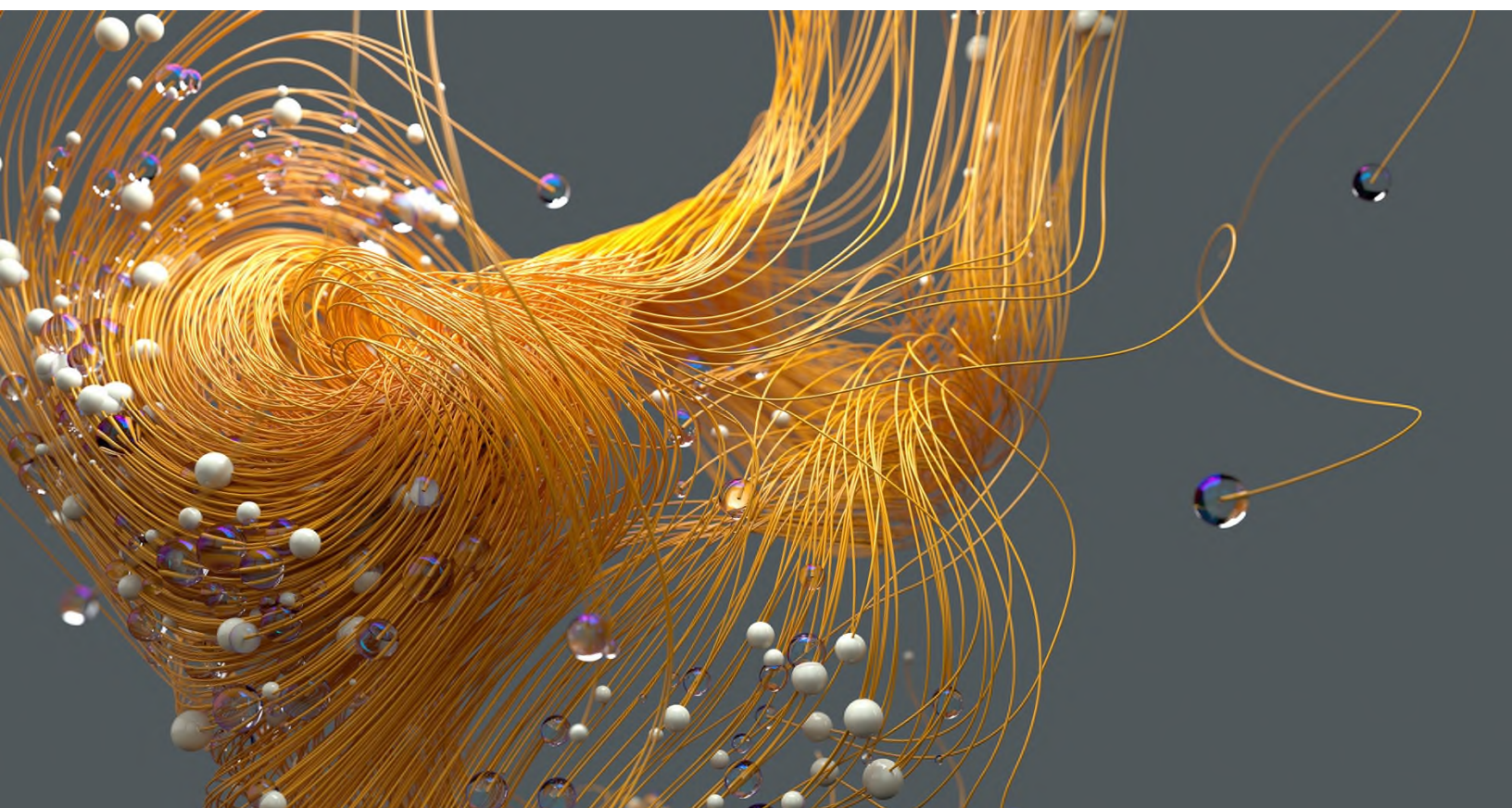


May 4, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Where the Puck's Going: AI Applications within RCM

Industry Insights

Contents

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



Where the Puck's Going: AI Applications within RCM

Banker Commentary by David Iklodi

The healthcare revenue cycle, like many other areas of the healthcare landscape, has slowly evolved from the days of paper transactions and records to computer assisted workflows driven by rule-based logic.

Meanwhile, the healthcare regulatory and payment landscape has become increasingly complex and dynamic, creating the demand for more flexible technology to keep up with constant change. For healthcare organizations facing increasingly complex payer rules and regulations, increasingly prevalent modes of care delivery (e.g., virtual and remote health) and a potential uptick in denials on the heels of the Covid-19 pandemic, AI applications are shifting from an interesting tool of the future to a must-have utility.

According to a national study of 200 revenue cycle, IT, finance and C-suite decision makers, AI will become widespread within hospital revenue cycles by 2023, and nearly all U.S. hospitals plan use AI pervasively across the revenue cycle within three years¹. Given the pace of other widespread changes in healthcare, and the “black box” perception of AI that exists today, the 2023 timeline may seem aggressive; however, the combination of demand and an increasing number of AI solutions in the market will drive accelerated adoption in the coming years. As we know, outcomes matter in healthcare, and demonstrable outcomes will be the ultimate catalysts for widespread adoption.

AI's Value Proposition within RCM

AI technologies as outlined by Jill Frew, Cain Brothers Managing Director, in our January 26th Industry Insights report, include Natural Language Processing (NLP), Machine Learning (ML) and Robotic Process Automation (RPA) – all of which have use cases within the healthcare revenue cycle and have helped streamline and provide more accuracy to RCM strategies by managing large volumes of information and improving payer-provider communications. AI excels in high transaction environments like the revenue cycle in which there are codified rules. The technology's ability to adapt real-time in complex environments removes administrative waste, reduces cumbersome maintenance of rule-based workflows, and enhances decision making.

AI Applications within RCM

AI applications have the potential to drive significant productivity across the revenue cycle, particularly in some of the historically manual processes that still exist in today's revenue cycle, such as insurance verification, coding, clinical documentation and low balance account recovery.

Industry Insights continued...

- Within eligibility and insurance verification, ML can be used to automate insurance card input and learn requirements for prior authorization, implement checks and obtain authorizations. Companies like Olive, based in Columbus, Ohio, are working with healthcare employees to automate and optimize prior authorization and other workflows using an AI-as-a-Service model.
- Medical coding is at the heart of RCM and is highly complex with over 200,000 codes with varying payer guidelines and provider references. Companies like Fathom, based in San Francisco, are combining deep learning and NLP to drive coding speed and accuracy with minimal human interaction, thus reducing labor and technology costs.
- Clinical documentation throughout the revenue cycle requires clinical judgment to ensure that the entirety of the patient encounter is accurately and compliantly reflected in the final code set submitted for reimbursement. Companies like Iodine Software, based in Austin, Texas provide ML solutions to evaluate clinical documentation and data to determine records that require improvement before submission.
- Within low balance account recovery, companies like Colburn Hill Group, based in Manchester, New Hampshire are using RPA to screen old, low balance claims to identify those that are collectible and then analyzing and re-billing accordingly.

While several other applications of AI within the revenue cycle exist, an equal if not greater amount of applications remain unknown, as is the case with any technology in the early stages of adoption. Ultimately, application and impact of AI technologies will vary based on the needs and priorities of each healthcare organization – there is no “one size fits all” approach.

Record-Breaking Funding for Healthcare AI

Globally, healthcare AI companies brought in a record-breaking \$2.5 billion in Q1 2021 with 111 deals, representing an increase of 140% compared to Q1 2020. Healthcare AI also continues to gain attention from industry executives, as mentions of AI and ML in healthcare topped 2,200 during company earnings calls last quarter, according to CB Insights.

Conclusion

Ready or not, AI applications in healthcare and within RCM will become more prevalent in the coming years as healthcare organizations look for solutions to more efficiently navigate complex regulations, remove administrative waste, and become more efficient in the post-pandemic era. The combination of demand, increasing adoption and solutions available in the market will disrupt healthcare revenue cycles as we know them. The future is now.

Sources:

1. Poised to Transform: AI in the Revenue Cycle, a study commissioned by Change Healthcare and conducted by ENGINE Insights

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
4/29/2021	PatientSafe Solutions	Vocera Communications (NYSE:VCRA)	NA	NA	NA	Clinical communication and collaboration solutions for healthcare
4/28/2021	Clinipace (Morgan Stanley Private Equity)	dMed Global	NA	NA	NA	Full service clinical contract research organization
4/27/2021	Kirkpatrick Dental Group	Hunter Street and Healy Capital	NA	NA	NA	Dentistry platform with multiple practices in Tennessee and Georgia
4/27/2021	Kindred at Home (remaining 60% interest) (TPG and Welsh, Carson, Anderson & Stowe)	Humana (NYSE: HUM)	\$8,100	NA	NA	Home health and hospice provider
4/26/2021	Prime Global	Levine Leichtman Capital Partners	NA	NA	NA	Provider of medical communications and market access
4/26/2021	Ambulatory Management Solutions	VSS Capital Partners	NA	NA	NA	Provider of outpatient anesthesia, surgical and administrative services
4/23/2021	PinnacleCare	Sun Life Financial (NYSE: SLF)	\$85	NA	NA	U.S. medical intelligence and healthcare navigation provider
4/23/2021	PlushCare (GGV Capital, Lightspeed Venture Partners, Exponent Capital Partners, Transformation Capital Partners)	Accolade (Nasdaq: ACCD)	\$450	12.9x	NA	Virtual primary care and mental health platform
4/22/2021	Canadian Hospital Specialties (Cortec Group)	Flexpoint Ford	NA	NA	NA	Specialty distributor and manufacturer of medical and surgical products
4/22/2021	Cigna's Texas Medicaid and Medicare-Medicaid Plan	Molina Healthcare (NYSE: MOH)	\$60	NA	NA	Serves 48,000 Medicaid members in the STAR+PLUS program and 2,000 MMP members
4/21/2021	SimonMed Imaging	American Securities	NA	NA	NA	Independent outpatient medical imaging providers and physician radiology practices
4/20/2021	Implantable Provider Group (Sequoia Capital and Camden Partners)	TPG Growth	NA	NA	NA	Provider of surgical cost management solutions
4/19/2021	Abode Healthcare (Summit Partners)	BrightSpring	NA	NA	NA	Provider of home health and hospice services
4/19/2021	HealthiNation (MK Capital, Intel Capital)	GoodRx (Nasdaq: GDRX)	\$75	NA	NA	Provider of informative health video content
4/15/2021	PPD (Nasdaq: PPD)	Thermo Fisher Scientific (NYSE: TMO)	\$20,900	4.4x	24.4x	Global provider of clinical research services to the pharma and biotech industry
4/15/2021	PPM Advisory Group and OrtleyBio	Red Nucleus	NA	NA	NA	Provider of scientific operations and communications services to biopharmaceutical companies
4/15/2021	Solesis (51% stake)	Altaris Capital Partners	NA	NA	NA	Biomaterials for the life sciences industry
4/14/2021	American Health Partners	Mitchell Family Office	NA	NA	NA	Continuum of health care services for adults and seniors, including long-term support for daily living, home health and hospice, and short-term care focused on recovery and rehabilitation
4/14/2021	BioDot	ATS Automation Tooling Systems (TSX:ATA)	\$84	9.7x	8.4x	Manufacturer of automated fluid dispensing systems for life science industry
4/14/2021	Bluestone Physician Services	WindRose Health Investors	NA	NA	NA	Provider integrated care delivery model to more than 22,000 high-risk, chronically ill patients residing in senior living, community, and other home-based settings
4/14/2021	Canadian Orthodontic Partners	Pamlico Capital	NA	NA	NA	Orthodontics-focused specialty dental support organization
4/13/2021	Revival Animal Health	Incline Partners	NA	NA	NA	Distributor of pet health products
4/13/2021	Home Care Delivered	BPOC	NA	NA	NA	Provider of reimbursable medical supplies
4/12/2021	Specialty Pharmacy Nursing Network	HealthEdge Investment Partners	NA	NA	NA	Provider of specialty home infusion nursing services
4/12/2021	Therapy Brands (Lightyear Capital LLC, Oak HC/FT, Greater Sum Ventures)	KKR	NA	NA	NA	Practice management and electronic health record software platform for behavioral health and physical rehabilitation providers

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
4/29/2021	Ceribell	Longitude Capital and The Rise Fund (co-leaders), RA Capital Management, Redmile Group and Red Tree Venture Capital	Series C	\$53	Medical devices for acquisition and interpreting electroencephalography data in patients with various neurological conditions
4/28/2021	Kaia Health	Optum Ventures, Eurazeo, 3VC, Balderton Capital, Heartcore Capital, Symphony Ventures, and A Round Capital	Series C	\$75	AI-assisted digital therapies via a mobile app for chronic pain related to musculoskeletal disorders and COPD
4/26/2021	CareRev	Transformation Capital (lead), Industry Ventures and Zach Coelius, Michael Siebel, Gaingels and others	Series A	\$50	Labor marketplace platform that connects hospitals and health systems with local, healthcare professionals on demand
4/22/2021	InterWell Health	Undisclosed	Series B	\$46	Renal physician organization
4/20/2021	Tesseract Health	Foresite Capital, Glenview Capital, and Opaleye	Series B	\$80	Eye-imaging diagnostic technology platform
4/19/2021	Virta Health	Tiger Global (lead)	Series E	\$133	Virtual diabetes disease management platform
4/15/2021	Medable	Sapphire Ventures (lead), Obvious Ventures, GSR Ventures, PPD, and Streamlined Ventures	Undisclosed	\$78	Digital and decentralized clinical trial solutions
4/14/2021	Bendling	Sequoia Capital (lead), Altimeter Capital, Byers Capital, Elad Gil, Thrive Capital, Benchmark, Menlo Ventures, Alkeon Capital, ICONIQ, Lux Capital, Spark Capital and Lead Edge Capital	Series E	\$200	R&D cloud platform for the life science industry
4/13/2021	Cohere Health	Polaris Partners (lead), Longitude Capital, Deerfield Management, Flare Capital Partners and Define Ventures	Series B	\$36	Digital health plan solutions
4/12/2021	Tend	Addition (lead), GV, Juxtapose, Redpoint and Zigg Capital	Series C	\$125	New York City based dentist clinic
4/7/2021	Firefly Health	Andreessen Horowitz (lead), F-Prime Capital and Oak HC/FT	Series B	\$40	Artificial intelligence-based platform that connects patients and health care professionals

