19.9x	NA	Next-generation sequencing based precision oncology solutions
3/1/2021	Vet's Best Friend	Revelstoke Capital Partners	NA	NA	NA	Operator of general practice veterinary clinics and hospitals
2/26/2021	MDLive (Sixth Street Growth)	Evernorth (CIGNA)	NA	NA	NA	Telehealth provider of online and on-demand healthcare delivery services and software
2/26/2021	Behavioral Analysis Center for Autism	Learn Behavioral (Gryphon Investors)	NA	NA	NA	Applied behavior analysis services to children and young adults with autism
2/24/2021	Brookdale Health Care Services (80% stake)	HCA Healthcare (NYSE: HCA)	\$500	NA	NA	Operator of 57 home health agencies and 22 hospice agencies across 26 states, along with 84 outpatient therapy locations
2/24/2021	Fastaff and U.S. Nursing	Cornell Capital and Trilantic North America	NA	NA	NA	Hospital staffing solutions
2/24/2021	IMAX Medical	Probo Medical (Varsity Healthcare)	NA	NA	NA	Specializes in the purchase, sales and logistic of pre-owner medical equipment
2/24/2021	PRA Health Sciences (NASDAQ: PRAH)	ICON (NASDAQ: ICLR)	\$12,000	3.8x	25.6x	Global contract research organization providing outsourced clinical development and data solution services

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
3/11/2021	100Plus	Henry Kravis, George Roberts	Seed	\$25	Remote patient monitoring platform for doctors and their patients
3/11/2021	Forward Health	Founders Fund, Khosla Ventures, SoftBank Vision Fund 2, Marc Benioff, and The Weeknd	Series D	\$225	Provides members with unlimited in-person care at its technology-driven clinics
3/10/2021	Advise Health	Oak HC/FT (lead), Adams Street Partners, Hamilton Lane	Series A	\$100	Medicare concierge agency that focuses on serving seniors within their community
3/9/2021	Cedar Cares	Tiger Global Management (lead), Andreessen Horowitz, Thrive Capital and Concord Health Partners	Series D	\$200	Patient billing software solutions for healthcare organizations
3/9/2021	Health Recovery Solutions	LLR Partners (lead), Edison Partners	Series C	Undisclosed	Provider of telehealth and remote patient monitoring solutions
3/2/2021	Beam Dental	Mercato Partners (lead), Traverse, Drive Capital, Georgian, Nationwide, Breakout Capital	Series E	\$80	Digital dental insurer
3/4/2021	CorVista Health	Ambix Life Science Fund (lead), MedVenture Partners	Series C	\$65	Digital health company dedicated to cardiovascular disease diagnosis
3/5/2021	PocketPills	TELUS Ventures	Series B	\$30	Canadian based online pharmacy
3/5/2021	TytoCare	Insight Partners (lead), Tiger Global and Qumra Capital	Series D	\$50	All-in-one modular device and telehealth platform for AI-powered, on-demand remote medical examinations
3/5/2021	Dispatch Health	Tiger Global (lead), Alta Partners, Echo Health Ventures, Humana, Oak HC/FT and Questa Capital	Series D	\$200	Provider of in-home health care
3/3/2021	Upward Health	Heritage Group (lead) Noro-Moseley Partners, the Blue Venture Fund, Windham Ventures	Undisclosed	Undisclosed	Medical group that specializes in high-risk, high-need populations
2/24/2021	Redox	Adams Street Partners (lead), Avenir, Battery Ventures, .406 Ventures, and RRE Ventures	Series D	\$45	Full-service integration platform to securely and efficiently exchange healthcare data
2/18/2021	Eden Health	Insight Partners (lead), Amigos Health, Aspect Ventures, Company Ventures, Flare Capital, Flexcap Ventures, Max Ventures and PJC	Series C	\$80	Concierge healthcare provider offered through employers
2/17/2021	Medfar Clinical Solutions	Walter Capital	Minority	\$25	Cloud-based electronic medical records solution provide

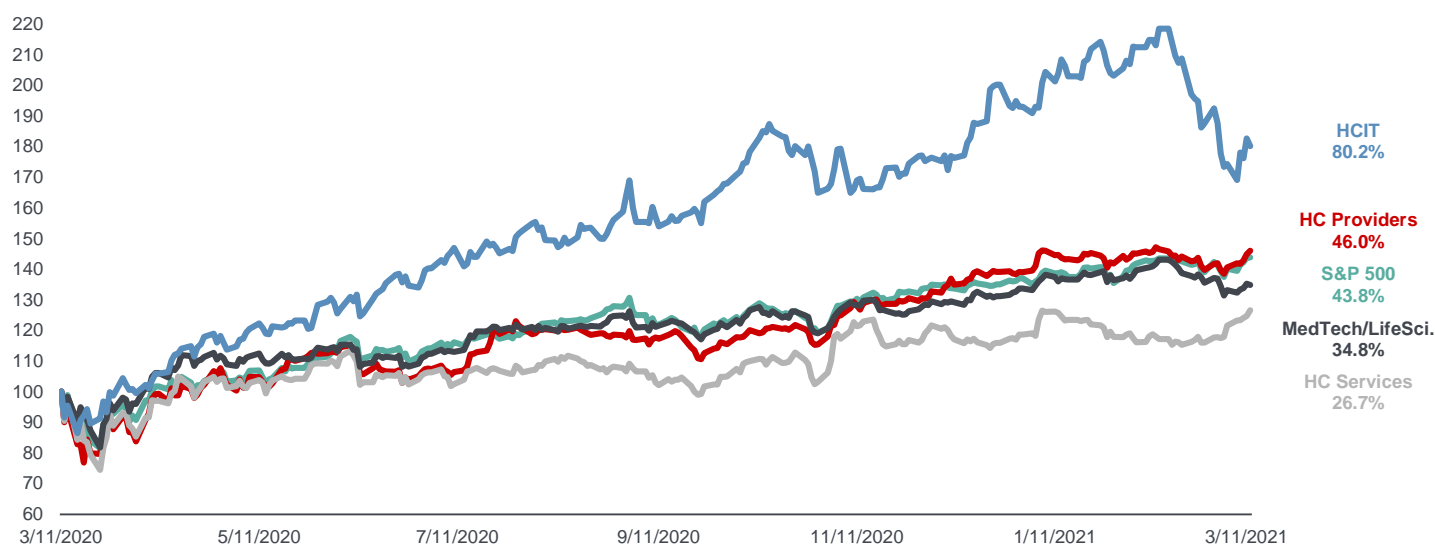
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of March 12, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	31,496	32,779	39.2%	4.1%
S&P 500	3,842	3,943	43.8%	2.6%
NASDAQ	12,920	13,320	67.5%	3.1%
Russell 2000	2,192	2,353	86.1%	7.3%
NYSE Healthcare	19,807	20,124	35.2%	1.6%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	65.7%	3.7%
Alternate Site Services	19.7%	5.6%
Diagnostics	49.1%	2.7%
Distribution	33.2%	7.3%
Healthcare IT	80.2%	3.5%
Healthcare REITs	22.8%	4.2%
Managed Care	27.0%	3.1%
Medical Technology	32.3%	1.2%
Outsourced Services	48.0%	4.3%
Pharma Services	63.8%	1.9%
Pharmacy	19.2%	7.3%
Post-Acute Care	43.8%	6.4%

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Pricing Date	Issuer (Ticker)	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
3/3/2021	Oscar Health (OSCR)	IPO	\$1,184	\$5,089	\$39.00	(9.4%)	Provider of integrated home healthcare equipment
3/4/2021	InnovAge (INNV)	IPO	\$350	\$3,207	\$21.00	23.7%	Provider of integrated home healthcare equipment
2/11/2021	Apria (APR)	IPO	\$150	\$744	\$20.00	14.2%	Provider of integrated home healthcare equipment
2/11/2021	Bioventus (BVS)	IPO	\$104	\$649	\$13.00	10.4%	Joint pain and preservation medtech company
2/11/2021	Signify Health (SGFY)	IPO	\$564	\$6,036	\$24.00	25.7%	Value-based care platform
2/10/2021	OptimizeRx (OPRX)	Follow On	\$66	\$959	\$49.50	(8.5%)	Provider of digital health solutions for life science companies, physicians and patients
2/5/2021	Lucira Health (LHDX)	IPO	\$153	\$933	\$17.00	(10.6%)	Single-use test kits for COVID-19
2/5/2021	Aspira Women's Health (AWH)	Follow On	\$45	\$889	\$7.50	2.1%	Bio-analytic and diagnostic services for ovarian cancer
1/29/2021	Surgery Partners (SGRY)	Follow On	\$227	\$2,161	\$30.25	39.0%	Operator of surgical facilities and ancillary services

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of March 12, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.05%	2.16%	2.31%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.80%	1.91%	2.16%
SIFMA (Variable Rate Demand Notes)	0.04%	0.03%	1.25%
Revenue Bond Index	2.71%	2.80%	2.81%
SIFMA/ 1Month LIBOR	36.36%	30.00%	123.76%
RBI/30 Yr Treasury (%)	112.92%	122.81%	224.80%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.64%	1.62%	0.78%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
The Jackson Laboratory (Taxable)	\$163.795	ME	A1 / NR / NR	2051	MWC**	3.47%	3.47%	N/A	2.27%
The Jackson Laboratory (Taxable)	\$36.125	ME	A1 / NR / NR	2041	MWC**	3.19%	3.19%	N/A	2.27%
The Jackson Laboratory (Taxable)	\$3.435	ME	A1 / NR / NR	2032	MWC**	2.69%	2.69%	N/A	1.54%
Appalachian Regional Healthcare	\$114.505	KY	NR / BBB / NR	2056	2031 (C)	4.00%	3.08%	3.61%	1.65%
Lebanon Valley Brethren Homes / Londonderry Village	\$17.400	PA	NR / NR / BBB	2046	2031 (C)	4.00%	2.88%	3.40%	1.65%
St. Tammany Parish Hospital Service District No. 2 (Taxable)***	\$10.155	LA	NR / A+ / NR	2032	2031 (C)	2.35%	2.35%	N/A	1.54%
Total	\$345.415								

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

**\$163.795 & \$3.435 MM Tranches: Make whole at 20 bps; \$36.125 MM Tranche: Make whole at 15 bps

***BAM-Insured Taxable G.O. Refunding Bonds

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Health and Educational Facilities Authority of the State of Missouri Health Facilities Revenue Bonds (BJC Health System) Series 2021A-C	3/18/2021	\$805.995	Aa2 / AA / NR
Public Finance Authority Taxable Educational Facilities Revenue Bonds (Noorda College of Osteopathic Medicine Project) Series 2021AB	3/16/2021	\$126.280	Ba2 / NR / NR
Illinois Finance Authority Revenue Bonds, Series 2021 (Presbyterian Homes Obligated Group)	Week of	\$67.190	NR / NR / A-
Little Company of Mary Hospital Of Indiana, Inc. Memorial Hospital and Health Care Center Taxable Bonds, Series 2021A	3/16/2021	\$63.620	NR / A- / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

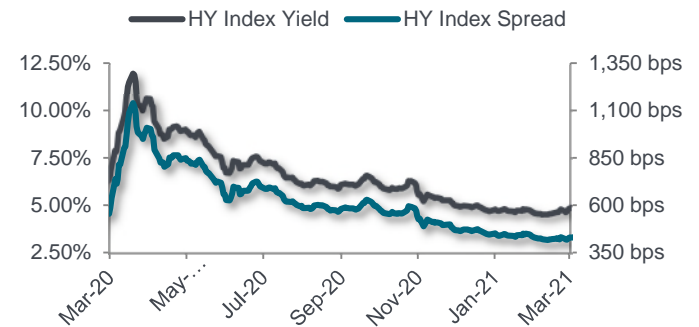
High Yield

- Last week saw a \$5.3B outflow, marking the eighth outflow YTD; net outflows total \$10.9B YTD, which follows \$44.9B of net inflows in 2020

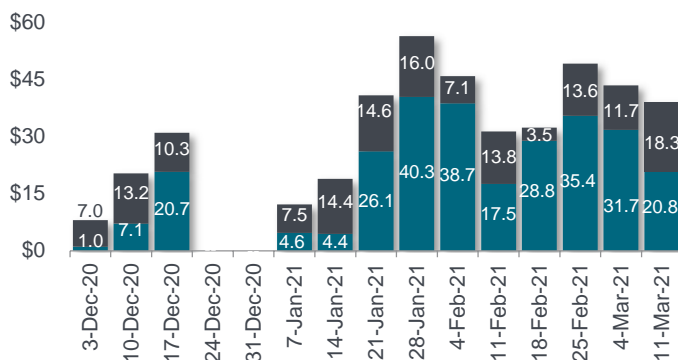
Leveraged Loans

- Leveraged loan funds saw a \$528MM inflow last week, marking the ninth consecutive inflow of 2021; net inflows total \$7.5B YTD, which follows \$27.0B of net outflows in 2020
- The leveraged loan primary market saw 30 deals price last week for \$20.8B

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

		30-Day Rolling Average			
		3Q20	4Q20	January 2021	February 2021
Overall		5.62%	5.32%	4.30%	4.26%
4B		4.35%	4.00%	2.98%	2.93%
2B		5.56%	5.41%	4.45%	4.55%
Middle Market		N/A	6.02%	N/A	4.29%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
3/4/2021	PerkinElmer Inc	Sr Notes	\$400	Baa3 / BBB / BBB	1.550%	3/15/2031	+100	20 bps
3/4/2021	PerkinElmer Inc	Sr Notes	\$400	Baa3 / BBB / BBB	3.625%	3/15/2051	+130	25 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$500	Aa3 / AA / AA	0.450%	3/5/2024	+20	18 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$350	Aa3 / AA / AA	0.260%	3/5/2024	SOFR+24	18 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$650	Aa3 / AA / AA	0.991%	3/5/2026	+30	18 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
3/11/2021	Endo Pharma	Sr. Sec. Notes	\$1,295	B2/B+	6.125%	4/1/2029	479 bps	6.25% area
3/8/2021	Charles River Laboratories	Sr. Notes	\$500	Ba2/BB	3.750%	3/15/2029	236 bps	3.75%-4.00%
3/8/2021	Charles River Laboratories	Sr. Notes	\$500	Ba2/BB	4.000%	3/15/2031	241 bps	4.00%-4.25%
3/3/2021	Owens & Minor	Sr. Notes	\$500	B2/BB-	4.500%	3/31/2029	324 bps	4.50%-4.75%
2/25/2021	US Acute Care	Sr. Sec. Notes	\$375	B2/B-	6.375%	3/1/2026	563 bps	6.50% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
3/11/2021	Endo International	Public	B3/B	Refinancing	\$2,000	L+500, 0.75% @ 99	6.000%
3/5/2021	Trustaff	Cornell Capital	B2/B	LBO	\$525	L+425, 0.75% @ 99.5	5.125%
3/5/2021	DuPage Medical Group	Ares Management	B2/B	Recap/Dividend	\$650	L+325, 0.75% @ 99.5	4.125%
2/26/2021	Horizon Therapeutics	Public	Ba2/BB	Acquisition	\$1,600	L+200, 0.50% @ 99.75	2.563%
2/23/2021	BrightSpring Health Services	Kohlberg, Kravis & Roberts	B2/B	Acquisition	\$1,225	L+350, 0.00% @ 100	3.688%

Healthcare News

Biden Signs \$1.9T COVID-19 Package that Boosts ACA Subsidies, Rural Hospital Funding¹

Fierce Healthcare | March 12, 2021

President Biden signed into law a \$1.9 trillion COVID-19 relief package that temporarily boosts Affordable Care Act (ACA) plan subsidies and includes \$8.5 billion for rural hospitals. The package is a mixed bag for providers, whose key priorities were excluded from the final text. For instance, hospital groups had sought to add \$35 billion to a provider relief fund to help stem losses caused by the virus. But the Senate version only included the \$8.5 billion for rural providers. Providers also sought to extend a moratorium on a 2% cut to Medicare payments created under sequestration. The cuts were postponed at the start of the pandemic, but the moratorium ends at the end of March. The legislation also has several provisions that aim to increase insurance coverage. Chief among them is boosting income-based subsidies for ACA exchange plans for two years and increasing support for COBRA plans to ensure continuous coverage for the recently unemployed.

Amazon, Crossover Health Expand Employee Health Clinics to Two More States²

Fierce Healthcare | March 12, 2021

Last year, Amazon announced it was teaming up with buzzy tech-enabled primary care group Crossover Health to launch health centers near its fulfillment centers and operations facilities. The tech giant is working with the health startup to expand the "neighborhood health centers" to Detroit and two California metro areas, the companies announced this week. The program has now launched in five major regions, including Dallas-Fort Worth, Phoenix and Louisville, to serve Amazon employees and their families. The health centers provide services to over 115,000 Amazon workers and their dependents since the program first launched in late 2020. The company said more than 75% of its employees are within 10 miles of one of these centers. Crossover was founded in 2010 as a solution for self-funded employers to help curb healthcare costs by ensuring their workforce received well-coordinated care aimed at improving outcomes and reducing costs. It got a major boost early on when it partnered to offer employee clinics for Apple. They've built a roster to include companies Microsoft and LinkedIn.

Biden Announces National Vaccine Finder Website, May 1 Eligibility for All Adults³

Healthcare IT News | March 11, 2021

In his first-prime time address to the nation, commemorating the anniversary of the COVID-19 shutdown order, President Joe Biden made news with two major announcements about his administration's vaccine rollout: a pledge to make all adult Americans eligible for the vaccine by May 1 and the launch of a national website to facilitate those vaccinations. The White House laid out the plans in more detail in a fact sheet, stating that the president will direct states, tribes and territories to lift eligibility restrictions by May 1, based on the White House COVID-19 Response Team's confidence in both the supply of the vaccine and the progress of prioritized vaccinations. "All adult Americans will be eligible to get a vaccine no later than May 1," Biden said. "That's much earlier than expected. Now let me be clear, that doesn't mean everyone's going to have that shot immediately, but it means you'll be able to get in line beginning May 1." To accomplish this goal, Biden said, the United States will need to keep up a pace of more than 2 million shots per day.

Healthcare News Continued...

Digital Retail Pharmacy NowRx Expanding Into Telehealth¹

Healthcare IT News | March 10, 2021

NowRx is expanding into telehealth, the digital retail pharmacy and prescription delivery company announced Wednesday. NowRx Telehealth will enable provider-patient, app-based interactions, in addition to same-hour or same-day prescription medication deliveries, according to the company. The rollout's first phase will focus on the provision of pre-exposure prophylaxis, or PrEP, an HIV prevention medication. NowPrEP will include a free physician assessment, lab testing and home delivery of PrEP, according to a press statement. At present, NowRx pharmacies are located in California and Arizona; the company accepts all major insurance plans except Kaiser Permanente. Virtual pharmacies have become an increasingly large sector of the digital health marketplace in recent years, with Amazon launching Amazon Pharmacy this past year after acquiring PillPack in 2018. Speaking of Amazon, it's also no stranger to app-based telehealth care: Amazon Care connects Washington state-based employees with providers for a wide variety of urgent and primary care needs. "The ongoing pandemic has reinforced the need to provide medical care in the most convenient, accessible and safe way for patients," said NowRx CEO and cofounder Cary Breese in a statement.

Which Health Care Issues Will Matter Most After The Pandemic?²

Smart Brief | March 15, 2021

Federal and state officials are focused on comprehensive and equitable COVID-19 vaccine distribution, while also looking ahead at what other health care issues may or may not be on the table as the pandemic subsides, health policy experts told the America's Health Insurance Plans National Policy Conference. The \$1.9 trillion relief bill that passed Congress on a party-line vote was done using the reconciliation process, which requires just a majority for approval, but other health care legislation would require bipartisan support. Avalere Health founder Dan Mendelson said the bipartisan environment within Congress is not showing signs of improvement, but if the Biden administration can make sure issues such as vaccine deployment, mask wearing and public health measures around COVID-19 are not partisan, it will make it easier to work in a bipartisan fashion going forward.

Orphan Product Designation Requests Climb In The Us, Remain Steady In The EU³

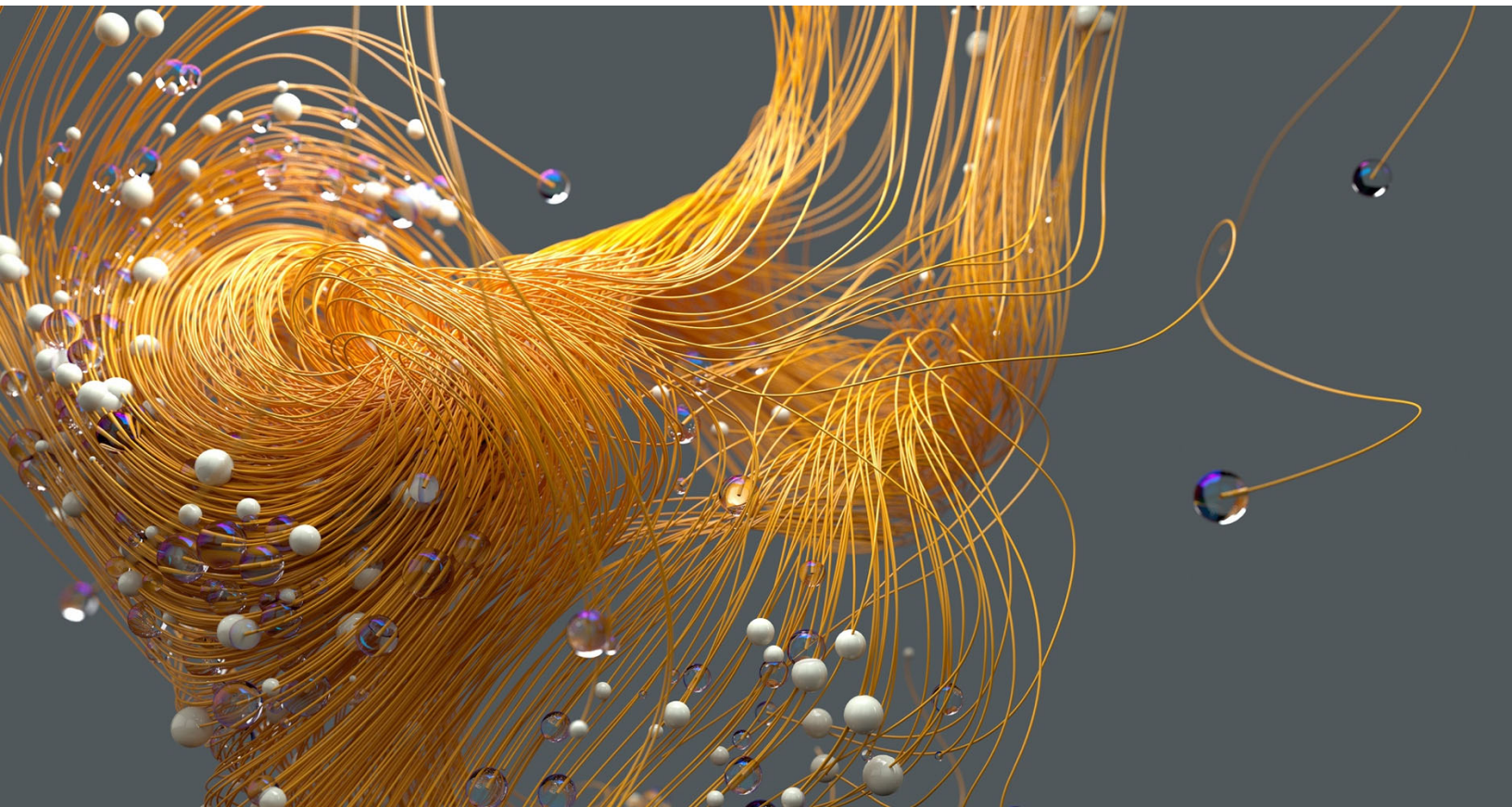
Regulatory Affairs Professionals Society | March 11, 2021