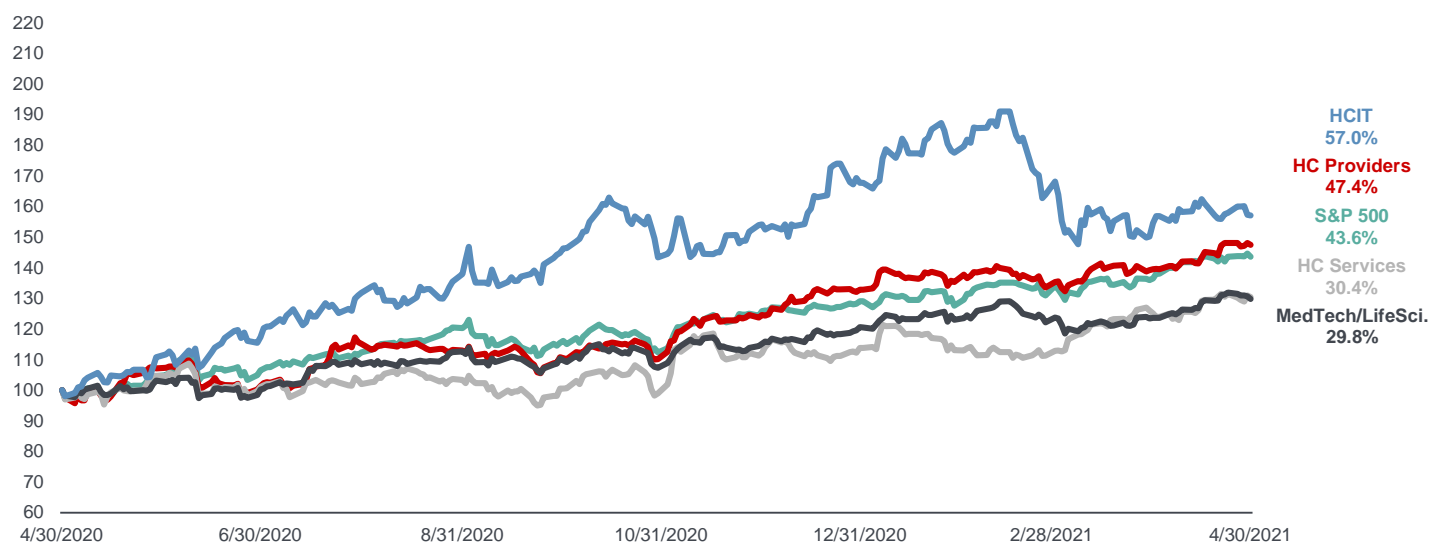
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of April 30, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,043	33,875	39.1%	(0.5%)
S&P 500	4,180	4,181	43.6%	0.0%
NASDAQ	14,017	13,963	57.1%	(0.4%)
Russell 2000	2,272	2,266	72.9%	(0.2%)
NYSE Healthcare	21,505	21,141	20.8%	(1.7%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	81.2%	0.3%
Alternate Site Services	22.2%	1.1%
Diagnostics	56.6%	(0.5%)
Distribution	34.6%	(2.7%)
Healthcare IT	57.0%	(0.9%)
Healthcare REITs	39.6%	0.0%
Managed Care	30.5%	(0.8%)
Medical Technology	26.7%	(1.7%)
Outsourced Services	62.9%	1.7%
Pharma Services	64.7%	0.1%
Pharmacy	23.6%	0.3%
Post-Acute Care	46.3%	(2.2%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Issuer (Ticker)	Pricing Date	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	57.9%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	(2.7%)	Diversified home care platform focused on providing care to medically complex, high-cost patient populations
Agiliti (AGTI)*	4/23/2021	IPO	\$368	\$2,040	\$14.00	9.9%	Medical equipment management and service solutions
Treace Medical Concepts (TMCI)	4/23/2021	Follow On	\$106	\$1,322	\$17.00	84.5%	Orthopedic medical devices and biologic solutions
SeaSpine (SPNE)	4/19/2021	Follow On	\$88	\$709	\$19.50	6.7%	Spinal surgical solutions
Agilon Health (AGL)	4/15/2021	IPO	\$1,072	\$11,545	\$23.00	37.1%	Partners with physicians to create their own Medicare-centric globally capitated line of business
Phreesia (PHR)*	4/9/2021	Follow On	\$225	\$2,611	\$50.00	3.5%	Healthcare IT solutions
Alignment Healthcare (ALHC)	3/25/2021	IPO	\$39	\$3,232	\$18.00	47.4%	Tech-enabled Medicare Advantage company

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of April 30, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.99%	1.95%	3.88%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.74%	1.70%	3.53%
SIFMA (Variable Rate Demand Notes)	0.06%	0.06%	0.21%
Revenue Bond Index	2.63%	2.62%	2.86%
SIFMA/ 1Month LIBOR	54.55%	54.55%	42.86%
RBI/30 Yr Treasury (%)	114.35%	116.44%	244.44%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.62%	1.56%	0.61%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Tift Regional Health System, Inc. Project** (Taxable)	\$73.540	GA	Aa2 / NR / NR	2042	2030 (C)	2.98%	2.98%	N/A	2.29%
Bethesda Health Group, Inc.	\$19.495	MO	NR / NR / BBB	2041	2031 (C)	4.00%	2.51%	3.11%	1.59%
John Knox Village	\$18.000	MO	NR / NR / NR	2056	2031 (C)	5.00%	4.35%	4.69%	1.59%
Total	\$18.000								

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

**Rating reflects Tift County, GA Guarantee; Refunding Revenue Anticipation Certificates

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Maine Health and Higher Educational Facilities Authority Revenue Bonds, Series 2021B (Federally Taxable)	5/5/2021	\$157.085	A1 / AA / A+
Maine Health and Higher Educational Facilities Authority Revenue Bonds, Series 2021A Insured by: Assured Guaranty Municipal Corp.	5/5/2021	\$86.580	A1 / AA / A+
Martin County Hospital District (Martin County, Texas) General Obligation Refunding Bonds, Series 2021	5/6/2021	\$15.380	NR / BBB+ / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

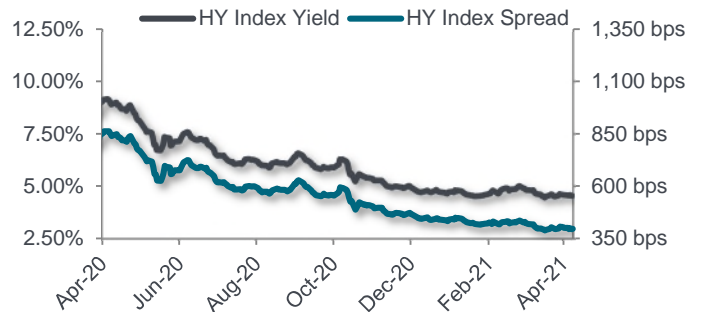
High Yield

- Last week saw a \$272 million inflow, following the prior week's outflow of \$1.3 billion; net outflows total \$7.9 billion YTD, which follows \$44.9 billion of net inflows in 2020

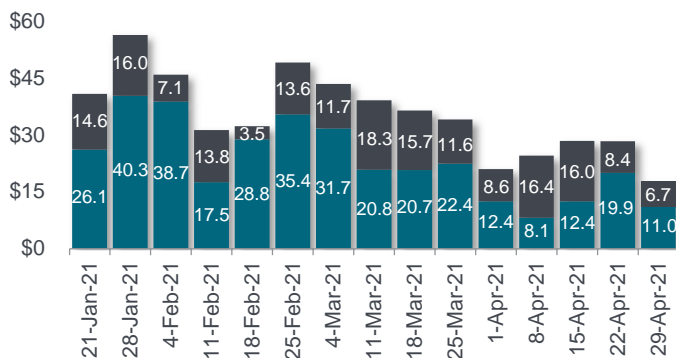
Leveraged Loans

- Leveraged loan funds saw a \$931 million inflow last week, marking the 16th consecutive inflow of 2021; net inflows total \$18.2 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 28 deals price last week for \$11.0 billion

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	04/29/21
Overall	5.32%	4.40%	4.34%	4.59%	4.93%
4B	4.00%	3.00%	2.93%	3.24%	3.33%
2B	5.41%	4.63%	4.54%	4.97%	5.20%
Middle Market	6.02%	4.79%	4.29%	5.29%	4.56%

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
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25
4/22/2021	Jazz Pharma	Sr. Sec. Notes	\$1,500	Ba2/BB+	4.375%	1/15/2029	298 bps	4.625% area
4/8/2021	Organon	Sr. Sec. Notes	\$2,100	Ba2/BB	4.125%	4/30/2028	282 bps	4.125%-4.25%
4/8/2021	Organon (€)	Sr. Sec. Notes	\$1,475	Ba2/BB	2.875%	4/30/2028	344 bps	3.00% area
4/8/2021	Organon	Sr. Notes	\$2,000	B1/BB-	5.125%	4/30/2031	348 bps	5.125%-5.25%

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
4/30/2021	Surgery Partners	Public	B3/B-	Refinancing	\$125	L+325, 0.75% @ 99.75	4.063%
4/28/2021	Insulet	Public	B2/B	Refinancing	\$500	L+325, 0.50% @ 99.75	3.813%
4/27/2021	ImageFIRST Healthcare Laundry Specialists LLC	Calera Capital	B3/B	Refinancing	\$220	L+450, 0.75% @ 99.5	5.375%
4/26/2021	Mission Veterinary Partners	Private	B3/B-	Refinancing	\$340	L+400, 0.75% @ 99.5	4.875%
4/23/2021	Jazz Pharmaceuticals Plc	Public	Ba3/BB-	Acquisition	\$3,100	L+350, 0.50% @ 99.5	4.125%

Healthcare News

CVS Health Launches \$100M Digital Health Investment Fund¹

Fierce Healthcare | April 30, 2021

CVS Health has unveiled a \$100 million venture capital fund targeting early-stage health technology companies. Called CVS Health Ventures, it will be on the lookout for digital health disrupters delivering accessibility, affordability and simplicity to health consumers, the company said in its announcement. "Consumers deserve a better health experience, one that puts them at the center of cutting-edge, digitally enabled solutions," Karen Lynch, president and CEO of CVS Health, said in a statement. "Forming CVS Health Ventures will build on our successful track record of scaling innovation and driving change in health care." CVS Health also wants these startups to be a fit with the organization's larger strategy. Alongside the investment, the company plans to support new partners with strategic expertise and insights as they develop.

Survey: Large Employers Say Bigger Government Role Likely Needed to Control Healthcare Costs²

Fierce Healthcare | April 29, 2021

As healthcare costs continue to rise, many large employers believe more significant government intervention will be necessary, according to a new survey. The Kaiser Family Foundation and the Purchaser Business Group on Health polled 302 employers with 5,000 or more employees, and 85% said they believe the government will need to take a bigger role in managing healthcare costs and coverage over the next five to 10 years. In addition, 87% said that the cost of providing health benefits will become unsustainable in that same window. "This survey highlights what we've understood for some time: The current health care system is on an unsustainable path," said Elizabeth Mitchell, president and CEO of PBGH, in a statement.

White House Aims to Permanently Extend ACA Subsidy Boost as Part of \$1.8T Package³

Fierce Healthcare | April 28, 2021

The White House wants to make permanent a generous boost to income-based tax subsidies that lower the cost of Affordable Care Act plans. The administration released a proposal Wednesday for a \$1.8 trillion American Families Plan, which makes major investments in child and family care. A key part of the plan is to make permanent a two-year subsidy boost included in the \$1.9 trillion American Rescue Plan Act that Congress passed back in March. The law makes it so that those making 150% above the federal poverty level can get fully subsidized coverage. Previously they had to pay no more than 4.3% of their income on healthcare.

Healthcare News Continued...

American College of Cardiology Studies Will Explore Whether AI Can Improve Clinicians' Guideline Adherence¹

Fierce Healthcare | April 28, 2021

The American College of Cardiology (ACC) is planning a trio of studies that will measure whether personalized clinical guideline support delivered by an AI tool at the point of care can improve heart patients' outcomes. The TRANSFORM studies will each use HealthReveal's software to generate and deliver care recommendations based on current best practices. These insights are surfaced to clinicians through the electronic health record (EHR) system and include medical literature informing the software's recommendations. The first of these tests will be the TRANSFORM HFrEF study. It will be led by Massachusetts General Hospital cardiology researcher Jim Januzzi, M.D., and focus on the treatment of patients with heart failure with reduced ejection fraction (HFrEF).

In Big Win for Hospitals, CMS Pitches Nixing Mandate to Submit some Payer-negotiated Rates²

Healthcare Dive | April 28, 2021

In a major win for hospitals, CMS is seeking to abandon a plan to require them to disclose certain negotiated rates it reaches with Medicare Advantage organizations in reports submitted to the federal government, per a proposal released Tuesday. The agency is also proposing a hospital payment bump totaling \$2.5 billion for fiscal year 2022 as well as implementation of a floor wage index provision from legislation passed earlier this year. The proposed Inpatient Prospective Payment System also adds 1,000 graduate medical education slots over the next five years, with a priority given to those in rural areas and with underserved patient populations.