The number of new requests for orphan drug designation in the United States increased 41% from 2019 to 2020, bringing the number of requests to 753 for 2020, according to the U.S. Food and Drug Administration. There was also a significant jump in rare pediatric disease designation requests, which rose 330% from 2019 to 2020, for a total of 284 requests in 2020. The agency received 20 humanitarian use device designation requests, similar to the number received in 2019. "Orphan drug designation is an important incentive in rare disease product development and this growth will continue to support development of treatments for rare diseases. Given the ongoing increase in volume and complexity of designations, we continue to enhance and modernize our processes," Acting FDA Commissioner Janet Woodcock, MD, and Director of the Office of Orphan Products Development Janet Maynard, MD, wrote in a recent FDA Voices article.

March 23, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Understanding Direct Contracting

Industry Insights

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- Cain Brothers Recent Transactions Spotlight
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Understanding Direct Contracting *Banker Commentary by Alexandra Clemens*

According to the Patient-Centered Primary Care Collaborative's 2019 Evidence Report, increased spending on primary care is associated with decreases in emergency department visits and hospitalizations, yet primary care spending accounts for only 5%-7% of total healthcare spend in the United States on average. In addition to poor primary care access, lack of care coordination, social determinants of health and misaligned physician incentives pose some of the biggest challenges to the healthcare industry today. Given its position within the healthcare system and ability to influence downstream healthcare spend and care coordination, primary care is the key to identifying and addressing these challenges and improving health outcomes. In light of this and in its ongoing effort to redesign primary care comes one of the latest innovations from CMS, Direct Contracting.

Announced as part of CMS' Primary Care Initiative, Direct Contracting focuses on transforming primary care by allowing providers to more directly manage the cost of care for their Medicare fee-for-service (FFS) beneficiaries (also known as Original Medicare members). In 2020, Original Medicare members made up ~62% of the 61 million Medicare beneficiaries, according to the Kaiser Family Foundation. Through Direct Contracting, CMS is offering value-based contracting to Original Medicare members for the first time, providing an opportunity to shift more Medicare spend away from FFS. This program is likely to move more Medicare beneficiaries into a capitated model, whether Direct Contracting ultimately survives or those historical FFS members that took part in the program eventually convert into Medicare Advantage, given familiarity with the model and its benefits.

The main goals of Direct Contracting are to transform risk-sharing arrangements for Medicare FFS, broaden participation in CMS Innovation Center models, empower beneficiaries to engage in their own care delivery and reduce provider burden to meet healthcare needs. Building upon the Next Generation Accountable Care Organization (NGACO) model and learnings from Medicare Advantage, Direct Contracting offers participants increased risk options in order to engage organizations with experience in taking on risk and serving large patient populations. Direct Contracting also provides an opportunity for physician organizations and other health organizations, which may not have previously been eligible for the Shared Savings Program or NGACO model, to participate in a value-based care arrangement for Medicare FFS.

Industry Insights continued...

The program participants, Direct Contracting Entities (DCEs), will be accountable for a higher set of quality measures focusing on outcomes and beneficiary experience. The model offers DCEs several mechanisms to receive stable monthly payments from CMS. DCEs will have the flexibility to use these payments to invest in their population health infrastructure, enhance primary care and reimburse providers. Giving the DCE control over the flow of funds to their downstream providers enables them to improve care coordination and delivery and better manage their beneficiary population, which will result in reduced costs and better outcomes. Under Direct Contracting, there will be four types of DCEs:

- The standard DCE is for established ACO participants that have experience serving Medicare FFS beneficiaries and have a minimum of 5,000 aligned beneficiaries.
- The new entrant DCE is for providers with limited experience delivering care to Medicare FFS beneficiaries and they must have a minimum of 5,000 aligned beneficiaries by the 5th performance year.
- The high needs population DCE is for participants that are tailored to Medicare FFS beneficiaries with complex needs. Participants are required to have demonstrated capabilities in coordination of services that emphasize patient-centered care.
- In December 2020, CMS announced a new type of DCE to better serve the needs of individuals dually eligible for Medicare and Medicaid. The MCO-based DCE is for Medicaid MCOs that will manage the Medicare FFS expenditures of full-benefit dually eligible beneficiaries that receive Medicaid benefits through an MCO.

There are also two risk options available for each type of DCE – professional and global. Under Professional Risk, the DCE will share 50% of savings / losses with CMS under Primary Care Capitation only. Under Global Risk, the DCE will bear 100% of shared savings / losses either under Total Care Capitation or just Primary Care Capitation. The flexibility in risk sharing arrangements is part of CMS' goal to make Direct Contracting accessible for a broader range of organizations. One other model, Geographic Direct Contracting, was announced in December 2020 and looks to test whether a geographic based approach to care delivery can improve health outcomes and reduce costs. Under this program, the DCE participants will be required to take full risk with 100% shared savings / losses, with risk corridors, for Medicare Parts A and B services for Medicare FFS beneficiaries in a defined target region. However, this model is currently under review by CMS, and it is unclear how long the review will last.

With 51 entities already participating in the implementation period, Direct Contracting is set to begin its first performance period in April and run through 2025. This initial cohort, which includes value-based care providers, like Oak Street Health, Cano Health, and Village MD, demonstrates strong interest in the model; and many other medical groups and ACOs are expected to participate, beginning in April. Cano Health even listed Direct Contracting as one of its biggest growth opportunities in its recent investment presentation and believes it will triple its addressable market. We expect DCEs to play an important role in transforming healthcare delivery and the continuing shift towards patient-centric, value-based care. While there is always concern among physician leaders about taking on additional financial risk, providers are ready for Direct Contracting. Success under the ACO model and the Medicare Shared Savings Program has shown that investment in population health pays off; and, as seen throughout the past year with COVID-19, practices with a capitated payment arrangement fare better than FFS, given the steadier revenue stream. This is further proof that value-based care works, and Direct Contracting is setting the stage to bring it to the next level.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
3/17/2021	M2GEN	Clayton, Dubilier & Rice Merck Global Health Innovation Fund, McKesson Ventures	NA	NA	NA	Oncology data and informatics platform
3/16/2021	Cherry Tree Dental	ICV Partners	NA	NA	NA	General dentistry provider in Wisconsin
3/16/2021	Cumberland	Tegria	NA	NA	NA	Healthcare consulting and services firm for payers and providers
3/16/2021	EBS Healthcare	The Stepping Stones (Five Arrows Capital Partners)	NA	NA	NA	Therapeutic and behavioral company
3/16/2021	Grand Rounds	Doctor On Demand	Merger	NA	NA	Full suite of digital and interactive healthcare solutions
3/17/2021	himagine Solutions (BPOC)	Omega Healthcare Management (Goldman Sachs Merchant Banking and Everstone Group)	NA	NA	NA	himagine is a BPOC backed healthcare
3/15/2021	Advent Home Medical	New Harbor Capital	NA	NA	NA	At-home respiratory care company providing services and medical equipment
3/15/2021	Cordis (Cardinal Health)	Hellman & Friedman	\$1,000	1.3x	NA	Minimally-invasive cardiovascular technology
3/15/2021	HealthPRO Heritage (BPOC and SV Health Investors)	Wellspring Capital Management	NA	NA	NA	Provider of therapy management and consulting services to nursing homes and long-term care facilities
3/15/2021	ProtoQuick and Peridot	Seisa Medical	NA	NA	NA	Contract manufacturing and components
3/11/2021	Premier Health Consultants (majority stake)	Trinity Health	NA	NA	NA	Urgent care provider
3/9/2021	Bio-Optronics (Mainsail Management)	Advarra (Genstar Capital)	NA	NA	NA	Clinical trial management system for health systems and research sites
3/9/2021	Claritas Rx	Questa Capital	NA	NA	NA	Provider of data and analytics solutions covering specialty and rare disease patients
3/9/2021	Crown Health Care Laundry Services (Quilvest Capital Partners)	The Pritzker Organization	NA	NA	NA	Provider of outsourced linen management services and specialty products to hospitals, clinics and other facilities
3/8/2021	Mercy's Outreach Laboratory Services Business	Quest Diagnostics (NYSE: DGX)	NA	NA	NA	29 hospital laboratories and two independent clinic laboratories
3/8/2021	NDC (Court Square Capital Partners)	Platinum Equity	NA	NA	NA	Complete supply chain solutions to distributors, manufacturers, GPOs and providers
3/5/2021	iTakeControl	The Riverside Company	NA	NA	NA	Provider of clinical operations and medical affairs technology and services focused on rare disease and specialty pharma
3/4/2021	GSL Solutions	Becton, Dickinson (NYSE: BDX)	NA	NA	NA	Smart medication devices for the storage and tracking of controlled substances and patient specific medications
3/4/2021	Regent Surgical Health	Towerbrook and Ascension Capital	NA	NA	NA	Owner and manager of ambulatory surgery centers
3/3/2021	Renalogic	Carrick Capital Partners	NA	NA	NA	Dialysis risk management and cost containment
3/2/2021	Atrius Health	Optum	NA	NA	NA	Independent physician network in Massachusetts
3/2/2021	Azalea Health	LLR Partners	NA	NA	NA	Provider of cloud-based electronic health record and patient engagement solutions
3/2/2021	American Preclinical Services	NAMSA (ArchiMed)	NA	NA	NA	Full service preclinical CRO.
3/2/2021	Health Promoters, Jupiter Medical Group, Primary Care Associates and Richard Hays	Conviva (Humana)	NA	NA	NA	South Florida primary care physician network of 12 health centers
3/2/2021	RestorixHealth (Cressey and Leonard Green)	American Medical Technologies (One Equity Partners and Silverfern Group)	NA	NA	NA	Wound care services platform
3/2/2021	Resolution Bioscience	Agilent Technologies (NYSE: A)	\$695	19.9x	NA	Next-generation sequencing based precision oncology solutions

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
3/17/2021	Millennia Patient Services	Pamlico Capital and Eir Partners	Growth	Undisclosed	Patient payment and end-to-end patient financial engagement technologies for hospitals, health systems and medical groups
3/16/2021	Clarify Health	Insight Partners (lead), Spark Capital, Concord Health Partners, HWVP, KKR, Rivas Capital and Sigmas Group	Series C	\$115	Enterprise analytics company delivering real-world insights to healthcare organizations
3/16/2021	BetterNight	HCAP	Series B	Undisclosed	Comprehensive virtual-care sleep health solutions
3/18/2021	Happify Health	Deerfield Management (lead), Omega Capital Partners, ION Crossover Partners, TT Capital Partners, Marketplace Funds Venture Capital, Mangrove Capital Partners and others	Series D	\$73	Global software-enabled healthcare platform to improve mental and physical health
3/16/2021	Strive Health	CapitalG (lead), NEA, Town Hall, Ascension and Echo Ventures	Series B	\$140	Value-based kidney care
3/11/2021	100Plus	Henry Kravis, George Roberts	Seed	\$25	Remote patient monitoring platform for doctors and their patients
3/11/2021	Forward Health	Founders Fund, Khosla Ventures, SoftBank Vision Fund 2, Marc Benioff, and The Weeknd	Series D	\$225	Provides members with unlimited in-person care at its technology-driven clinics
3/10/2021	Advise Health	Oak HC/FT (lead), Adams Street Partners, Hamilton Lane	Series A	\$100	Medicare concierge agency that focuses on serving seniors within their community
3/9/2021	Cedar Cares	Tiger Global Management (lead), Andreessen Horowitz, Thrive Capital and Concord Health Partners	Series D	\$200	Patient billing software solutions for healthcare organizations
3/9/2021	Health Recovery Solutions	LLR Partners (lead), Edison Partners	Series C	Undisclosed	Provider of telehealth and remote patient monitoring solutions
3/2/2021	Beam Dental	Mercato Partners (lead), Traverse, Drive Capital, Georgian, Nationwide, Breakout Capital	Series E	\$80	Digital dental insurer
3/4/2021	CorVista Health	Ambix Life Science Fund (lead), MedVenture Partners	Series C	\$65	Digital health company dedicated to cardiovascular disease diagnosis
3/5/2021	PocketPills	TELUS Ventures	Series B	\$30	Canadian based online pharmacy
3/5/2021	TytoCare	Insight Partners (lead), Tiger Global and Qumra Capital	Series D	\$50	All-in-one modular device and telehealth platform for AI-powered, on-demand remote medical examinations
3/5/2021	Dispatch Health	Tiger Global (lead), Alta Partners, Echo Health Ventures, Humana, Oak HC/FT and Questa Capital	Series D	\$200	Provider of in-home health care
3/3/2021	Upward Health	Heritage Group (lead) Noro-Moseley Partners, the Blue Venture Fund, Windham Ventures	Undisclosed	Undisclosed	Medical group that specializes in high-risk, high-need populations
2/24/2021	Redox	Adams Street Partners (lead), Avenir, Battery Ventures, .406 Ventures, and RRE Ventures	Series D	\$45	Full-service integration platform to securely and efficiently exchange healthcare data

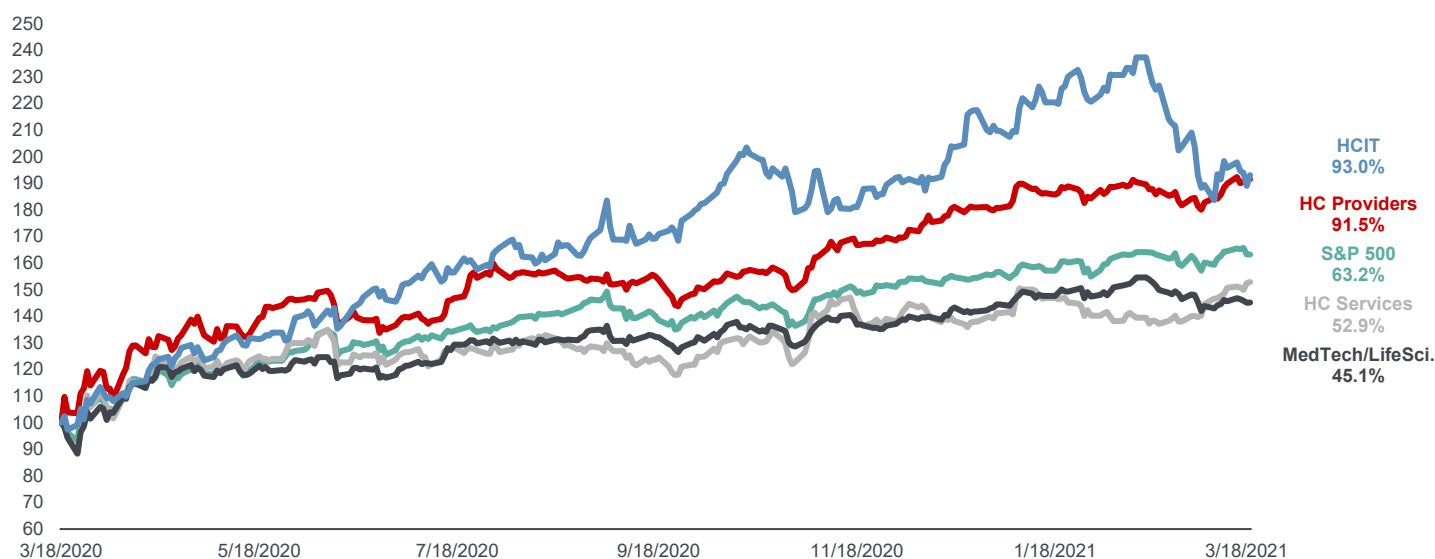
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of March 19, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	32,779	32,628	62.4%	(0.5%)
S&P 500	3,943	3,913	62.4%	(0.8%)
NASDAQ	13,320	13,215	84.8%	(0.8%)
Russell 2000	2,353	2,288	116.1%	(2.8%)
NYSE Healthcare	20,124	20,178	48.0%	0.3%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	121.4%	(0.4%)
Alternate Site Services	40.6%	0.4%
Diagnostics	97.3%	1.7%
Distribution	44.3%	1.8%
Healthcare IT	90.4%	(1.8%)
Healthcare REITs	74.4%	(3.2%)
Managed Care	64.4%	2.1%
Medical Technology	43.8%	(0.5%)
Outsourced Services	56.3%	(1.8%)
Pharma Services	99.4%	1.1%
Pharmacy	23.4%	(1.1%)
Post-Acute Care	61.4%	0.7%

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Pricing Date	Issuer (Ticker)	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
3/3/2021	Oscar Health (OSCR)	IPO	\$1,184	\$5,089	\$39.00	(9.4%)	Provider of integrated home healthcare equipment
3/4/2021	InnovAge (INNV)	IPO	\$350	\$3,207	\$21.00	23.7%	Provider of integrated home healthcare equipment
2/11/2021	Apria (APR)	IPO	\$150	\$744	\$20.00	14.2%	Provider of integrated home healthcare equipment
2/11/2021	Bioventus (BVS)	IPO	\$104	\$649	\$13.00	10.4%	Joint pain and preservation medtech company
2/11/2021	Signify Health (SGFY)	IPO	\$564	\$6,036	\$24.00	25.7%	Value-based care platform
2/10/2021	OptimizeRx (OPRX)	Follow On	\$66	\$959	\$49.50	(8.5%)	Provider of digital health solutions for life science companies, physicians and patients
2/5/2021	Lucira Health (LHDH)	IPO	\$153	\$933	\$17.00	(10.6%)	Single-use test kits for COVID-19
2/5/2021	Aspira Women's Health (AWH)	Follow On	\$45	\$889	\$7.50	2.1%	Bio-analytic and diagnostic services for ovarian cancer
1/29/2021	Surgery Partners (SGRY)	Follow On	\$227	\$2,161	\$30.25	39.0%	Operator of surgical facilities and ancillary services

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of March 19, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.19%	2.05%	3.27%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.94%	1.80%	3.12%
SIFMA (Variable Rate Demand Notes)	0.04%	0.04%	1.28%
Revenue Bond Index	2.76%	2.71%	3.07%
SIFMA/ 1Month LIBOR	36.36%	36.36%	180.28%
RBI/30 Yr Treasury (%)	112.65%	112.92%	196.79%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.73%	1.64%	0.81%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
BJC Health System	\$330.150	MO	Aa2 / AA / NR	2051	2031 (C)	3.00%	2.74%	2.89%	1.79%
BJC Health System	\$242.885	MO	Aa2 / AA / NR	2051	2026 (P)	4.00%	0.84%	N/A	1.79%
BJC Health System	\$223.085	MO	Aa2 / AA / NR	2052	2028 (P)	5.00%	1.17%	N/A	1.79%
Little Company of Mary Hospital of Indiana, Inc. (Taxable)	\$63.500	IN	NR / NR / A-	2040	2031 (C)	3.87%	3.87%	N/A	1.63%
Presbyterian Homes Obligated Group	\$33.600	IL	NR / NR / A-	2050	2030 (C)	4.00%	2.79%	3.47%	1.79%
Total	\$893.220								

*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
Pennsylvania Economic Development Financing Authority UPMC Revenue Bonds, Series 2021A Cain Brothers Co-Managed Expected Pricing	3/25/2021	\$225.295	A2 / A / A
Allegheny County Hospital Development Authority UPMC Forward Delivery Series 2021B Cain Brothers Co-Managed Expected Pricing	3/24/2021	\$50.000	A2 / A / A
Mayo Clinic Taxable Bonds Series 2021	3/23/2021	\$500.000	Aa2 / AA / NR
Ascension Taxable Bonds Series 2019B (Corporate CUSIP)	3/25/2021	\$436.945	Aa2 / AA+ / AA+
Pennsylvania Higher Educational Facilities Authority University of Pennsylvania Health System Health System Refunding Revenue Bonds Series A of 2021 Series B of 2021 (Forward Delivery)	3/24/2021	\$190.380	Aa3 / AA / NR
Public Finance Authority Taxable Educational Facilities Revenue Bonds (Noorda College of Osteopathic Medicine Project)	3/24/2021	\$126.280	Ba2 / NR / NR
Illinois Finance Authority Revenue Refunding Bonds, Series 2021A (Plymouth Place, Inc.)	3/23/2021	\$24.295	NR / NR / BB+

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

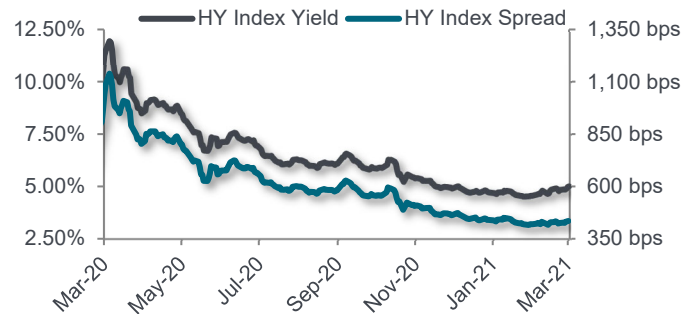
High Yield

- Last week saw a \$410MM inflow, marking the third inflow YTD; net outflows total \$8.9B YTD, which follows \$44.9B of net inflows in 2020