Lowering Medicare's Eligibility Could Lead to Reduced Costs for Employer Sponsored Plans: KFF³

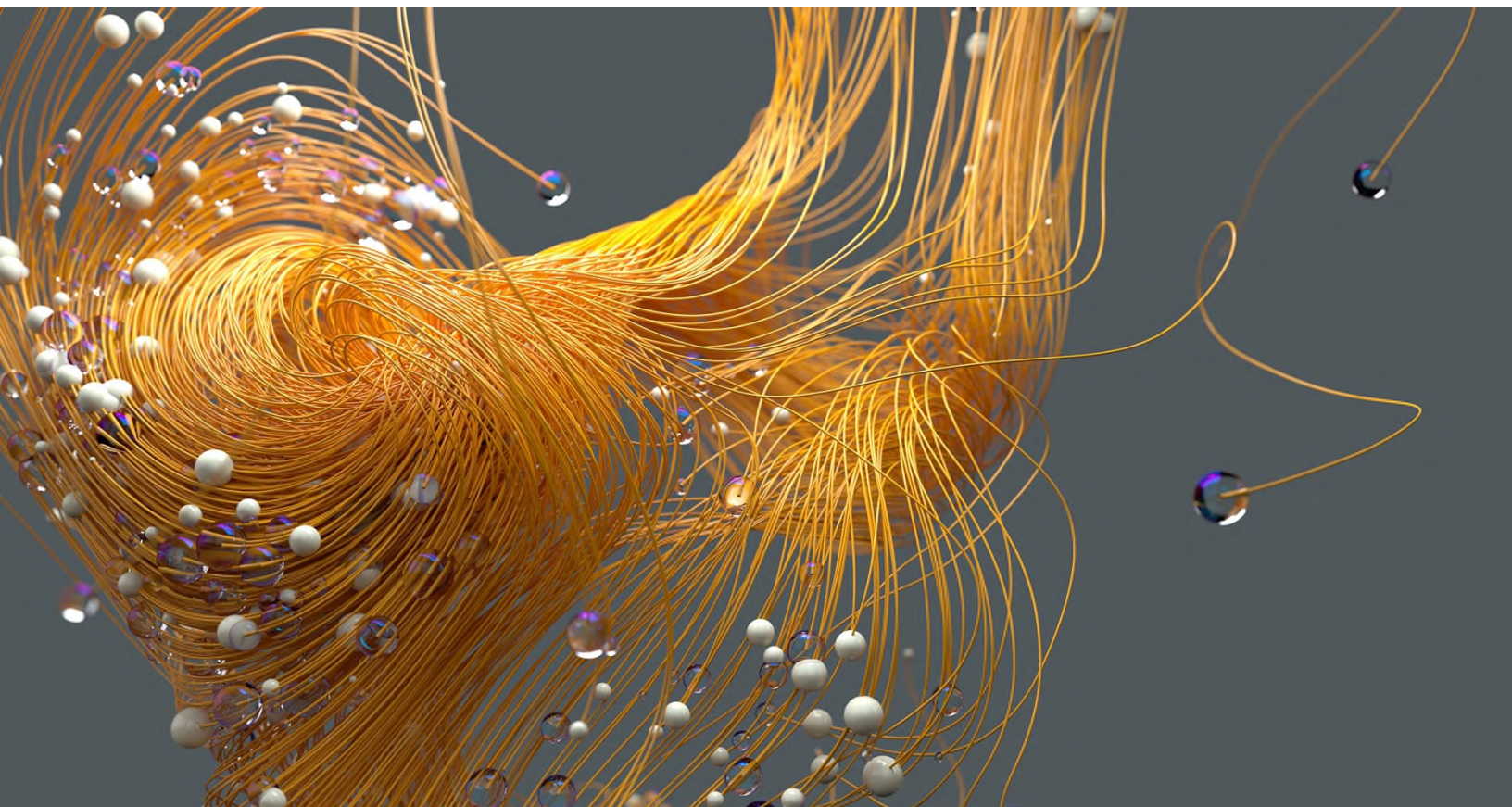
Fierce Healthcare | April 28, 2021

Lowering the Medicare eligibility age could also lower costs for employer-sponsored health plans as Democrats pressure President Joe Biden to fulfill his campaign promise to pursue the policy. The Kaiser Family Foundation released two analyses Tuesday centering on lowering Medicare eligibility from 65 to 60. One analysis looked at the savings for employer plans and another the savings for those 60 to 64 that would be shifted onto Medicare. Kaiser found that if people 60 to 64 were no longer enrolled in their employer-sponsored plan, the costs for those plans could drop by 15%. If people 55 and over were no longer enrolled, the costs drop again by as much as 30%. The drops would occur as the higher costs for treating older Americans shift to Medicare. "Health insurance premiums are largely determined by health spending," Kaiser said. "Therefore, reductions in health spending for people with employer coverage would likely yield savings to employers, which could then also translate to lower employee premiums and/or higher wages."

May 11, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Capital Availability Changes for the Senior Living Sector

Industry Insights

Contents

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



Capital Availability Changes for the Senior Living Sector

Banker Commentary by Taaha Shaikh

By now, the story of COVID-19's effect on the senior living sector is well worn. The sector became a front line in efforts to tame the pandemic from the outset. As we enter the second year of the pandemic, there are indications that a recovery may be under way. However, the pre-pandemic state of the senior living industry left something to be desired. Nowhere is this more acute than in the skilled nursing and assisted living subsectors. The pandemic has put a spotlight on one of the industry's biggest issues even before the pandemic – staffing. When combined with lack of reinvestment in physical plant and shrinking margins, the lack of stable staffing could hinder the sector's recovery. Equally concerning, the sector now faces a potential credit squeeze as bank lenders scale back lending.

Occupancy trends continue to improve but have a long road ahead. The National Investment Center for Seniors Housing and Care ("NIC") reported in its 1Q21 NIC MAP Data Release that operators were beginning to see improvements in move-ins, since the roll out of the vaccine. However, national skilled nursing occupancy remains at 74.1%. Assisted living is faring slightly better at 75.5% nationally. Independent living is seeing occupancy return the fastest with national occupancy currently at 78.8%. Said another way, over 46% of senior housing operators are reporting occupancy below 80% across all levels of care. While unit absorption has improved from 2Q20, it remains historically among the lowest ever recorded.

Putting occupancy aside, as the industry recovers it will inevitably have to come face-to-face with some of the critical operating issues that affected it before the pandemic. These factors have the potential to hobble the sector's recovery. Chief among these is the ability to staff units. A recent UCLA-Harvard study tracked turnover at nursing facilities through the pandemic across a broad sampling of data from more than 15,000 facilities in the U.S. Predictably, the results showed an industry in turmoil. The average turnover rates were over 100% for all three primary employee types. Turnover for registered nurses topped 140%, certified nursing assistants saw average turnover over 129%, and licensed practical nurses had an average turnover rate of 114%. Further, the study showed a negative correlation between CMS star rating and turnover rates. Lower rated facilities had higher turnover rates. In addition, for-profit facilities saw greater turnover as well.

Industry Insights continued...

The increased operational risks faced by operators has caused lenders to view the sector as a financial risk. The NIC Lender Survey, published in 4Q20, sought to understand how its 35 lending institution participants viewed the sector. Regional banks have increasingly become leading sources of lending within the senior living space. Larger national lenders have reduced their exposure to the senior living sector. One outcome of this trend has been a decrease in the size of bank transactions as smaller banks prefer to make smaller loans. Nearly 48% of respondents to the survey indicated that their average commitment level per deal was under \$15 million.

In the current interest rate environment, senior living providers may be able to look to the public markets to secure cost-effective, long-term capital. In the early part of the year, fears of rising inflation due to heightened government spending sent interest rates higher in March. However, over the last month interest rates have come down substantially as investor fears of inflation have receded and proposed new taxes have reinvigorated demand for tax-exempt bonds. Investor appetite, especially for tax-exempt fixed rate debt, continues to outstrip demand. Data from Refinitiv Lipper and the Investment Company Institute continues to show inflows the bond funds in face of a reduced supply of new debt issues, resulting in a decrease in credit spreads. As the senior living sector continues to face headwinds, the public market for fixed rate bonds offers borrowers an opportunity to reduce their reliance on bank transactions in favor of long-term low-cost capital.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
5/6/2021	Integrated Addiction Care Associates	Vertava Health	NA	NA	NA	Outpatient behavioral health provider
5/6/2021	MeMD	Walmart Health	NA	NA	NA	Multi-specialty telehealth provider
5/5/2021	Axia Women's Health (Audax)	Partners Group	NA	NA	NA	Provider of women's healthcare services
5/4/2021	VisitPay	R1 RCM (Nasdaq: RCM)	\$300	NA	NA	Digital payment solution provider
5/4/2021	Icario	CVC Capital	NA	NA	NA	Health action company
5/3/2021	Independent Medical Expert Consulting Services	Kepro (Apax Partners)	NA	NA	NA	Independent medical review services company that provides peer review, external appeals and dispute resolution services
5/3/2021	4 hospitals from HCA Healthcare	Piedmont Healthcare	\$950	NA	NA	4 hospitals based in Georgia: Eastside Medical Center, Cartersville Medical Center and Coliseum Health System
4/29/2021	PatientSafe Solutions	Vocera Communications (NYSE:VCRA)	NA	NA	NA	Clinical communication and collaboration solutions for healthcare
4/28/2021	Clinipace (Morgan Stanley Private Equity)	dMed Global	NA	NA	NA	Full service clinical contract research organization
4/27/2021	Kirkpatrick Dental Group	Hunter Street and Healy Capital	NA	NA	NA	Dentistry platform with multiple practices in Tennessee and Georgia
4/27/2021	Kindred at Home (remaining 60% interest) (TPG and Welsh, Carson, Anderson & Stowe)	Humana (NYSE: HUM)	\$8,100	NA	NA	Home health and hospice provider
4/26/2021	Prime Global	Levine Leichtman Capital Partners	NA	NA	NA	Provider of medical communications and market access
4/26/2021	Ambulatory Management Solutions	VSS Capital Partners	NA	NA	NA	Provider of outpatient anesthesia, surgical and administrative services
4/23/2021	PinnacleCare	Sun Life Financial (NYSE: SLF)	\$85	NA	NA	U.S. medical intelligence and healthcare navigation provider
4/23/2021	PlushCare (GGV Capital, Lightspeed Venture Partners, Exponent Capital Partners, Transformation Capital Partners)	Accolade (Nasdaq: ACCD)	\$450	12.9x	NA	Virtual primary care and mental health platform
4/22/2021	Canadian Hospital Specialties (Cortec Group)	Flexpoint Ford	NA	NA	NA	Specialty distributor and manufacturer of medical and surgical products
4/22/2021	Cigna's Texas Medicaid and Medicare-Medicaid Plan	Molina Healthcare (NYSE: MOH)	\$60	NA	NA	Serves 48,000 Medicaid members in the STAR+PLUS program and 2,000 MMP members
4/21/2021	SimonMed Imaging	American Securities	NA	NA	NA	Independent outpatient medical imaging providers and physician radiology practices
4/20/2021	Implantable Provider Group (Sequoia Capital and Camden Partners)	TPG Growth	NA	NA	NA	Provider of surgical cost management solutions
4/19/2021	Abode Healthcare (Summit Partners)	BrightSpring	NA	NA	NA	Provider of home health and hospice services
4/19/2021	HealthiNation (MK Capital, Intel Capital)	GoodRx (Nasdaq: GDRX)	\$75	NA	NA	Provider of informative health video content
4/15/2021	PPD (Nasdaq: PPD)	Thermo Fisher Scientific (NYSE: TMO)	\$20,900	4.4x	24.4x	Global provider of clinical research services to the pharma and biotech industry
4/15/2021	PPM Advisory Group and OrtlebyBio	Red Nucleus	NA	NA	NA	Provider of scientific operations and communications services to biopharmaceutical companies
4/15/2021	Solesis (51% stake)	Altaris Capital Partners	NA	NA	NA	Biomaterials for the life sciences industry
4/14/2021	American Health Partners	Mitchell Family Office	NA	NA	NA	Continuum of health care services for adults and seniors, including long-term support for daily living, home health and hospice, and short-term care focused on recovery and rehabilitation