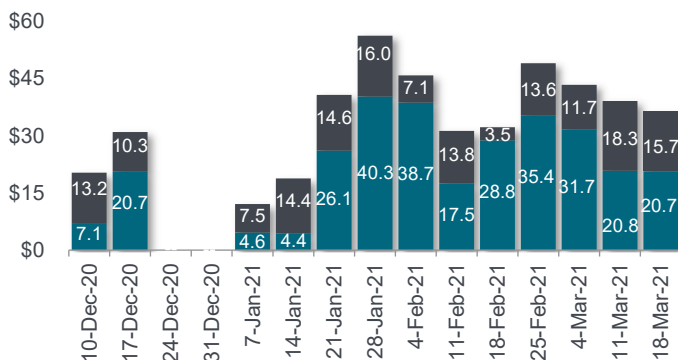
Leveraged Loans

- Leveraged loan funds saw a \$997MM inflow last week, marking the tenth consecutive inflow of 2021; net inflows total \$8.5B YTD, which follows \$27.0B of net outflows in 2020
- The leveraged loan primary market saw 36 deals price last week for \$20.7B

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	3Q20	4Q20	30-Day Rolling Average		
			January 2021	February 2021	03/18/21
Overall	5.62%	5.32%	4.30%	4.26%	4.36%
4B	4.35%	4.00%	2.98%	2.93%	2.98%
2B	5.56%	5.41%	4.45%	4.55%	4.60%
Middle Market	N/A	6.02%	N/A	4.29%	5.15%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
3/16/2021	Illumina Inc	Sr Notes	\$500	Baa3 / BBB / NR	0.550%	3/23/2023	+40	20 bps
3/16/2021	Illumina Inc	Sr Notes	\$500	Baa3 / BBB / NR	2.550%	3/23/2031	+95	25 bps
3/4/2021	PerkinElmer Inc	Sr Notes	\$400	Baa3 / BBB / BBB	1.550%	3/15/2031	+100	20 bps
3/4/2021	PerkinElmer Inc	Sr Notes	\$400	Baa3 / BBB / BBB	3.625%	3/15/2051	+130	25 bps
3/1/2021	Roche Holdings Inc	Sr Notes	\$500	Aa3 / AA / AA	0.450%	3/5/2024	+20	18 bps

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
3/18/2021	Galderma	EQT Partners	B3/B	Refinancing	\$3,130	L+375, 0.75% @ 99.75	4.563%
3/11/2021	Endo International	Public	B3/B	Refinancing	\$2,000	L+500, 0.75% @ 99	6.000%
3/5/2021	Trustaff	Cornell Capital	B2/B	LBO	\$525	L+425, 0.75% @ 99.5	5.125%
3/5/2021	DuPage Medical Group	Ares Management	B2/B	Recap/Dividend	\$650	L+325, 0.75% @ 99.5	4.125%
2/26/2021	Horizon Therapeutics	Public	Ba2/BB	Acquisition	\$1,600	L+200, 0.50% @ 99.75	2.563%

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
3/11/2021	Endo Pharma	Sr. Sec. Notes	\$1,295	B2/B+	6.125%	4/1/2029	479 bps	6.25% area
3/8/2021	Charles River Laboratories	Sr. Notes	\$500	Ba2/BB	3.750%	3/15/2029	236 bps	3.75%-4.00%
3/8/2021	Charles River Laboratories	Sr. Notes	\$500	Ba2/BB	4.000%	3/15/2031	241 bps	4.00%-4.25%
3/3/2021	Owens & Minor	Sr. Notes	\$500	B2/BB-	4.500%	3/31/2029	324 bps	4.50%-4.75%
2/25/2021	US Acute Care	Sr. Sec. Notes	\$375	B2/B-	6.375%	3/1/2026	563 bps	6.50% area

Healthcare News

A New Market Emerges: Some Apartments Are Now Offering Tenants Healthcare Coverage¹

Forbes | March 20, 2021

Healthcare benefits and employment have been congruent for many years. Specifically, a large number of Americans seek healthcare coverage through employer-contracted insurance plans, so-much-so that assessing healthcare benefits has become a routine and critical part of the job-hunting process for interviewees.

There is a relatively flourishing private market, allowing people to individually buy their own healthcare plans, independent of their company or employment [...], but these traditional models may soon be disrupted.

Comunidad Partners, a real estate owner and management firm, is working with Veritas Impact Partners and an undisclosed healthcare company to provide virtual healthcare services to Comunidad tenants. Currently implemented across nearly 2,000 homes, Toussaint describes how this works: "...residents can connect with a doctor or nurse practitioner via an app to be diagnosed or prescribed treatment virtually; the care covers both physical and mental health, and is completely free to residents, and will be available indefinitely, not just during the pandemic."

Healthcare Industry Signaling Wave Of M&A And Strategic "Rethink," MUFG's Healthcare Team Says²

Yahoo Finance | March 22, 2021

One year into the COVID-19 pandemic, healthcare companies are rethinking their corporate strategy and evaluating mergers, acquisitions and divestitures, according to the Global Healthcare team at Mitsubishi UFJ Financial Group

Strategic reassessment among healthcare companies: There's an inward focus [at] a time of...crisis when companies "need to rethink" their strategy, focus on their strong suits, decide how to shore up certain product lines or business areas, and evaluate opportunities for future growth. Companies are considering divesting non-strategic operations, shutting down certain parts of their operations and being on the lookout for acquisitions.

Expectations for mid-range M&A and capital-markets activity: MUFG anticipates elevated M&A activity this year when compared with 2020, though it foresees smaller, bolt-on acquisitions—rather than large, transformative ones—with the purpose of shoring up primary focus areas and filling gaps in product offerings and various other business areas.

Supply-chain shifts: at the onset of the pandemic, there were concerns about the dependence on a single country like China or India for the manufacturing of critical, low-margin consumables such as gloves and masks. "We saw changes in supply-chain...and manufacturing locations [shifting] out of places like China [and] into Southeast Asia...whether it's Malaysia, Indonesia [or] Vietnam—all fairly well-developed manufacturing locations for those types of products."

China's Healthcare Companies Are The Next Big Thing. Where Investors Should Look.³

Barron's | March 19, 2021

Chinese internet stocks might be showing their age over the past month or so, as investors wonder whether the likes of Alibaba Group Holding and Tencent Holdings can keep up their feverish growth pace. But a new industry could be just coming into its own: healthcare. Names like WuXi Biologics (2269.Hong Kong) and Ping An Healthcare & Technology (1833.Hong Kong) have a fraction of the online giants' market cap. A confluence of factors all but assures that they will get much bigger: an aging population, bottlenecks in China's state medical system, surging prowess in drug research, and state support. "The opportunity in healthcare is in some cases better than in e-commerce," says Taizo Ishida, who manages the Asia growth strategy for Matthews Asia. "The pipeline is solid, and stocks are still cheap in a way."

Healthcare News Continued...

Remote Patient Monitoring: The Future Of Healthcare?¹

PharmaTimes | March 22, 2021

The COVID-19 pandemic has brought into sharp focus the need to harness and leverage digital tools and technology for remote patient monitoring (RPM). With the onset of lockdown, and a sense of unease when visiting conventional clinical settings, we've seen a need for more robust disease detection and monitoring of individual and population health, which could be aided by wearable sensors and at-home devices.

The pandemic has led to huge spikes in digital technology adoption as doctors and patients have complied with social distancing guidelines. In fact, according to the Royal College of General Practitioners, 71% of routine consultations were remote in the four weeks leading up to April 12, 2020, compared to the 25% in the same period in 2019. This is a tremendous shift.

Incorporating RPM into a patient's chronic disease management may improve patients' quality of life, by allowing them to maintain independence, prevent complications, and to minimize personal costs. It can be especially helpful for patients who are managing a more complex self-care processes such as post-operative care, home dialysis, diabetes or congestive heart failure. Key features of RPM, such as trend analysis of physiological parameters, enable early data analysis and detection of condition deterioration, which could, in turn reduce hospital visits, duration of hospital stays and, with timely intervention, improve patient outcomes. With patients today becoming more technically savvy and less resistant to innovations like virtual consultations or remote monitoring through wearable devices, they're open to anything that promises to streamline their experience. Especially, if it gives them greater control over their treatment plans.

Healthcare Sponsors Flocked To Public Markets In 2020: Bain²

Wall Street Journal | March 16, 2021

Private-equity backed healthcare businesses headed to public markets in droves last year, an exit trend that is expected to extend into 2021, according to a report on the sector. The rise of special-purpose acquisition companies, or SPACs, as a viable exit strategy for private-equity backed assets, coupled with a number of traditional initial public offerings in the healthcare sector last year, helped contribute to the increase, consulting firm Bain & Co. said in the report released Tuesday.

Overall, the healthcare industry outpaced other sectors in deal activity last year, showcasing record expansion and higher volume than in the two preceding record-setting years, despite a 14% decline in overall transaction volume across private equity globally, according to the Bain report. Bain also highlighted a roughly 16% increase in global healthcare exits, to 146 last year from 126 in 2019, while the total disclosed value of those deals jumped 79% to \$73.1 billion in 2020 from \$40.8 billion in 2019. Bain found that the share of exits involving traditional IPOs or SPAC deals climbed to 25% from an average of 12% over the previous five years, partially driven by the rise in blank-check companies focused on the sector.

Amazon Built Its Own Healthcare Service For Employees. Now It's Selling It To Other Companies.³

The Washington Post | March 17, 2021

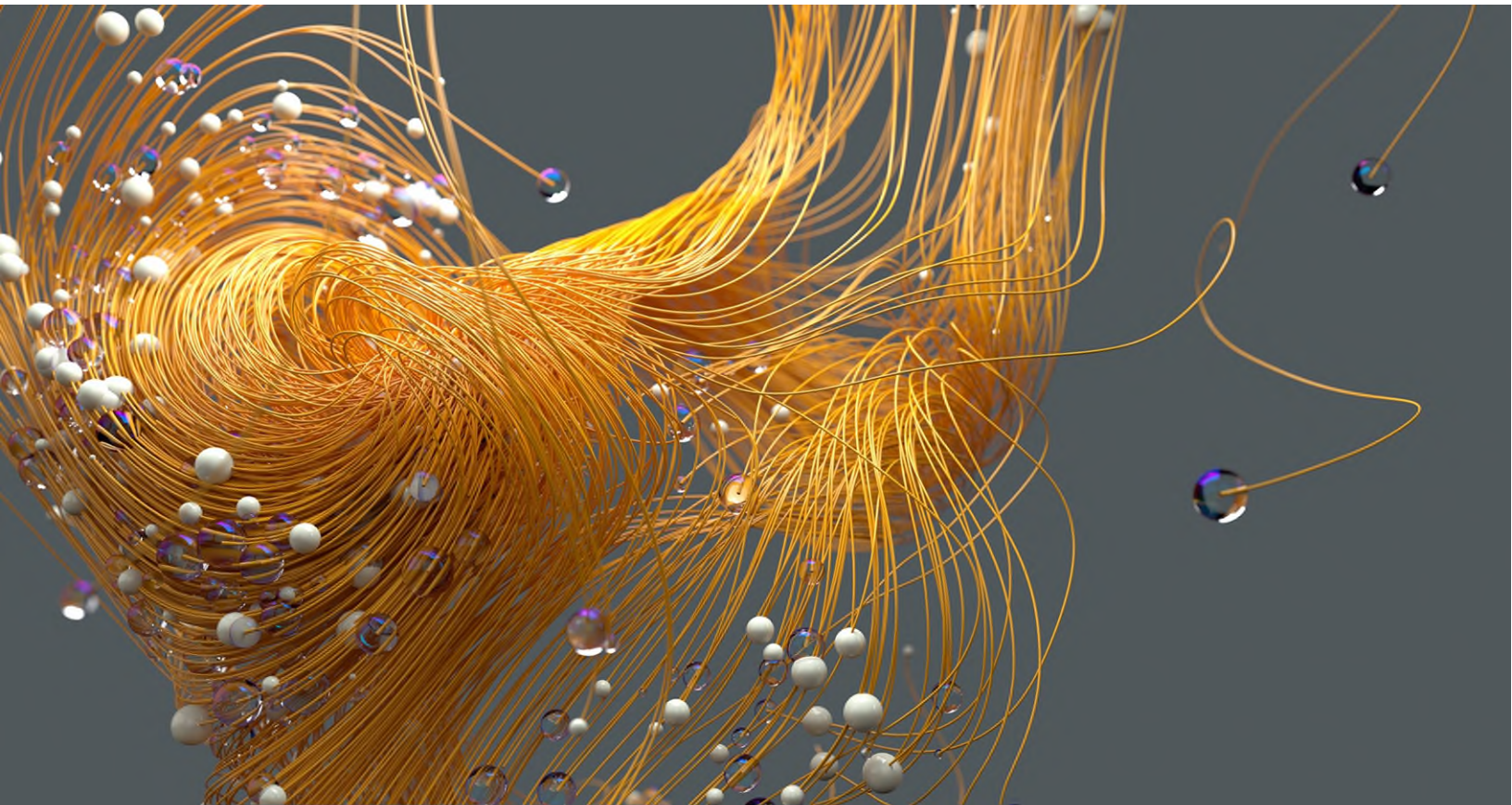
Amazon said Wednesday it will offer its on-demand health-care service to other companies, a step forward in tech giants' ambitions to play a larger role in the space. For years, Amazon, Google, Apple and others have been slowly creeping into health care, prompting privacy concerns because of the large amount of data the companies already have on users — from searches on health conditions to monitoring info from wearable devices.