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
5/7/2021	Vori Health	NEA (lead), AlleyCorp and Max Ventures	Series A	\$45	Provider for innovative musculoskeletal care through technology, community and care teams
5/5/2021	Groups Recover Together	Oak HC/FT (lead), Bessemer Venture Partners, Transformation Capital, RRE Ventures, Optum Ventures and Kaiser Permanente Ventures	Series C	\$60	Value-based care for opioid addiction treatment
5/5/2021	Vida Health	General Atlantic (lead), Centene, AXA Venture Partners, Ardea Capital Partners, Ally Bridge Group, AME Cloud Ventures, Aspect Ventures, Canvas Ventures, Guidewell, NGP Capital, and Workday Ventures	Series D	\$110	Virtual chronic care platform
5/4/2021	Collective Health	Health Care Service Corporation (lead), DFJ Growth, Founders Fund, G Squared, Maverick Ventures, NEA, PFM Health Sciences, SoftBank Vision Fund 1, Sun Life and others	Series F	\$280	Integrated solution that allows self-funded employers to administer plans
5/3/2021	Pyx Health	Rallyday Partners	Strategic	Undisclosed	Social isolation technology focused on helping the most vulnerable populations
4/29/2021	Ceribell	Longitude Capital and The Rise Fund (co-leaders), RA Capital Management, Redmile Group and Red Tree Venture Capital	Series C	\$53	Medical devices for acquisition and interpreting electroencephalography data in patients with various neurological conditions
4/28/2021	Kaia Health	Optum Ventures, Eurazeo, 3VC, Balderton Capital, Heartcore Capital, Symphony Ventures, and A Round Capital	Series C	\$75	AI-assisted digital therapies via a mobile app for chronic pain related to musculoskeletal disorders and COPD
4/26/2021	CareRev	Transformation Capital (lead), Industry Ventures and Zach Coelius, Michael Siebel, Gaingels and others	Series A	\$50	Labor marketplace platform that connects hospitals and health systems with local, healthcare professionals on demand
4/22/2021	InterWell Health	Undisclosed	Series B	\$46	Renal physician organization
4/20/2021	Tesseract Health	Foresite Capital, Glenview Capital, and Opaleye	Series B	\$80	Eye-imaging diagnostic technology platform
4/19/2021	Virta Health	Tiger Global (lead)	Series E	\$133	Virtual diabetes disease management platform
4/15/2021	Medable	Sapphire Ventures (lead), Obvious Ventures, GSR Ventures, PPD, and Streamlined Ventures	Undisclosed	\$78	Digital and decentralized clinical trial solutions
4/14/2021	Bencling	Sequoia Capital (lead), Altimeter Capital, Byers Capital, Elad Gil, Thrive Capital, Benchmark, Menlo Ventures, Alkeon Capital, ICONIQ, Lux Capital, Spark Capital and Lead Edge Capital	Series E	\$200	R&D cloud platform for the life science industry
4/13/2021	Cohere Health	Polaris Partners (lead), Longitude Capital, Deerfield Management, Flare Capital Partners and Define Ventures	Series B	\$36	Digital health plan solutions
4/12/2021	Tend	Addition (lead), GV, Juxtapose, Redpoint and Zigg Capital	Series C	\$125	New York City based dentist clinic

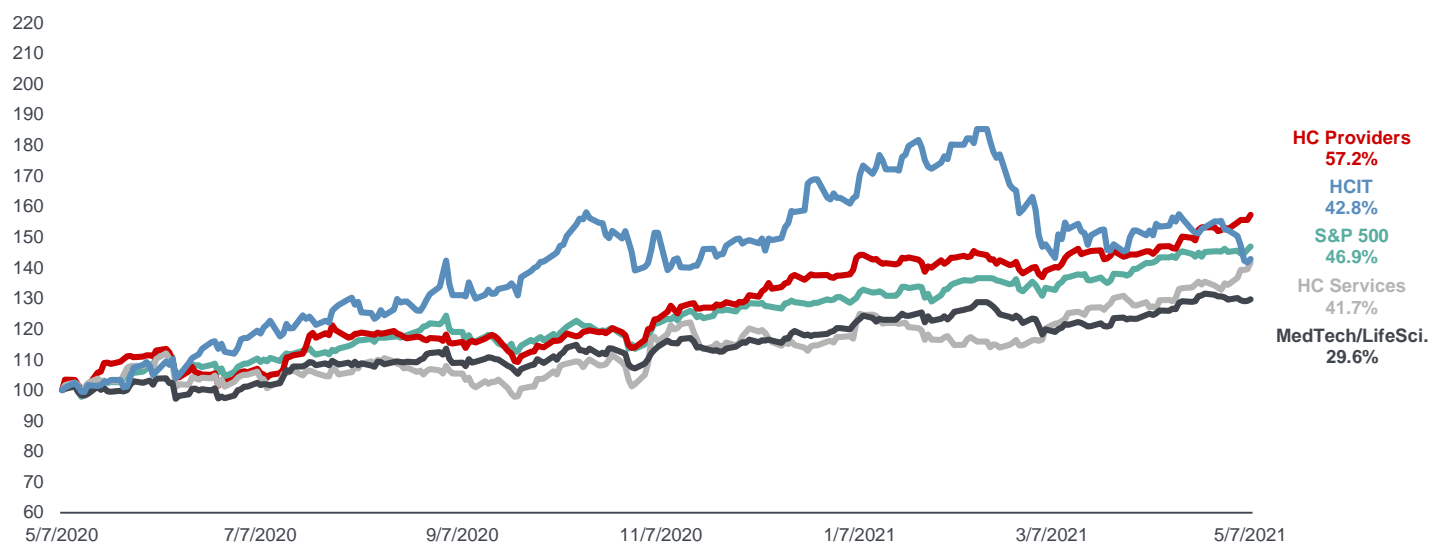
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of May 7, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	33,875	34,778	45.7%	2.7%
S&P 500	4,181	4,233	46.9%	1.2%
NASDAQ	13,963	13,752	53.1%	(1.5%)
Russell 2000	2,266	2,272	77.1%	0.2%
NYSE Healthcare	21,141	21,556	24.4%	2.0%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	107.0%	5.8%
Alternate Site Services	30.6%	3.1%
Diagnostics	60.5%	0.5%
Distribution	42.5%	2.7%
Healthcare IT	42.8%	(6.7%)
Healthcare REITs	54.9%	(1.8%)
Managed Care	41.8%	5.2%
Medical Technology	26.5%	0.0%
Outsourced Services	70.6%	5.5%
Pharma Services	64.5%	0.5%
Pharmacy	37.2%	8.6%
Post-Acute Care	53.7%	(0.3%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Issuer (Ticker)	Pricing Date	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	41.2%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAH)	4/28/2021	IPO	\$459	\$2,103	\$12.00	(3.9%)	Diversified home care platform focused on providing care to medically complex, high-cost patient populations
Agiliti (AGTI)*	4/23/2021	IPO	\$368	\$2,040	\$14.00	6.7%	Medical equipment management and service solutions
Treace Medical Concepts (TMCI)	4/23/2021	Follow On	\$106	\$1,322	\$17.00	91.6%	Orthopedic medical devices and biologic solutions
SeaSpine (SPNE)	4/19/2021	Follow On	\$88	\$709	\$19.50	9.2%	Spinal surgical solutions
Agilon Health (AGL)	4/15/2021	IPO	\$1,072	\$11,545	\$23.00	45.6%	Partners with physicians to create their own Medicare-centric globally capitated line of business
Phreesia (PHR)*	4/9/2021	Follow On	\$225	\$2,611	\$50.00	(1.4%)	Healthcare IT solutions
Alignment Healthcare (ALHC)	3/25/2021	IPO	\$39	\$3,232	\$18.00	31.2%	Tech-enabled Medicare Advantage company

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of May 7, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.85%	1.99%	3.91%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.65%	1.74%	3.56%
SIFMA (Variable Rate Demand Notes)	0.05%	0.06%	0.22%
Revenue Bond Index	2.61%	2.63%	2.98%
SIFMA/ 1Month LIBOR	45.45%	54.55%	66.67%
RBI/30 Yr Treasury (%)	114.47%	114.35%	234.65%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.58%	1.62%	0.63%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Maine Health and Higher Educational Facilities Authority** (Taxable)	\$156.870	ME	A1 / AA / A+	2043	MWC	3.12%	3.12%	N/A	2.25%
Maine Health and Higher Educational Facilities Authority**	\$86.065	ME	A1 / AA / A+	2050	2031 (C)	4.00%	2.09%	3.09%	1.55%
Martin County Hospital District	\$15.275	TX	A3 / NR / BBB+	2036	2030 (C)	4.00%	2.20%	2.81%	1.55%
Total	\$258.210								

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

**AGM-insured; Taxable bonds: Subject to make whole redemption at Treasury plus 20 bps

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Rady Children's Hospital - San Diego Taxable Bonds Series 2021A	5/11/2021	\$300.000	Aa3 / NR / AA
Florida Development Finance Corporation Senior Living Revenue & Refunding Bonds (The Glenridge on Palmer Ranch Project) Series 2021	5/12/2021	\$89.270	NR / NR / NR
The Industrial Development Authority of the County of Cape Girardeau, Missouri Health Facilities Revenue Bonds (SoutheastHEALTH) Series 2021	5/12/2021	\$58.235	Ba1 / BBB- / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

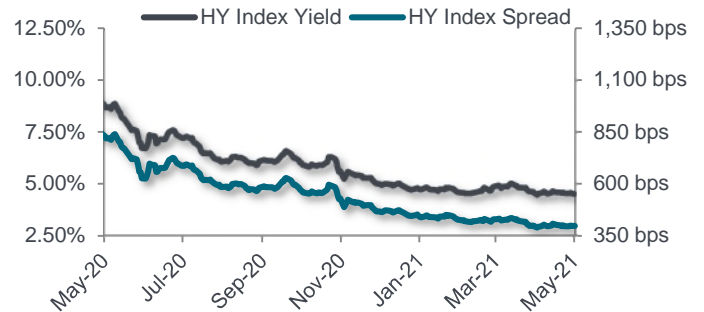
High Yield

- Last week experienced a \$1.4 billion outflow, following the prior week's inflows of \$272 million; net outflows total \$9.8 billion YTD, which follows \$44.9 billion of net inflows in 2020

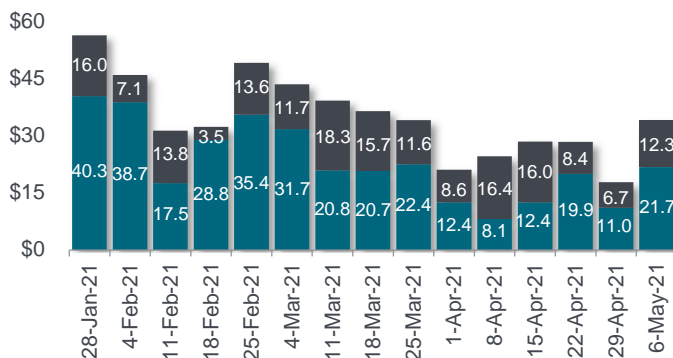
Leveraged Loans

- Leveraged loan funds experienced a \$272 million inflow last week, marking the 16th consecutive inflow of 2021; net inflows total \$14.2 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 28 deals price last week for \$21.7 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			March 2021	April 2021	05/06/21
Overall	5.32%	4.40%	4.59%	4.91%	4.93%
4B	4.00%	3.00%	3.24%	3.15%	3.26%
2B	5.41%	4.63%	4.97%	5.18%	5.19%
Middle Market	6.02%	4.79%	5.29%	4.56%	5.86%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/5/2021	Highmark Inc.	Sr Notes	\$400	Baa2 / A- / NR	1.450%	5/10/2026	+68	17 bps
5/5/2021	Highmark Inc.	Sr Notes	\$400	Baa2 / A- / NR	2.550%	5/10/1931	+98	27 bps
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

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
5/4/2021	CHS/Community Health	Sr. Notes	\$1,440	Caa3/CCC-	6.125%	4/1/2030	463 bps	6.25% area
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25
4/22/2021	Jazz Pharma	Sr. Sec. Notes	\$1,500	Ba2/BB+	4.375%	1/15/2029	298 bps	4.625% area
4/8/2021	Organon	Sr. Sec. Notes	\$2,100	Ba2/BB	4.125%	4/30/2028	282 bps	4.125%-4.25%
4/8/2021	Organon (€)	Sr. Sec. Notes	\$1,475	Ba2/BB	2.875%	4/30/2028	344 bps	3.00% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
4/30/2021	Surgery Partners	Public	B3/B-	Refinancing	\$125	L+325, 0.75% @ 99.75	4.063%
4/28/2021	Insulet	Public	B2/B	Refinancing	\$500	L+325, 0.50% @ 99.75	3.813%
4/27/2021	ImageFIRST Healthcare Laundry Specialists LLC	Calera Capital	B3/B	Refinancing	\$220	L+450, 0.75% @ 99.5	5.375%
4/26/2021	Mission Veterinary Partners	Private	B3/B-	Refinancing	\$340	L+400, 0.75% @ 99.5	4.875%
4/23/2021	Jazz Pharmaceuticals Plc	Public	Ba3/BB-	Acquisition	\$3,100	L+350, 0.50% @ 99.5	4.125%

Healthcare News

AI Expected To Supplant Telehealth As Top Investment Priority In Next Few Years¹

Healthcare Dive | May 6, 2021

The Future Health Index survey, conducted by Philips in December and January and published Wednesday, gives an outlook on health leaders' priorities during the pandemic and what the new normal could look like as investments shift post-COVID-19. The survey found particularly strong interest in building out virtual care offerings globally, reflecting historic levels of funding in the space over the past few quarters spurred by COVID-19, with that interest being particularly acute in the U.S.

Private Equity Buys Tend To Target Profitable Hospitals In Urban Areas²

Healthcare Dive | May 5, 2021

The study, which provides a clearer picture of what kinds of hospitals PE groups target, and how finances and operations change over time, challenges the notion that private equity firms tend to only target financially distressed hospitals. Although the researchers did find examples of such buys in the data, the overall trend contradicts the narrative of "financially distressed institutions seeking infusion of outside private equity capital," they wrote. Instead, the analysis showed that private equity firms were more likely to buy hospitals that were larger and had healthier operating margins. In 2003, the first year of the dataset, private equity firms acquired hospitals with an average of nearly 226 beds, while hospitals that were not acquired by PE firms had 188 beds on average.

Medicaid Enrollment Increased By 5M During Pandemic—But Not For Reasons You May Think³

Fierce Healthcare | May 6, 2021

Medicaid enrollment swelled by approximately 5 million from March through September 2020, but the boost may not just be due to job losses stemming from the pandemic, a new study found. The study, released Wednesday, found enrollment increases were roughly the same between Medicaid expansion and non-expansion states. The study also explored the impact of simplification steps for people to sign up for Medicaid. The study found that from January 2019 to September 2020 Medicaid enrollment increased from 48.2 million to 51.8 million in Medicaid expansion states and 17.2 million to 18.8 million in non-expansion states. Researchers also found that 5 million more people joined Medicaid from the onset of the pandemic in March 2020 through September.

1. <https://www.healthcaredive.com/news/ai-expected-to-supplant-telehealth-as-top-investment-priority-in-next-few-y/599632/>

2. <https://www.healthcaredive.com/news/private-equity-buys-tend-to-target-profitable-hospitals-in-urban-areas/599603/>

3. <https://www.fiercehealthcare.com/payer/medicaid-enrollment-increased-by-5m-during-pandemic-but-not-for-reasons-you-may-think>

Healthcare News Continued...

Behavioral Health Providers Report Higher Demand, Decreasing Staff Size Under COVID¹

Fierce Healthcare | May 4, 2021

Data suggest that the prevalence of behavioral health conditions has increased under the pandemic, but in-person access to needed services has decreased in tandem, a new GAO report finds. The Government Accountability Office reviewed survey data and interviewed regulators in four states. Data from the Centers for Disease Control and Prevention shows that the number of adults reporting symptoms of anxiety or depression averaged 38% between April 2020 and February 2021. By comparison, about 11% of adults reported such symptoms between January and June 2019, the CDC found. Two-thirds of behavioral health providers surveyed by the National Council for Behavioral Health said demand for their services was higher due to COVID, GAO found. However, 27% of NCBH member organizations reported that they laid off employees, and 45% reported closing some programs. In addition, 35% said they decreased hours for staff. The report says the findings should spur discussion about the enforcement of mental health parity requirements.

Majority Of Healthcare Decision-Makers Prioritize Virtual Care Delivery²

Healthcare IT News | May 5, 2021

The Philips Future Health Index 2021 report found that nearly two in three healthcare leaders are prioritizing investments in telehealth – but that priorities will shift to artificial intelligence in three years. The report surveyed nearly 3,000 executive officers, financial officers, technology and information officers, operations officers, and other C-suite or senior executive healthcare leaders from 14 countries about current and future priorities, particularly amid the enduring COVID-19 pandemic. "While the industry's recent surge in adoption of innovation like virtual care is promising, healthcare leaders are now keenly focused on cementing these solutions into care delivery models long-term," said Dr. Joe Frassica, head of Philips Research and chief medical officer for North America. As the COVID-19 vaccine rollout continues around the world, a number of reports have signaled enduring interest in virtual care – while suggesting the boom in virtual care is likely to level off. Earlier this week a survey of U.S. patients found that while a large percentage were open to telehealth after the pandemic, the majority preferred a return to in-person services.

Opioid Prescribing Behavior Can Also Be Decreased By Supply Shortage³

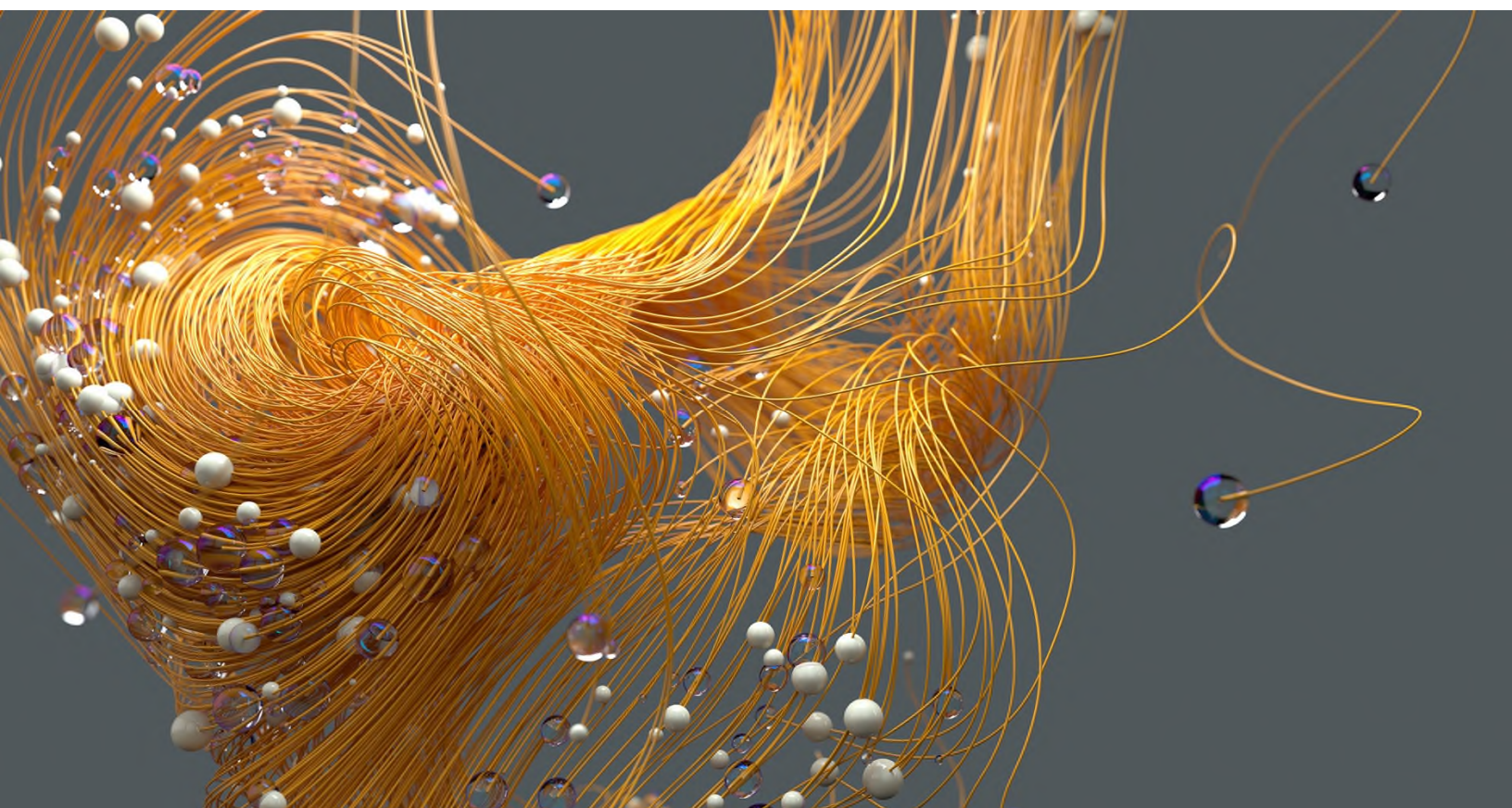
Medical Life Science News | May 6, 2021

When evaluating the opioid crisis, research reveals that external factors - such as the volume of pre-filled syringes, or a default number of opioid tablets that could easily be ordered at discharge for the patient - can shift prescribing and compel emergency department (ED) physicians to administer or prescribe greater quantities of opioids. A new study published in the Journal of Medical Toxicology reveals that opioid prescribing behavior can also be decreased by external factors, such as a supply shortage. Researchers found that the percentage of patients who received an opioid among all ED visits during the 2018 shortage fell significantly from 11.5% pre-shortage to 8.5% during, and did not return to baseline once the shortage abated. Further, the total number of oral or IV opioid doses administered during the shortage also decreased and remained lower than pre-shortage levels once supply chains were restored. However, the study also found that while fewer opioid doses were administered to fewer patients, there was no change in net Morphine Milligram Equivalent (MME) per patient receiving opioids.

May 18, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

Opportunities in Medicare: How the Shift from FFS to Value-Based Care Is Impacting Care Models and Care Delivery in the Senior Population

Industry Insights

Contents

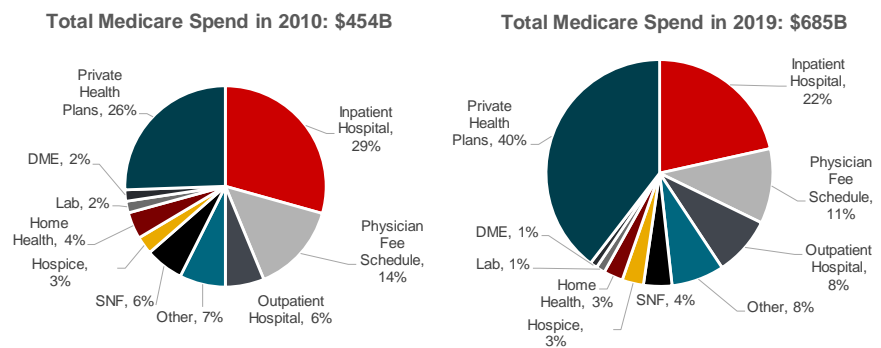
- Industry Insights
- Healthcare M&A Activity
- Healthcare Equity Private Placement Activity
- Public Equity Capital Markets Activity & Indices
- Tax-Exempt Debt Markets
- Corporate High Grade, High Yield & Leveraged Loan Market
- Healthcare News
- Cain Brothers Recent Transactions Spotlight
- Cain Brothers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



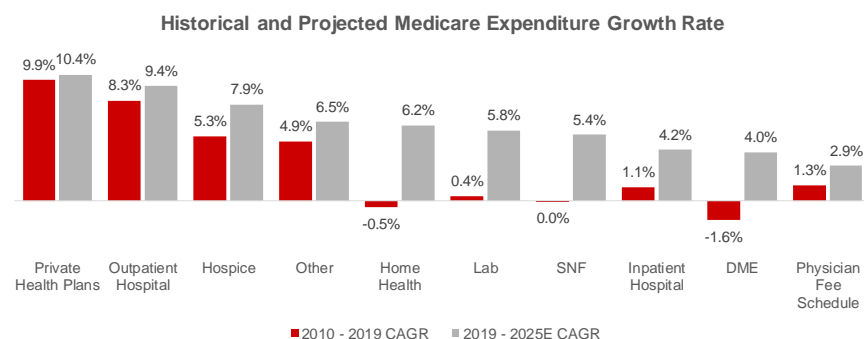
Opportunities in Medicare: How the Shift from FFS to Value-Based Care Is Impacting Care Models and Care Delivery in the Senior Population *Banker Commentary by Jenny Watson*

Healthcare spending in the United States exceeded \$3.6 trillion in 2018, and Medicare and Medicaid combined accounted for greater than \$1.3 trillion on the care of approximately 125 million individuals. Medicare and Medicaid spending accounts for approximately 37% of total U.S. healthcare spending today and is expected to grow to around 40% of total U.S. healthcare spending by 2025.

CMS has made it extremely clear that it is increasingly focused on establishing innovative payment models in the Medicare program to incentivize value-based care and contain healthcare expenditures. In the last 10 years, CMS has already led the charge with increasing payments to private insurers for Medicare Advantage. To demonstrate the evolution, below is a chart comparing Medicare Parts A and B spending in 2010 vs. 2019 by service. Medicare spending for private health plans increased from 26% of Medicare spending in 2010 to 40% of Medicare spending in 2019¹.



The trend is expected to continue in the future. See below projected growth of each of the above service lines.



Industry Insights continued...

Medicare expenditure growth in the projected period is expected to increase sizably in the next five years due to the large number of seniors aging in to qualify for Medicare, with private health plans taking the largest wallet share of growth.

The increasing share of private health plans in Medicare services has implications across healthcare. ***Greater participation in private health plans reduces the number of beneficiaries with FFS Medicare coverage and, thereby, accelerates the shift to value based care models.***

There are significant opportunities across the healthcare continuum that capitalizes on this trend. In particular, we have seen feverish interest in Medicare Advantage plans and other provider services that focus on the Medicare population. Recent IPOs and SPAC mergers such as **Alignment Health, Oak Street, and Cano Health** are all direct examples of businesses benefitting from the tailwinds of the off-loading of risk by CMS.

There are additional opportunities, as well, within the private health plans. Perhaps lesser known angles include investments into dual-eligible programs. Dual eligible beneficiaries are seniors who qualify for both Medicare and Medicaid and usually are among the most frail and medically complex individuals in the U.S. healthcare system. With innovations in care delivery models, the ability to better coordinate care through technology, and systematic provisions of preventative services, organizations that can provide quality care at reduced costs through these programs can be hugely impactful. **Kinderhook's recent investment in AbsoluteCARE** highlights an example of a care partnership aimed at addressing social determinants of health for the most vulnerable populations through an integrated value-based approach.

Non-acute care setting investments aimed at less direct beneficiaries (but beneficiaries nonetheless) include outpatient care and care in the home. **Advocate Aurora Enterprise's recent investment into private duty franchisor Senior Helpers** is an intriguing case study to exemplify how certain health systems are leveraging the entire healthcare ecosystem to care for the patient and reduce hospital admissions. In another recent transaction, **Rallyday recently invested in Pyx Health**, which was able to prove that addressing the loneliness epidemic among seniors reduces health utilization costs for its partners.

And then there are chronic disease management platforms, which is one of the highest spending categories within Medicare. Recent investments by **SCAN Health Plan into Monogram Health** and **CapitalG into Strive Health** supports innovative value-based solutions for managing the kidney disease population.