The e-commerce giant sells specialized equipment to hospitals via its Amazon Business arm. Its cloud computing division offers a HIPAA-compliant machine learning service to extract health data from medical text. It sells a wearable arm band that can track body fat. It acquired medication delivery company PillPack in 2019 and launched Amazon Pharmacy. It was also part of an ambitious effort called Haven to overhaul health care with JPMorgan Chase and Berkshire Hathway, although the group shuttered in January.

March 31, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Pandemic Accelerates Consumerization Trend in Healthcare

Industry Insights

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Pandemic Accelerates Consumerization Trend in Healthcare

Banker Commentary by Stacy Guffanti

Consumers' interaction with the healthcare system is changing as a result of the pandemic. While consumerization in healthcare is not a new concept, the pandemic has accelerated the trend. This past year has brought health and wellbeing to the forefront of people's minds, and the consumer is now a much more active participant in the procurement, use, and payment of healthcare services than at any time in recent memory.

This is a good thing. Payers that embrace this dynamic will benefit by building a more robust relationship with their members as consumers interact with healthcare services and products in different ways. While plans have been pursuing consumerization strategies for years, the pandemic has truncated the timeline to evolve as young, disruptive companies threaten change and consumers demand offerings and experiences more accustomed to their new, more holistic expectations of healthcare delivery.

Recent IPOs/SPACs in the managed care space (Alignment Healthcare, Clover Health, Oscar) have underscored the power of a consumer-centric, tech-enabled model. In addition to their growth profiles and disruptive capabilities, they all have one important thing in common – they claim to offer a superior member experience using technology. By delivering a better experience, these next-generation payers can increase member retention, build brand premium and improve healthcare outcomes. For example, Oscar indicated in its S-1 that 71% of Oscar subscribing members have turned to their Care Team for help in navigating the healthcare system. As incumbent players look to deepen their reach into the consumer, the member experience needs to be front and center. While plans can leverage their own technology to help drive innovative solutions for members, we believe an increasing number of plans will look to partner with digitally native healthcare companies to enhance capabilities surrounding member engagement, benefit navigation, care management / coordination and remote patient monitoring.

In the government managed care space, payers will also look to incorporate supplemental benefits in their packages that address social determinants of health ("SDoH") and daily lifestyle to appeal to a more engaged consumer. A recent McKinsey and Co. study* suggested that roughly 60% of the factors that contribute to health outcomes can be attributed to SDoH and health behaviors. This compares with clinical care (~15%), and non-modifiable factors (~25%), such as genetics. Clearly, societal factors play a key role in health outcomes and as consumers increasingly can shop for and compare plans, supplemental benefits capitalizing on this trend will play a leading role. This is particularly true for Medicare Advantage plans. The Centers for Medicare & Medicaid Services ("CMS") now permits Medicare Advantage plans to provide services that target SDoH, including such things as groceries, transportation, and vision / dental. Furthermore, in January, CMS

Industry Insights continued...

released a new roadmap to states that is intended to drive the adoption of strategies that address the SDoH in Medicaid and the Children's Health Insurance Program ("CHIP") so that states can further improve beneficiary health outcomes, reduce health disparities and lower overall costs in Medicaid and CHIP. We believe that as more payers look to engage in consumer-centric models, they will need to expand their influence in the area of SDoH. This will likely drive more payers to pursue partnerships with tech-enabled SDoH-focused companies, like Cityblock and Healthify.

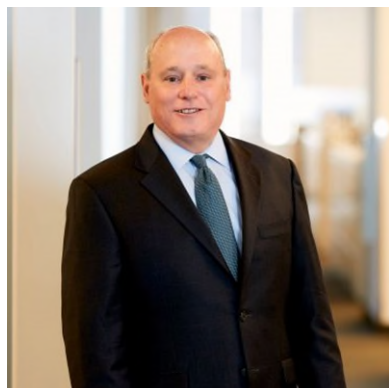
Consumer demands are shifting, competition is heating up, and change is underway. Yet, the landscape remains highly fragmented and confusing to most end users. Incumbents looking to broaden their value propositions, whether through partnership or M&A, can leverage scale and operational expertise to satisfy a new standard of care that benefits the entire ecosystem.

[The era of exponential improvement in healthcare? | McKinsey](#)

[CMS Issues New Roadmap for States to Address the Social Determinants of Health to Improve Outcomes, Lower Costs, Support State Value-Based Care Strategies | CMS](#)

[S-1 \(sec.gov\)](#)

Bracing for Change: An Executive Panel Discussion On Dental Plan Priorities



Join Cain Brothers Managing Director Court Houseworth at HealthScape Advisors exclusive panel on Dental Plan Priorities

Topics of discussion

- The M&A landscape: 2021 & beyond
- Emerging innovations & disruption in dental
- The intersection of Medicare Advantage & dental benefits
- Opportunity in government programs

The Panel will take place on April 14th from 1:00 PM – 2:00 PM Eastern Time. Register [here](#).

4.14.21 - 1PM ET

HealthScape Advisors presents an exclusive panel discussion on...

Bracing for Change: An Executive Panel Discussion On Dental Plan Priorities

We are excited to present our upcoming ancillary health panel discussion, where distinguished senior leaders will offer their unique dental market perspective and insights, specifically touching on:

- The M&A landscape: 2021 & beyond
- Emerging innovations & disruption in dental
- The intersection of Medicare Advantage & dental benefits
- Opportunity in government programs
- And more...

Join us on April 14th from 1-2PM ET

SIGN UP Today!

First name*

Last name*

Email*



Company name*



Job Title*



What questions can we help address regarding your organization's dental benefit priorities or strategic areas of focus?

Submit


Our Esteemed Panelists:


Alex Frommeyer
Founder and CEO
 Beam Dental
 

Court Houseworth
Managing Director
 Cain Brothers
 

Dr. James Bramson
Former Chief Dental Officer
 United Concordia
 

HealthScape Moderators:

Kyle Stern
Managing Partner
 HealthScape Advisors


Brian Goetsch
Managing Director
 HealthScape Advisors


Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
3/25/2021	eMolecules	Avista Capital Partners	NA	NA	NA	E-procurement platform for high-value chemicals and bioreagent
3/24/2021	myNEXUS	Anthem (NYSE: ATNM)	NA	NA	NA	Comprehensive home-based nursing management company for payors
3/24/2021	PWNHealth and Home Access Health	Everlywell	NA	NA	NA	PWN Health: National clinician network for early detection and prevention of disease using advanced diagnostics and telehealth Home Access: self-collected lab tests
3/23/2021	PatientPing	Appriss Health (Clearlake Capital Group and Insight Partners)	~\$500.0	NA	NA	Post-acute care software provider
3/23/2021	Revelation Pharma	Osceola Capital	NA	NA	NA	National partnership of 503A compounding pharmacies
3/17/2021	M2GEN	Clayton, Dubilier & Rice Merck Global Health Innovation Fund, McKesson Ventures	NA	NA	NA	Oncology data and informatics platform
3/16/2021	Cherry Tree Dental	ICV Partners	NA	NA	NA	General dentistry provider in Wisconsin
3/16/2021	Cumberland	Tegria	NA	NA	NA	Healthcare consulting and services firm for payers and providers
3/16/2021	EBS Healthcare	The Stepping Stones (Five Arrows Capital Partners)	NA	NA	NA	Therapeutic and behavioral company
3/16/2021	Grand Rounds	Doctor On Demand	Merger	NA	NA	Full suite of digital and interactive healthcare solutions
3/17/2021	himagine Solutions (BPOC)	Omega Healthcare Management (Goldman Sachs Merchant Banking and Everstone Group)	NA	NA	NA	himagine is a BPOC backed healthcare
3/15/2021	Advent Home Medical	New Harbor Capital	NA	NA	NA	At-home respiratory care company providing services and medical equipment
3/15/2021	Cordis (Cardinal Health)	Hellman & Friedman	\$1,000	1.3x	NA	Minimally-invasive cardiovascular technology
3/15/2021	HealthPRO Heritage (BPOC and SV Health Investors)	Wellspring Capital Management	NA	NA	NA	Provider of therapy management and consulting services to nursing homes and long-term care facilities
3/15/2021	ProtoQuick and Peridot	Seisa Medical	NA	NA	NA	Contract manufacturing and components
3/11/2021	Premier Health Consultants (majority stake)	Trinity Health	NA	NA	NA	Urgent care provider
3/9/2021	Bio-Optronics (Mainsail Management)	Advarra (Genstar Capital)	NA	NA	NA	Clinical trial management system for health systems and research sites
3/9/2021	Claritas Rx	Questa Capital	NA	NA	NA	Provider of data and analytics solutions covering specialty and rare disease patients
3/9/2021	Crown Health Care Laundry Services (Quilvest Capital Partners)	The Pritzker Organization	NA	NA	NA	Provider of outsourced linen management services and specialty products to hospitals, clinics and other facilities
3/8/2021	Mercy's Outreach Laboratory Services Business	Quest Diagnostics (NYSE: DGX)	NA	NA	NA	29 hospital laboratories and two independent clinic laboratories
3/8/2021	NDC (Court Square Capital Partners)	Platinum Equity	NA	NA	NA	Complete supply chain solutions to distributors, manufacturers, GPOs and providers
3/5/2021	iTakeControl	The Riverside Company	NA	NA	NA	Provider of clinical operations and medical affairs technology and services focused on rare disease and specialty pharma
3/4/2021	GSL Solutions	Becton, Dickinson (NYSE: BDX)	NA	NA	NA	Smart medication devices for the storage and tracking of controlled substances and patient specific medications
3/4/2021	Regent Surgical Health	Towerbrook and Ascension Capital	NA	NA	NA	Owner and manager of ambulatory surgery centers
3/3/2021	Renalogic	Carrick Capital Partners	NA	NA	NA	Dialysis risk management and cost containment