CMS's innovative approach to Medicare payment models is resulting in many new care delivery models and unique perspectives on ways to maximize quality of care. With the recent adoption of telemedicine and other technology platforms for both patients and providers alike, a sizable segment within government healthcare is marching towards new care delivery models that will be starkly different than what we have seen in the past.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
5/14/2021	American Dental Partners (JLL Partners)	Heartland Dental (KKR)	NA	NA	NA	Dental service organization
5/13/2021	OODA Health	Cedar	\$425	NA	NA	Solutions for real-time interactions between consumers, providers and payers
5/13/2021	UDG Healthcare	Clayton, Dubilier & Rice	\$3,700	3.0x	17.2x	Provider of advisory, clinical, commercial, communication and packaging services to the healthcare industry
5/12/2021	TruCode	CPSI (NASDAQ: CPSI)	\$78	6.2x	12.3x	Provider of revenue cycle management solutions
5/11/2021	Home Health and Hospice Services (Visiting Nurse Association)	Amedisys (NASDAQ: AMED)	NA	NA	NA	Provider of home health and hospice services
5/11/2021	MindPath Care Centers (River Cities Capital)	Community Psychiatry Management (Centerbridge Partners)	NA	NA	NA	Provider of full range of psychiatric and psychological services to adults and children
5/11/2021	QualCare Alliance Networks	Mitchell Genex Coventry	NA	NA	NA	Health and workers' compensation provider network services
5/6/2021	Integrated Addiction Care Associates	Vertava Health	NA	NA	NA	Outpatient behavioral health provider
5/6/2021	MeMD	Walmart Health	NA	NA	NA	Multi-specialty telehealth provider
5/5/2021	Axia Women's Health (Audax)	Partners Group	NA	NA	NA	Provider of women's healthcare services
5/4/2021	VisitPay	R1 RCM (Nasdaq: RCM)	\$300	NA	NA	Digital payment solution provider
5/4/2021	Icario	CVC Capital	NA	NA	NA	Health action company
5/3/2021	Independent Medical Expert Consulting Services	Kepro (Apax Partners)	NA	NA	NA	Independent medical review services company that provides peer review, external appeals and dispute resolution services
5/3/2021	4 hospitals from HCA Healthcare	Piedmont Healthcare	\$950	NA	NA	4 hospitals based in Georgia: Eastside Medical Center, Cartersville Medical Center and Coliseum Health System
4/29/2021	PatientSafe Solutions	Vocera Communications (NYSE:VCRA)	NA	NA	NA	Clinical communication and collaboration solutions for healthcare
4/28/2021	Clinipace (Morgan Stanley Private Equity)	dMed Global	NA	NA	NA	Full service clinical contract research organization
4/27/2021	Kirkpatrick Dental Group	Hunter Street and Healy Capital	NA	NA	NA	Dentistry platform with multiple practices in Tennessee and Georgia
4/27/2021	Kindred at Home (remaining 60% interest) (TPG and Welsh, Carson, Anderson & Stowe)	Humana (NYSE: HUM)	\$8,100	NA	NA	Home health and hospice provider
4/26/2021	Prime Global	Levine Leichtman Capital Partners	NA	NA	NA	Provider of medical communications and market access
4/26/2021	Ambulatory Management Solutions	VSS Capital Partners	NA	NA	NA	Provider of outpatient anesthesia, surgical and administrative services
4/23/2021	PinnacleCare	Sun Life Financial (NYSE: SLF)	\$85	NA	NA	U.S. medical intelligence and healthcare navigation provider
4/23/2021	PlushCare (GGV Capital, Lightspeed Venture Partners, Exponent Capital Partners, Transformation Capital Partners)	Accolade (Nasdaq: ACCD)	\$450	12.9x	NA	Virtual primary care and mental health platform
4/22/2021	Canadian Hospital Specialties (Cortec Group)	Flexpoint Ford	NA	NA	NA	Specialty distributor and manufacturer of medical and surgical products
4/22/2021	Cigna's Texas Medicaid and Medicare-Medicaid Plan	Molina Healthcare (NYSE: MOH)	\$60	NA	NA	Serves 48,000 Medicaid members in the STAR+PLUS program and 2,000 MMP members
4/21/2021	SimonMed Imaging	American Securities	NA	NA	NA	Independent outpatient medical imaging providers and physician radiology practices
4/20/2021	Implantable Provider Group (Sequoia Capital and Camden Partners)	TPG Growth	NA	NA	NA	Provider of surgical cost management solutions

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
5/14/2021	Healogics	Marathon Asset Management	Preferred Equity	\$165	Outsourced operator of wound care centers in hospitals
5/13/2021	Rarebreed Veterinary Partners	Halle Capital Management and Trilantic North America	Undisclosed	Undisclosed	Technology-enabled veterinary services platform
5/12/2021	DrFirst	Sixth Street Growth	Equity	\$50	Connectivity technology solutions and consulting services
5/12/2021	ConvenientMD Advisor: Deutsche Bank	Bain Capital Double Impact	Growth Capital	Undisclosed	Urgent care provider
5/12/2021	DrFirst	Sixth Street Growth	Equity	\$50	Connectivity technology solutions and consulting services
5/11/2021	Aetion	Warburg Pincus (lead), B Capital, Foresite Capital, NEA and Flare Capital Partners	Series C	\$110	Real-world evidence solutions for the manufacturers, purchasers, and regulators of medical treatments and technologies
5/7/2021	Vori Health	NEA (lead), AlleyCorp and Max Ventures	Series A	\$45	Provider for innovative musculoskeletal care through technology, community and care teams
5/5/2021	Groups Recover Together	Oak HC/FT (lead), Bessemer Venture Partners, Transformation Capital, RRE Ventures, Optum Ventures and Kaiser Permanente Ventures	Series C	\$60	Value-based care for opioid addiction treatment
5/5/2021	Vida Health	General Atlantic (lead), Centene, AXA Venture Partners, Ardea Capital Partners, Ally Bridge Group, AME Cloud Ventures, Aspect Ventures, Canvas Ventures, Guidewell, NGP Capital, and Workday Ventures	Series D	\$110	Virtual chronic care platform
5/4/2021	Collective Health	Health Care Service Corporation (lead), DFJ Growth, Founders Fund, G Squared, Maverick Ventures, NEA, PFM Health Sciences, SoftBank Vision Fund 1, Sun Life and others	Series F	\$280	Integrated solution that allows self-funded employers to administer plans
5/3/2021	Pyx Health	Rallyday Partners	Strategic	Undisclosed	Social isolation technology focused on helping the most vulnerable populations
4/29/2021	Ceribell	Longitude Capital and The Rise Fund (co-leaders), RA Capital Management, Redmile Group and Red Tree Venture Capital	Series C	\$53	Medical devices for acquisition and interpreting electroencephalography data in patients with various neurological conditions
4/28/2021	Kaia Health	Optum Ventures, Eurazeo, 3VC, Balderton Capital, Heartcore Capital, Symphony Ventures , and A Round Capital	Series C	\$75	AI-assisted digital therapies via a mobile app for chronic pain related to musculoskeletal disorders and COPD
4/26/2021	CareRev	Transformation Capital (lead), Industry Ventures and Zach Coelius, Michael Siebel, Gaingels and others	Series A	\$50	Labor marketplace platform that connects hospitals and health systems with local, healthcare professionals on demand
4/22/2021	InterWell Health	Undisclosed	Series B	\$46	Renal physician organization
4/20/2021	Tesseract Health	Foresite Capital, Glenview Capital, and Opaleye	Series B	\$80	Eye-imaging diagnostic technology platform
4/19/2021	Virta Health	Tiger Global (lead)	Series E	\$133	Virtual diabetes disease management platform

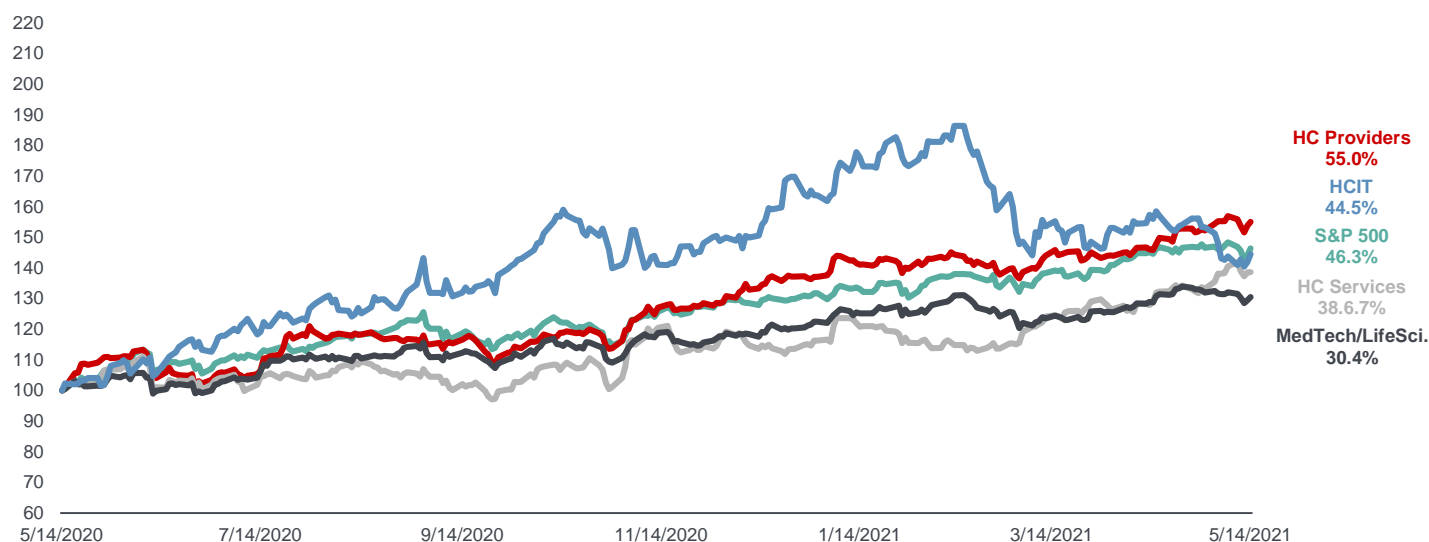
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of May 14, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,778	34,382	45.5%	(1.1%)
S&P 500	4,233	4,174	46.3%	(1.4%)
NASDAQ	13,752	13,430	50.2%	(2.3%)
Russell 2000	2,272	2,225	79.8%	(2.1%)
NYSE Healthcare	21,556	21,467	23.0%	(0.4%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	115.5%	0.3%
Alternate Site Services	34.1%	2.2%
Diagnostics	53.1%	(2.5%)
Distribution	45.1%	(2.3%)
Healthcare IT	44.5%	(0.1%)
Healthcare REITs	56.4%	(1.9%)
Managed Care	37.1%	(1.4%)
Medical Technology	27.5%	(1.2%)
Outsourced Services	79.3%	(0.5%)
Pharma Services	61.9%	(0.9%)
Pharmacy	37.0%	(0.5%)
Post-Acute Care	47.9%	(1.5%)

Cain Brothers Core Healthcare Indices (1YR Performance)



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

Issuer (Ticker)	Pricing Date	Offering	Deal Value	Mkt Cap. ¹	Offer Price	Current / Offer	Description
Privia Health Group (PRVA)	4/29/2021	IPO	\$64	\$3,774	\$23.00	26.7%	Technology-driven, national physician-enablement company
Aveanna Healthcare (AVAHA)	4/28/2021	IPO	\$459	\$2,103	\$12.00	(12.5%)	Diversified home care platform focused on providing care to medically complex, high-cost patient populations
Agiliti (AGTI)*	4/23/2021	IPO	\$368	\$2,040	\$14.00	(2.4%)	Medical equipment management and service solutions
Treace Medical Concepts (TMCI)	4/23/2021	Follow On	\$106	\$1,322	\$17.00	73.2%	Orthopedic medical devices and biologic solutions
SeaSpine (SPNE)	4/19/2021	Follow On	\$88	\$709	\$19.50	0.9%	Spinal surgical solutions
Agilon Health (AGL)	4/15/2021	IPO	\$1,072	\$11,545	\$23.00	30.3%	Partners with physicians to create their own Medicare-centric globally capitated line of business
Phreesia (PHR)*	4/9/2021	Follow On	\$225	\$2,611	\$50.00	(8.5%)	Healthcare IT solutions
Alignment Healthcare (ALHC)	3/25/2021	IPO	\$39	\$3,232	\$18.00	16.4%	Tech-enabled Medicare Advantage company

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of May 14, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.90%	1.85%	3.72%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.70%	1.65%	3.37%
SIFMA (Variable Rate Demand Notes)	0.07%	0.05%	0.19%
Revenue Bond Index	2.64%	2.61%	3.02%
SIFMA/ 1Month LIBOR	70.00%	45.45%	95.00%
RBI/30 Yr Treasury (%)	112.34%	114.47%	217.27%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.61%	1.58%	0.70%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Rady Children's Hospital – San Diego**	\$300.000	CA	Aa3 / NR / AA	2051	MWC	3.15%	3.15%	N/A	2.35%
The Glenridge on Palmer Ranch Project	\$89.250	FL	NR / NR / NR	2051	2028 (C)	5.00%	3.56%	4.28%	1.60%
SoutheastHEALTH***	\$60.550	MO	Ba1 / BBB- / NR	2046	2031 (C)	4.00%	2.60%	3.29%	1.60%
Total	\$449.800								

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

**Make whole at 15 bps

***Overlapping final maturity w/ cpn. / YTC / YTM of 3.00% / 3.00% / N/A

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
The Charlotte-Mecklenburg Hospital Authority (North Carolina) Doing Business as Atrium Health Taxable Health Care Revenue Bonds Series 2021A	5/20/2021	\$300.000	Aa3 / AA- / NR
The Charlotte-Mecklenburg Hospital Authority (North Carolina) Doing Business as Atrium Health Variable Rate Health Care Revenue Bonds Series 2021B, 2021C, 2021D	5/20/2021	\$300.000	Aa3 / AA- / NR
Maricopa County Special Health Care District General Obligation Bonds, Series D (2021)	5/20/2021	\$243.020	Aa3 / NR / AA-
County of Barry, State of Michigan 2021 Capital Improvement and Refunding Bonds (Thornapple Manor Medical Care Facility) (Limited Tax General Obligation)	5/18/2021	\$15.455	NR / AA / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

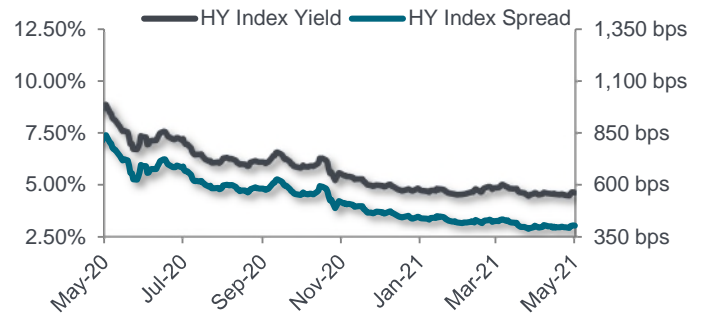
High Yield

- Last week experienced a \$672 million outflow, following the prior week's outflows of \$1.4 billion; net outflows total \$10.5 billion YTD, which follows \$44.9 billion of net inflows in 2020

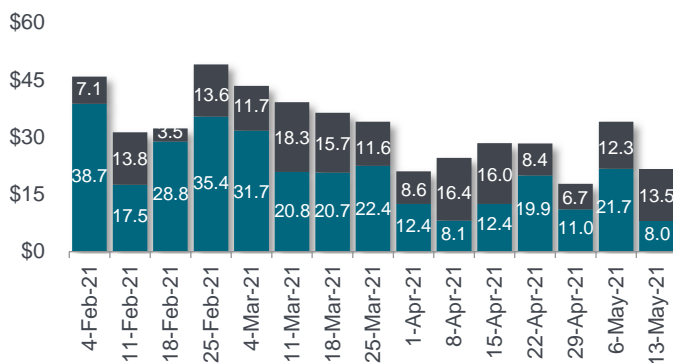
Leveraged Loans

- Leveraged loan funds experienced a \$761 million inflow last week, marking the 18th consecutive inflow of 2021; net inflows total \$15.0 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 20 deals price last week for \$8.0 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	4Q20	1Q21	30-Day Rolling Average		
			March 2021	April 2021	05/13/21
Overall	5.32%	4.40%	4.59%	4.91%	4.78%
4B	4.00%	3.00%	3.24%	3.15%	2.92%
2B	5.41%	4.63%	4.97%	5.18%	5.12%
Middle Market	6.02%	4.79%	5.29%	4.56%	5.86%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/12/2021	Laboratory Corp of America Holdings	Sr Notes	\$500	Baa2 / BBB / NR	1.550%	6/1/2026	+70	28 bps
5/12/2021	Laboratory Corp of America Holdings	Sr Notes	\$500	Baa2 / BBB / NR	2.700%	6/1/2031	+105	23 bps
5/12/2021	Fresenius Medical Care	Sr Notes	\$850	Baa3 / BBB / BBB-	1.875%	12/1/2026	+110	15 bps
5/12/2021	Fresenius Medical Care	Sr Notes	\$650	Baa3 / BBB / BBB-	3.000%	12/1/2031	+140	15 bps
5/5/2021	Highmark Inc	Sr Notes	\$400	Baa2 / A- / NR	1.450%	5/10/2026	+68	17 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
5/4/2021	CHS/Community Health	Sr. Notes	\$1,440	Caa3/CCC-	6.125%	4/1/2030	463 bps	6.25% area
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25
4/22/2021	Jazz Pharma	Sr. Sec. Notes	\$1,500	Ba2/BB+	4.375%	1/15/2029	298 bps	4.625% area
4/8/2021	Organon	Sr. Sec. Notes	\$2,100	Ba2/BB	4.125%	4/30/2028	282 bps	4.125%-4.25%
4/8/2021	Organon (€)	Sr. Sec. Notes	\$1,475	Ba2/BB	2.875%	4/30/2028	344 bps	3.00% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
5/14/2021	Generate Life Sciences	Not Sponsored	B3/B-	Acquisition	\$130	L+400, 0.00% @ 99	4.243%
5/13/2021	Sound Physicians	Summit Partners	B1/B	Acquisition	\$200	L+300, 0.50% @ 99.25	3.688%
5/13/2021	Cordis Corp	Hellman & Friedman	B2/B-	LBO	\$375	L+450, 0.75% @ 99.5	5.375%
4/30/2021	Surgery Partners	Public	B3/B-	Refinancing	\$125	L+325, 0.75% @ 99.75	4.063%
4/28/2021	Insulet	Public	B2/B	Refinancing	\$500	L+325, 0.50% @ 99.75	3.813%

Healthcare News

Mayo Clinic and Kaiser Permanente Invest in At-Home Acute Level Care¹

Healthcare Finance News | May 14, 2021

Mayo Clinic and Kaiser Permanente have invested in Medically Home Group, a Boston-based technology company that allows patients to receive acute level care and recovery services at home. The partnership will begin with a reported \$100 million combined investment in Medically Home Group, according to Forbes. Both Mayo Clinic and Kaiser Permanente are currently using Medically Home's care delivery model and are encouraging other health systems and care providers to adopt it to build capacity at a time when demand is growing for acute care at home. The health systems said regulatory and legislative barriers are being addressed to allow patients across the U.S. to receive these services. Key features of Medically Home's virtual and physical care delivery model include monitoring and safety system technology in the home, an around-the-clock medical command center staffed by clinicians and an integrated care team in the community that delivers in-person care. Care delivery is integrated with the patient's electronic health record.

Biden to Invest \$7.4B to Boost Public Health Workforce to Better Prepare for Future Outbreaks²

Fierce Healthcare | May 13, 2021

The Biden administration plans to invest more than \$7 billion from the American Rescue Plan to expand the public health workforce in an effort to better prepare the country for future pandemics. The funding, announced today by the White House, will allow the U.S. to expand its public health workforce—creating tens of thousands of jobs to support vaccinations, testing, contact tracing and community outreach—and strengthen America's future public health infrastructure, according to a White House press release. The massive investment comes as the country's response to the COVID-19 pandemic has shone a harsh light on the under-investment in public health over the past several decades. "We have had historical underfunding of the public health systems for decades and lack of urgency to solve these problems. The current pandemic of course has changed that. I cannot think of where the opportunity and importance for building it back is more vital than with the public health systems as we look at them now," said Micky Tripathi, the national coordinator for Health IT within the Department of Health and Human Services (HHS), during a Health IT Advisory Committee meeting Thursday.

EU Plans to Impose Additional Regulations on Medtech AI Products, Other 'High Risk' Systems³

Healthcare Dive | May 13, 2021

The European Union is advancing artificial intelligence regulations that could impact medical device and diagnostic companies around the world. Through the policy, the EU plans to impose additional requirements on the use of AI in medtech and issue fines for noncompliance that could total billions of dollars. In a document setting out its plans, the European Commission states high-risk AI systems should only be placed on the EU market "if they comply with certain mandatory requirements" that ensure they do not pose unacceptable risks to important public interests. Medical devices and in vitro diagnostics are on a long list of products that could be classed as high-risk. The proposal acknowledges the risk of overlaps with other regulations and the potential to impose unnecessary burdens. Citing medical devices as an area in which overlaps may occur, the EU said the existing conformity assessment procedures will be used to check the proposed AI requirements.

Healthcare News Continued...

Robotic Surgery Outlook Boosted by Hospital Spending Pickup¹

Healthcare Dive | May 13, 2021

Hospital spending on capital equipment is on an upswing, signaling a stronger outlook for surgical procedures guided by robotic systems in the year ahead, medtech executives said on their first-quarter earnings calls. The activity mirrors a boom in the broader economy to start 2021 that points to a recovery from the pandemic-driven recession, but the strength of demand from the hard-hit hospital sector surpassed expectations. "As procedures are coming back, we're seeing through our order book that hospitals are in actually very good financial position. And better than, frankly, I would have expected when the pandemic first hit," said Stryker CEO Kevin Lobo. Hospital finances are significantly healthier than they were following past economic downturns, he said. That solid footing bodes well for sales of Stryker's Mako robotic platform for knee and hip surgery as procedure volumes return to more normal levels. The CEO cited the order book for capital equipment as a key factor in Stryker's forecast for companywide organic sales to accelerate 12% to 14% this year over 2020.

Industry Voices—Oral Surgery's Potential is Putting a Smile on PE Faces²

Fierce Healthcare | May 11, 2021

Oral surgery isn't a prospect that patients usually approach with much enthusiasm. But the specialty is starting to generate excitement among private equity investors as they wake up to its potential to emulate the success they've enjoyed with other types of medical practices. Beginning with dermatology and dentistry and moving on to areas such as ophthalmology, private equity has been a powerful force in partnering with physician practices, driving efficiency and consolidating their operations over the past decade. Now it could be oral surgery's moment in the spotlight, thanks to a few key factors. First, demand for oral surgery is outstripping supply and is likely to keep doing so. There are about 9,000 practicing oral surgeons in the U.S., a number that hasn't changed much in recent years. Meanwhile, increased access to healthcare is set to drive up demand for their services, especially as oral health is increasingly viewed as integral to overall health. Since oral surgeons get their referrals from dentists, more people getting dental treatment translates directly into more work for them.

Almost All Major US Payers Hiked Forecasts Following Q1, Hinting at 2021 Optimism Despite COVID-19³

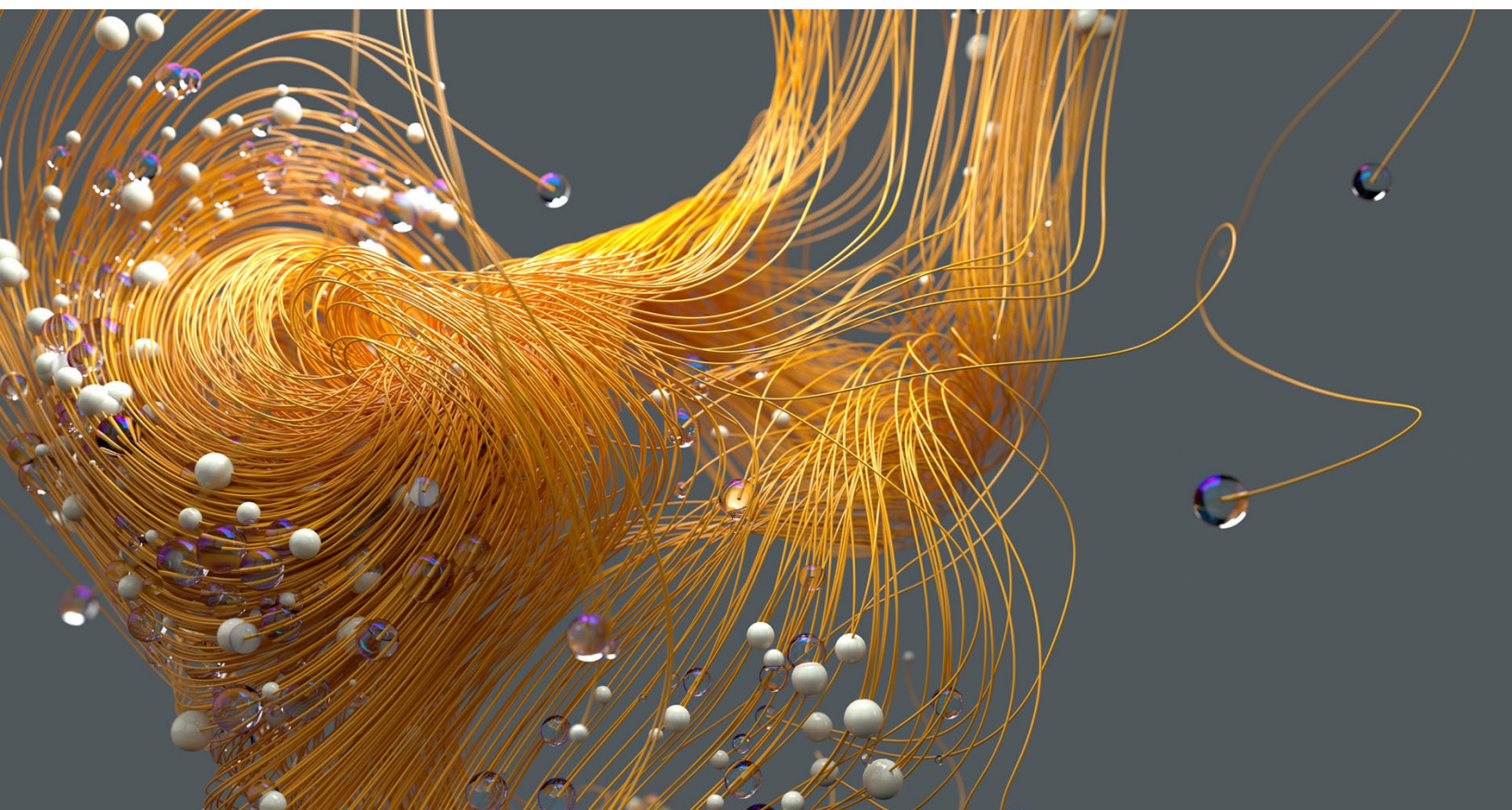
Healthcare Dive | May 12, 2021

Analysts were worried about U.S. payers' financial performances coming into 2021, as service utilization is expected to resurge this year following months of care delays during the pandemic. An acute rally in deferred care could depress earnings, following a year of historic profits in the sector. But almost all major payers hiked their full-year guidance following a strong first quarter, with Humana being the only private insurer to not increase its 2021 outlook, signaling widespread optimism despite ongoing uncertainty due to the COVID-19 pandemic. Payer executives said patient demand for care was generally back to normal levels or almost nearly there in the first quarter. But despite mounting utilization, all insurers reported notable profit growth in the first quarter. UnitedHealth, parent company of the biggest private payer in the country, reported the largest profit in the quarter with \$4.9 billion, up almost 44% year over year. That was followed by CVS Health, owner of Aetna, which reported profit of \$2.2 billion, up about 10%. However, Centene boasted the biggest year-over-year profit jump. The St. Louis-based insurer brought in net income of \$699 million, more than 15 times its earnings compared with the same time last year.