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
3/24/2021	Ginger	Blackstone Growth (lead), Kaiser Permanente Ventures, Cigna Ventures, Bessemer Venture Partners, Advance Ventures Partners, Khosla Ventures and others	Series E	\$100	On-demand mental health company
3/23/2021	AKASA (fka Alpha Health)	BOND (lead), Andreessen Horowitz, and Costanoa Ventures	Series B	\$60	Unified automation company for revenue cycle management in healthcare
3/23/2021	Ro	General Catalyst, FirstMark Capital and TQ Ventures (co-leads), SignalFire, Torch Capital, BoxGroup, Altimeter Capital, Baupost Group, Dragoneer Investment Group, and others	Series D	\$500	Vertically integrated primary care platform
3/22/2021	Evidation Health	OMERS Growth Equity and Kaiser Permanente Group Trust (co-leads), McKesson Ventures, B Capital Group	Series E	\$153	Digital health network
3/17/2021	Millennia Patient Services	Pamlico Capital and Eir Partners	Growth	Undisclosed	Patient payment and end-to-end patient financial engagement technologies for hospitals, health systems and medical groups
3/16/2021	Clarify Health	Insight Partners (lead), Spark Capital, Concord Health Partners, HWVP, KKR, Rivas Capital and Sigmas Group	Series C	\$115	Enterprise analytics company delivering real-world insights to healthcare organizations
3/16/2021	BetterNight	HCAP	Series B	Undisclosed	Comprehensive virtual-care sleep health solutions
3/18/2021	Happify Health	Deerfield Management (lead), Omega Capital Partners, ION Crossover Partners, TT Capital Partners, Marketplace Funds Venture Capital, Mangrove Capital Partners and others	Series D	\$73	Global software-enabled healthcare platform to improve mental and physical health
3/16/2021	Strive Health	CapitalG (lead), NEA, Town Hall, Ascension and Echo Ventures	Series B	\$140	Value-based kidney care
3/11/2021	100Plus	Henry Kravis, George Roberts	Seed	\$25	Remote patient monitoring platform for doctors and their patients
3/11/2021	Forward Health	Founders Fund, Khosla Ventures, SoftBank Vision Fund 2, Marc Benioff, and The Weeknd	Series D	\$225	Provides members with unlimited in-person care at its technology-driven clinics
3/10/2021	Advise Health	Oak HC/FT (lead), Adams Street Partners, Hamilton Lane	Series A	\$100	Medicare concierge agency that focuses on serving seniors within their community
3/9/2021	Cedar Cares	Tiger Global Management (lead), Andreessen Horowitz, Thrive Capital and Concord Health Partners	Series D	\$200	Patient billing software solutions for healthcare organizations
3/9/2021	Health Recovery Solutions	LLR Partners (lead), Edison Partners	Series C	Undisclosed	Provider of telehealth and remote patient monitoring solutions
3/2/2021	Beam Dental	Mercato Partners (lead), Traverse, Drive Capital, Georgian, Nationwide, Breakout Capital	Series E	\$80	Digital dental insurer
3/4/2021	CorVista Health	Ambix Life Science Fund (lead), MedVenture Partners	Series C	\$65	Digital health company dedicated to cardiovascular disease diagnosis
3/5/2021	PocketPills	TELUS Ventures	Series B	\$30	Canadian based online pharmacy
3/5/2021	TytoCare	Insight Partners (lead), Tiger Global and Qumra Capital	Series D	\$50	All-in-one modular device and telehealth platform for AI-powered, on-demand remote medical examinations
3/5/2021	Dispatch Health	Tiger Global (lead), Alta Partners, Echo Health Ventures, Humana, Oak HC/FT and Questa Capital	Series D	\$200	Provider of in-home health care
3/3/2021	Upward Health	Heritage Group (lead) Noro-Moseley Partners, the Blue Venture Fund, Windham Ventures	Undisclosed	Undisclosed	Medical group that specializes in high-risk, high-need populations

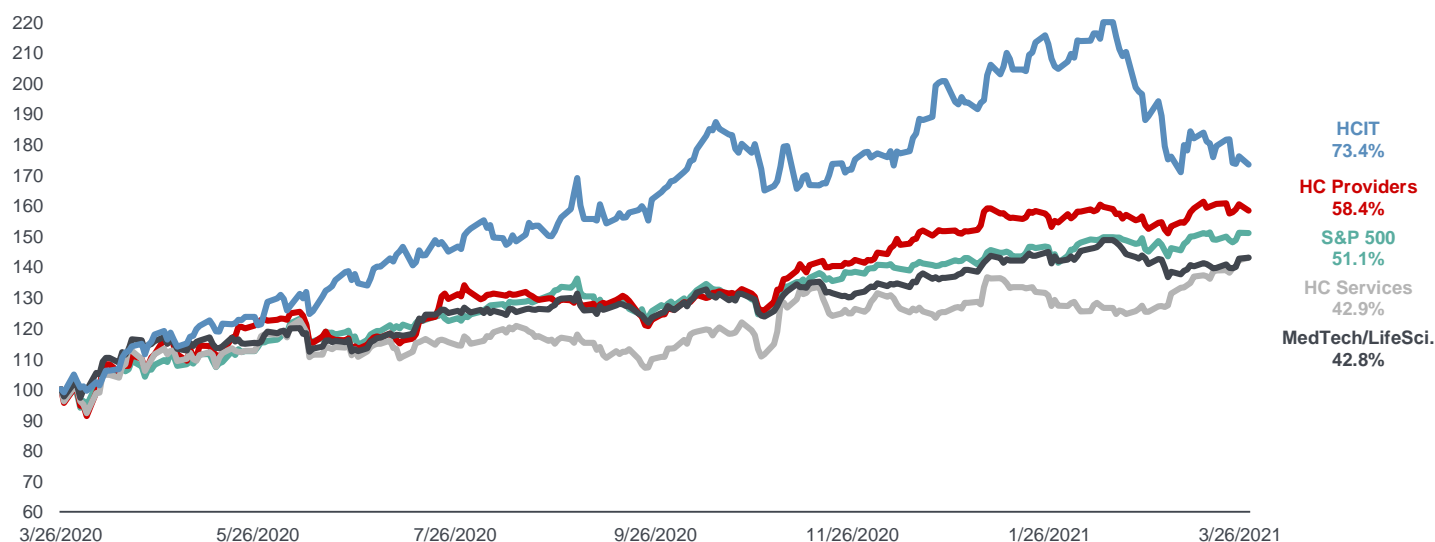
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of March 26, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	32,628	33,073	46.7%	1.4%
S&P 500	3,913	3,975	51.1%	1.6%
NASDAQ	13,215	13,139	68.5%	(0.6%)
Russell 2000	2,288	2,221	88.2%	(2.9%)
NYSE Healthcare	20,178	20,504	34.7%	1.6%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	97.2%	0.8%
Alternate Site Services	35.6%	0.1%
Diagnostics	80.0%	2.0%
Distribution	44.9%	2.7%
Healthcare IT	76.1%	(2.4%)
Healthcare REITs	42.4%	1.9%
Managed Care	45.6%	2.7%
Medical Technology	39.9%	2.3%
Outsourced Services	66.2%	(1.9%)
Pharma Services	73.7%	0.8%
Pharmacy	24.7%	2.0%
Post-Acute Care	52.7%	1.1%

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Pricing Date	Issuer (Ticker)	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
3/25/2021	Alignment Healthcare (ALHC)	IPO	\$39	\$3,232	\$18.00	(3.8%)	Tech-enabled Medicare Advantage company
3/3/2021	Oscar Health (OSCR)	IPO	\$1,184	\$5,089	\$39.00	(34.1%)	Technology-driven health insurance company
3/4/2021	InnovAge (INNV)	IPO	\$350	\$3,207	\$21.00	16.0%	Provider of the Program of All-inclusive Care for the Elderly (PACE)
2/11/2021	Apria (APR)	IPO	\$150	\$744	\$20.00	12.5%	Provider of integrated home healthcare equipment
2/11/2021	Bioventus (BVS)	IPO	\$104	\$649	\$13.00	13.5%	Joint pain and preservation medtech company
2/11/2021	Signify Health (SGFY)	IPO	\$564	\$6,036	\$24.00	12.5%	Value-based care platform
2/10/2021	OptimizeRx (OPRX)	Follow On	\$66	\$959	\$49.50	(4.0%)	Provider of digital health solutions for life science companies, physicians & patients
2/5/2021	Lucira Health (LHDX)	IPO	\$153	\$933	\$17.00	(27.9%)	Single-use test kits for COVID-19

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of March 26, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	2.14%	2.19%	4.57%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.89%	1.94%	4.42%
SIFMA (Variable Rate Demand Notes)	0.05%	0.04%	5.20%
Revenue Bond Index	2.71%	2.76%	3.22%
SIFMA/ 1Month LIBOR	45.45%	36.36%	565.22%
RBI/30 Yr Treasury (%)	114.35%	112.65%	207.74%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.70%	1.73%	0.67%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
UPMC**	\$221.860	PA	A2 / A / A	2051	2031 (C)	4.00%	2.34%	3.21%	1.74%
UPMC** (Forward Delivery)	\$47.430	PA	A2 / A / A	2031	NC	5.00%	1.71%	N/A	1.74%
Mayo Clinic (Taxable)	\$500.000	MN	Aa2 / AA / NR	2061	MWC***	3.20%	3.20%	N/A	2.34%
University of Pennsylvania Health System (Forward Delivery)	\$109.735	PA	Aa3 / AA / NR	2042	2032 (C)	4.00%	2.70%	3.22%	1.74%
University of Pennsylvania Health System	\$79.810	PA	Aa3 / AA / NR	2044	2031 (C)	5.00%	1.95%	3.25%	1.74%
Noorda College of Osteopathic Medicine (Taxable)	\$87.940	UT	Ba2 / NR / NR	2045	2031 (C)	6.50%	7.00%	N/A	2.37%
Noorda College of Osteopathic Medicine (Taxable)	\$47.965	UT	Ba2 / NR / NR	2050	2031 (C)	5.63%	5.75%	N/A	2.37%
Plymouth Place, Inc.	\$23.960	IL	NR / NR / BB+	2056	2031 (C)	5.00%	3.61%	4.35%	1.74%
Total	\$1,118.700								

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

**Cain Brothers Co-Managed Transaction

***Make whole at 12.5 bps

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Cleveland-Cuyahoga County Port Authority Federal Lease Revenue Bonds (VA Cleveland Health Care Center Project), Federally Taxable Series 2021	3/30/2021	\$279.950	NR / NR / NR
Board of Trustees of the University of Arkansas Various Facilities Revenue Bonds (UAMS (University of Arkansas for Medical Sciences) Campus) Series 2021A Series 2021B (Taxable)	3/31/2021	\$138.995	Aa2 / NR / NR
Advocate Health and Hospitals Corporation Taxable Bonds Series 2018 (Advocate Aurora Health Credit Group) Corporate CUSIP Reopening of 2028 CUSIP: 007589AA2 Advocate Health and Hospitals Corporation Taxable Bonds Series 2019 (Advocate Aurora Health Credit Group) Corporate CUSIP Reopening of 2049 CUSIP: 007589AC8	3/31/2021	\$100.000	Aa3 / AA / AA
The Industrial Development Authority of the County of Cape Girardeau, Missouri Long-Term Rate Health Facilities Revenue Bonds (Saint Francis Healthcare System) Series 2022 (Forward Delivery)	3/30/2021	\$86.070	NR / A+ / AA
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2018C (Advocate Aurora Health Credit Group) **REMARKETING**	3/31/2021	\$50.000	Aa3 / AA / AA

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

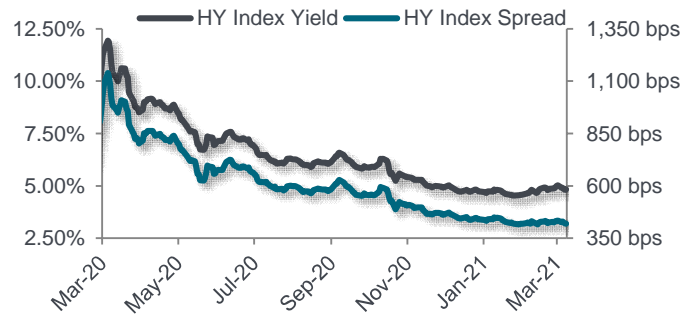
High Yield

- Last week saw a \$1.4B outflow, marking the 11th outflow YTD; net outflows total \$10.3B YTD, which follows \$44.9B of net inflows in 2020

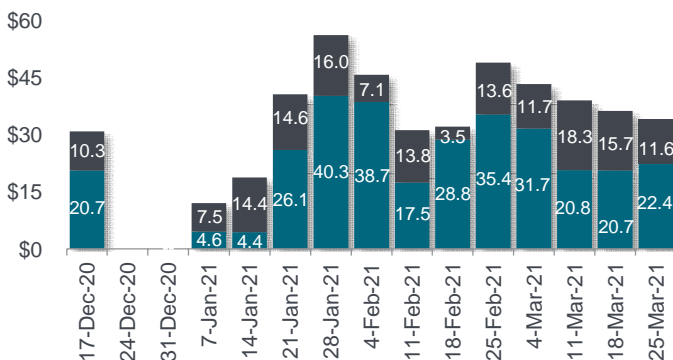
Leveraged Loans

- Leveraged loan funds saw a \$784MM inflow last week, marking the 11th consecutive inflow of 2021; net inflows total \$9.3B YTD, which follows \$27.0B of net outflows in 2020
- The leveraged loan primary market saw 28 deals price last week for \$22.4B

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			February 2021	March 2021	03/24/21
Overall	5.32%	4.40%	4.34%	4.55%	4.55%
4B	4.00%	3.00%	2.93%	3.09%	3.09%
2B	5.41%	4.63%	4.54%	4.90%	4.90%
Middle Market	6.02%	4.79%	4.29%	5.29%	5.29%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
3/25/2021	AmerisourceBergen	Sr Notes	\$1,525	Baa2 / A- / A-	0.737%	3/15/2023	+60	25 bps
3/25/2021	AmerisourceBergen	Sr Notes	\$1,000	Baa2 / A- / A-	2.700%	3/15/2031	+110	8 bps
3/24/2021	STERIS	Sr Notes	\$675	Baa2 / BBB- / NR	2.700%	3/15/2031	+110	25 bps
3/24/2021	STERIS	Sr Notes	\$675	Baa2 / BBB- / NR	3.750%	3/15/2051	+145	25 bps
3/16/2021	Illumina Inc	Sr Notes	\$500	Baa3 / BBB / NR	0.550%	3/23/2023	+40	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
3/11/2021	Endo Pharma	Sr. Sec. Notes	\$1,295	B2/B+	6.125%	4/1/2029	479 bps	6.25% area
3/8/2021	Charles River Laboratories	Sr. Notes	\$500	Ba2/BB	3.750%	3/15/2029	236 bps	3.75%-4.00%
3/8/2021	Charles River Laboratories	Sr. Notes	\$500	Ba2/BB	4.000%	3/15/2031	241 bps	4.00%-4.25%
3/3/2021	Owens & Minor	Sr. Notes	\$500	B2/BB-	4.500%	3/31/2029	324 bps	4.50%-4.75%
2/25/2021	US Acute Care	Sr. Sec. Notes	\$375	B2/B-	6.375%	3/1/2026	563 bps	6.50% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
3/26/2021	Soliant Health Inc	Olympus Partners	B2/B+	Recap/Dividend	\$320	L+425, 0.75 @ 99.25	5.188%
3/18/2021	Galderma	EQT Partners	B3/B	Refinancing	\$3,130	L+375, 0.75% @ 99.75	4.563%
3/11/2021	Endo International	Public	B3/B	Refinancing	\$2,000	L+500, 0.75% @ 99	6.000%
3/5/2021	Trustaff	Cornell Capital	B2/B	LBO	\$525	L+425, 0.75% @ 99.5	5.125%
3/5/2021	DuPage Medical Group	Ares Management	B2/B	Recap/Dividend	\$650	L+325, 0.75% @ 99.5	4.125%

Sources: Lipper FMI, Morgan Markets
 1. 4B rating (BB/Ba2), 2B rating (B/B2)
 2. 90-day rolling average

Healthcare News

Study Of 36.5M People Reveals Huge Jump In Pandemic Telehealth Use ¹

Healthcare IT News | March 25, 2021

A cohort study of more than 36 million people in the United States found a dramatic increase in telehealth use during the first four months of the COVID-19 pandemic. Using data from Blue Health Intelligence data repository – an independent data and analytics company that is a licensee of the Blue Cross and Blue Shield Association – researchers from the Johns Hopkins Bloomberg School of Public Health compared claims data from March through June 2019 with March through June 2020. During the first four months of COVID-19, telehealth visits accounted for 23.6% of all interactions – compared with 0.3% of contacts during the same time period in 2019.

Report Urges Pharma Companies To Utilize Synthetic Data In Clinical Trials²

PharmaTimes | March 24, 2021

A new report from Phesi and Accenture is encouraging pharmaceutical companies to utilize synthetic data in clinical trials. Synthetic data is based on real-world data sets, used to accurately predict the 'synthetic patient profile' and deploy a virtual cohort in a clinical trial. The report is the first in a series exploring the use of synthetic data in clinical development. It outlines two cases where synthetic data was used within the clinical trial process – in oncology and gastroenterology. In oncology, trials can be costly and time-intensive – in a study without a synthetic control arm, the median R&D cost for oncology drugs is \$2.77bn. In addition, recruiting patients can also be a challenge in oncology, meaning it often takes longer to get treatments to market. The report details how synthetic data could help to overcome some of these challenges, by reducing patient numbers and eliminating placebos to accelerate the process.

Hospital Margins Hit Hard By Pandemic, But CARES Act Provided Huge Relief, Moody's Finds³

Healthcare Dive | March 26, 2021

A new report from Moody's Investors Service concluded that non-profit and public hospital margins have declined but liquidity has improved during the COVID-19 pandemic, primarily due to advanced Medicare payments under the relief provisions of the Coronavirus Aid, Relief, and Economic Security Act. However, overall cash flow slumped. The acuity of inpatients also increased as a result of the reduction in elective procedures in order to preserve beds for coronavirus patients. And hospitals are still battling rising expenses in relation to the pandemic, which they have reacted to by trying to cut costs. The proportion of hospitals that suffered operating losses rose significantly, although the overall sample was significantly smaller. Although the fiscal situation for the sector has improved, Moody's did not provide a long-term outlook for hospitals in 2021 and beyond.

Healthcare News Continued...

AHIP Study Finds Electronic Prior Authorization May Make It Easier For Providers To Say Goodbye To Their Fax Machines¹

Fierce Healthcare | March 24, 2021

Providers who regularly use electronic prior authorization are largely finding that it speeds up patients' access and reduces time spent on administrative work like sending faxes, according to new data from America's Health Insurance Plans (AHIP). AHIP kicked off its Fast Prior Authorization Technology Highway, or Fast PATH, project in early 2020. It recruited six major insurers—Blue Shield of California, Cambia Health Solutions, Cigna, Florida Blue, Humana and WellCare Health Plans, now part of Centene—and two technology partners, Availity and Surescripts, to participate in the analysis. The study, conducted by RTI International, tracked 40,000 prior authorizations and surveyed 300 providers and staff members using electronic prior auth. The median time between submitting a request and receiving a decision was three times faster using an electronic method, the study found, taking 5.7 hours compared to 18.7 hours for manual requests. That represents a decrease of 69%, the survey said. Prior to using electronic prior authorizations, 17% of decisions were received in less than two hours. That number increased to 33% when electronic methods were introduced, the study found. Twenty-four percent of manual requests took more than 48 hours before a decision was rendered, compared to 15% of those submitted electronically, according to the study. wearable devices, they're open to anything that promises to streamline their experience. Especially, if it gives them greater control over their treatment plans.

Diagnostics Sector Pitches K-12 COVID-19 Test Plan To Tap Into Biden's \$10B Fund²

MedTech Dive | March 26, 2021

The Rockefeller Foundation has emerged as a leading advocate for using COVID-19 screening tests to safely reopen schools in recent months, publishing details in February of a pilot study that showed weekly testing of student and teachers cut infections by up to 50% and then cheering the Biden administration's provision of \$10 billion in funding released last week. The Rockefeller Foundation plan, which involves companies such as Abbott Laboratories, LabCorp, Quest Diagnostics and Roche, is focused on the use of antigen kits or pooled PCR testing to screen students and staff. Positive pooled results lead to further testing of individuals. With the Biden administration providing \$10 billion for screening at schools, the foundation proposal gives administrators a roadmap for using the money — plus details of the companies that can help put the plan into practice.

More Under-30 Americans Report Anxiety, Depression During Pandemic – CDC³

Reuters | March 26, 2021

More young adults in the United States reported feeling anxious or depressed during the past six months of the COVID-19 pandemic, and fewer people reported getting the help they needed, according to a U.S. government study released on Friday. The findings are based on a Household Pulse Survey conducted by the U.S. Centers for Disease Control and Prevention (CDC) and the Census Bureau to monitor changes in mental health status and access to care during the pandemic. Between August 2020 and February 2021, the percentage of adults under age 30 with recent symptoms of an anxiety or a depressive disorder rose to 41.5% from 36.4%, as did the percentage of such people reporting that they needed, but did not receive, mental health counseling. The study also found those with less than a high school education were more at risk, though it did not provide an explanation for it. During Jan. 20, 2021 through Feb. 1, 2021, about two in five adults aged over 18 years experienced recent symptoms of an anxiety or a depressive disorder, the survey found. Demand for mental health and meditation apps, and investments in tech startups building these apps have also risen during this period.

1. <https://www.fiercehealthcare.com/payer/ahip-study-finds-electronic-prior-authorization-may-make-it-easier-for-providers-to-say>

2. <https://www.medtechdive.com/news/diagnostics-sector-pitches-k-12-covid-19-test-plan-to-tap-into-bidens-10b/597395/>

3. <https://www.reuters.com/article/us-health-coronavirus-usa-cdc/more-under-30-americans-report-anxiety-depression-during-pandemic-cdc-idUSKBN2BI2BJ>