May 26, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Challenges Facing Independent Hospitals in a Post-Pandemic World

Industry Insights

Contents

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



Challenges Facing Independent Hospitals in a Post-Pandemic World

Banker Commentary by Casey Wade

So, you are an independent hospital in the tail end of a once in a century pandemic, having survived one of the most tumultuous years for healthcare in history. Now what? First, let's take a look back on a few lessons learned. The COVID-19 pandemic acted as an impetus for much needed healthcare delivery transformation, while shedding light on some of independent hospitals' largest vulnerabilities.

Community hospitals were able to prioritize resources quickly in the face of a rapidly shifting patient mix, while adapting to new technology, such as telehealth to continue to provide ongoing care away from the hospital setting. Crisis-induced measures to increase labor efficiency and patient management will further the ability for independent hospital to manage future fluctuations in clinical care supply and demand. While effective labor management and digital patient care will improve population health in the long-term, reduced focus on preventative care, a decline in outpatient volume, and a reluctance of patients to return to providers for elective procedures expose how reliant independent hospitals are on high-reimbursement care. Still, one of the biggest lessons learned from the past year was that independent hospitals are absolutely critical in serving community health needs, and navigating operational challenges will be key to preserving quality local healthcare.

Healthcare dominated the headlines in 2020, ushering in a renewed interest for the future of healthcare in America. As Jim Moloney noted in a November issue of Industry Insights, the Congressional Budget Office (CBO) estimates that the Medicare Trust Fund will become insolvent by 2024, putting greater urgency on Congress and CMS to pass legislation that may drastically alter the Medicare program. The path forward is murky at best, but with a new administration and recharged interest in healthcare reform, meaningful change in Medicare reimbursement is likely. For hospital providers, reimbursement reform will doubtlessly be unfavorable.

In the midst of government reimbursement uncertainty, drug and labor costs continue to grow at rates higher than inflation. High pharmacy costs were a major contributor to

Industry Insights continued...

financial turmoil for independent hospitals in 2020, with the American Hospital Association estimating a 36% increase in drug expenses per adjusted discharge since 2019. A national shortage of physicians, nurses, and medical skilled labor has led to a highly competitive labor dynamic and increased wages and benefits. Successful strategies will be critical for independent hospitals to effectively manage labor productivity while preserving the ability to recruit and retain talented medical professionals.

With the realities of an uncertain and shrinking government reimbursement pool, rising cost pressures, and increased competition from new market entrants, independent hospitals have looked to larger systems to preserve longevity. Today, only 30% of America's hospitals remain independent, down from 45% in 2005. Larger health systems have the luxury of scale that enable hospitals to shift resources, effectively control costs, and diversify service offerings in an ever changing healthcare environment. Tapping into economies of scale through affiliating with another system may allow independent hospitals to alleviate cost pressures while being able to expand clinical service offerings and reinvest into their communities.

At the end of the day, independent hospitals will need to achieve more with less. Forging elegant strategies to adjust and adapt to an increasingly challenging healthcare ecosystem will play a critical role in ensuring long-term sustainability of independent hospitals and the communities they serve.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
5/20/2021	Pion	SFW Capital Partners	NA	NA	NA	Provider of analytical instrumentation for formulation development and quality control in the life sciences industry
5/19/2021	Gastro Health (Audax)	OMERS	NA	NA	NA	U.S. platform supporting medical groups specializing in the treatment of GI disorders, nutrition, and digestive health
5/19/2021	Medalogix and Muse Healthcare	The Vistria Group	NA	NA	NA	Science and machine learning technology companies focused on the advancement of patient care within home health, palliative and hospice care settings
5/19/2021	Modern Fertility	Ro (General Catalyst, FirstMark Capital, TQ Ventures)	\$225	NA	NA	At-home fertility tests for women
5/18/2021	Mindful Health Solutions	Norwest Venture Partners	NA	NA	NA	Provider of interventional psychiatry and other mental health services
5/18/2021	SimiTree Healthcare Consulting	Sheridan Capital Partners	NA	NA	NA	Consulting, outsourcing, and talent solutions for post-acute healthcare organizations
5/17/2021	HealthcareSource (Francisco Partners)	symplr (Clearlake Capital, SkyKnight Capital)	NA	NA	NA	Software provider of talent management solutions and services specifically for the healthcare industry.
5/17/2021	Vigene Biosciences (Signet Healthcare Partners)	Charles River Laboratories (NYSE: CRL)	\$350	NA	NA	Gene therapy contract development and manufacturing organization
5/17/2021	ArisGlobal (Athyrum Capital Management)	Nordic Capital	NA	NA	NA	Provider of innovative software-as-a-service solutions for the life sciences industry
5/14/2021	American Dental Partners (JLL Partners)	Heartland Dental (KKR)	NA	NA	NA	Dental service organization
5/13/2021	OODA Health	Cedar	\$425	NA	NA	Solutions for real-time interactions between consumers, providers and payers
5/13/2021	UDG Healthcare	Clayton, Dubilier & Rice	\$3,700	3.0x	17.2x	Provider of advisory, clinical, commercial, communication and packaging services to the healthcare industry
5/12/2021	TruCode	CPSI (Nasdaq: CPSI)	\$78	6.2x	12.3x	Provider of revenue cycle management solutions
5/11/2021	Home Health and Hospice Services (Visiting Nurse Association)	Amedisys (Nasdaq: AMED)	NA	NA	NA	Provider of home health and hospice services
5/11/2021	MindPath Care Centers (River Cities Capital)	Community Psychiatry Management (Centerbridge Partners)	NA	NA	NA	Provider of full range of psychiatric and psychological services to adults and children
5/11/2021	QualCare Alliance Networks	Mitchell Genex Coventry	NA	NA	NA	Health and workers' compensation provider network services
5/6/2021	Integrated Addiction Care Associates	Vertava Health	NA	NA	NA	Outpatient behavioral health provider
5/6/2021	MeMD	Walmart Health	NA	NA	NA	Multi-specialty telehealth provider
5/5/2021	Axia Women's Health (Audax)	Partners Group	NA	NA	NA	Provider of women's healthcare services
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5/3/2021	4 hospitals from HCA Healthcare	Piedmont Healthcare	\$950	NA	NA	4 hospitals based in Georgia: Eastside Medical Center, Cartersville Medical Center and Coliseum Health System
4/29/2021	PatientSafe Solutions	Vocera Communications (NYSE:VCRA)	NA	NA	NA	Clinical communication and collaboration solutions for healthcare
4/28/2021	Clinipace (Morgan Stanley Private Equity)	dMed Global	NA	NA	NA	Full service clinical contract research organization

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
5/19/2021	Wheel	Lightspeed Ventures (lead), CRV, Silverton Partners, Tusk Venture Partners, J.P. Morgan, and Future Shape	Series B	\$50	Platform for companies and clinicians to build virtual care services under their brand
5/18/2021	PathAI	D1 Capital Partners and by Kaiser Permanente (co-leads), General Atlantic, Tiger Global Management, 8VC, Adage, Biospring Partners, General Catalyst, and others	Series C	\$165	Provider of artificial intelligence-powered technology for pathology
5/18/2021	SymphonyRM	TT Capital Partners (lead), Adams Street Partners	Series B	\$25	AI solutions for provider and payer organizations to maximize patient outcomes and revenue growth
5/17/2021	eHealth (NASDAQ: EHTH)	H.I.G. Capital	Convertible Preferred Stock	\$225	Online marketplace offering consumers a broad choice of insurance products
5/17/2021	Eleanor Health	Warburg Pincus (lead), Town Hall Ventures, Echo Health Ventures, and Mosaic Health Solutions	Series B	\$20	Outpatient addiction and mental health provider delivering convenient and comprehensive care through a population and value-based payment structure
5/14/2021	Healogics	Marathon Asset Management	Preferred Equity	\$165	Outsourced operator of wound care centers in hospitals
5/13/2021	Rarebreed Veterinary Partners	Halle Capital Management and Trilantic North America	Undisclosed	Undisclosed	Technology-enabled veterinary services platform
5/12/2021	DrFirst	Sixth Street Growth	Equity	\$50	Connectivity technology solutions and consulting services
5/12/2021	ConvenientMD Advisor: Deutsche Bank	Bain Capital Double Impact	Growth Capital	Undisclosed	Urgent care provider
5/12/2021	DrFirst	Sixth Street Growth	Equity	\$50	Connectivity technology solutions and consulting services
5/11/2021	Aetion	Warburg Pincus (lead), B Capital, Foresite Capital, NEA and Flare Capital Partners	Series C	\$110	Real-world evidence solutions for the manufacturers, purchasers, and regulators of medical treatments and technologies
5/7/2021	Vori Health	NEA (lead), AlleyCorp and Max Ventures	Series A	\$45	Provider for innovative musculoskeletal care through technology, community and care teams
5/5/2021	Groups Recover Together	Oak HC/FT (lead), Bessemer Venture Partners, Transformation Capital, RRE Ventures, Optum Ventures and Kaiser Permanente Ventures	Series C	\$60	Value-based care for opioid addiction treatment
5/5/2021	Vida Health	General Atlantic (lead), Centene, AXA Venture Partners, Ardea Capital Partners, Ally Bridge Group, AME Cloud Ventures, Aspect Ventures, Canvas Ventures, Guidewell, NGP Capital, and Workday Ventures	Series D	\$110	Virtual chronic care platform
5/4/2021	Collective Health	Health Care Service Corporation (lead), DFJ Growth, Founders Fund, G Squared, Maverick Ventures, NEA, PFM Health Sciences, SoftBank Vision Fund 1, Sun Life and others	Series F	\$280	Integrated solution that allows self-funded employers to administer plans
5/3/2021	Pyx Health	Rallyday Partners	Strategic	Undisclosed	Social isolation technology focused on helping the most vulnerable populations
4/29/2021	Ceribell	Longitude Capital and The Rise Fund (co-leaders), RA Capital Management, Redmile Group and Red Tree Venture Capital	Series C	\$53	Medical devices for acquisition and interpreting electroencephalography data in patients with various neurological conditions

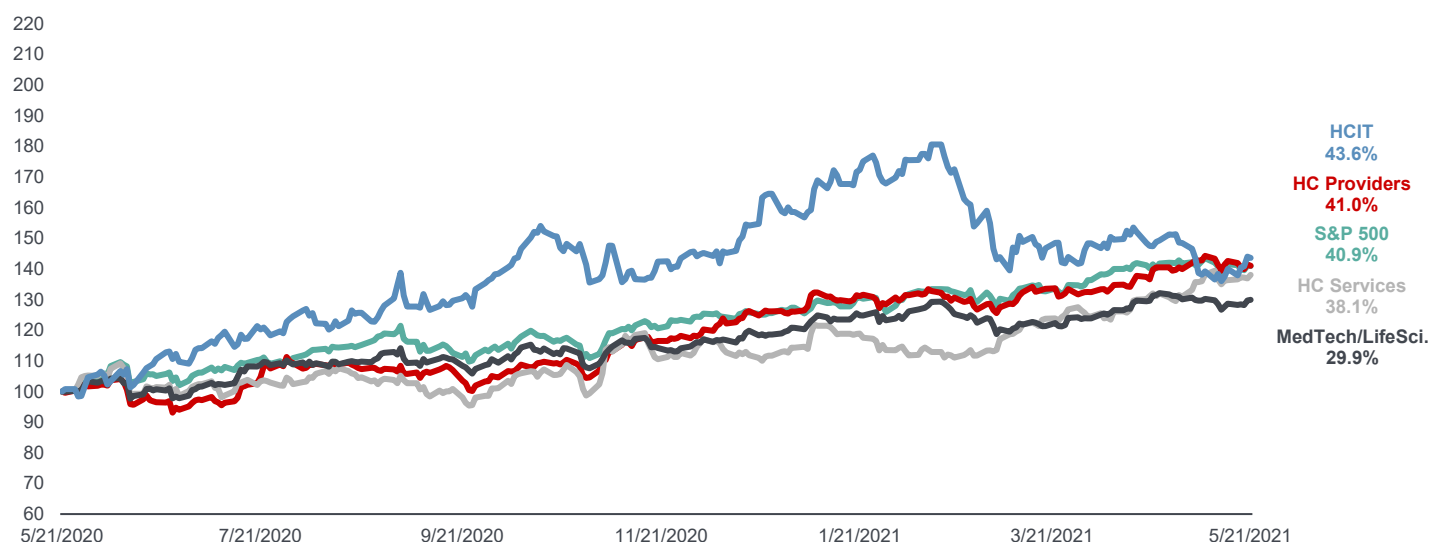
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of May 21, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,382	34,208	39.8%	(0.5%)
S&P 500	4,174	4,156	40.9%	(0.4%)
NASDAQ	13,430	13,471	45.1%	0.3%
Russell 2000	2,225	2,215	64.4%	(0.4%)
NYSE Healthcare	21,467	21,598	23.2%	0.6%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	89.2%	(2.2%)
Alternate Site Services	25.2%	(1.4%)
Diagnostics	43.1%	(2.7%)
Distribution	32.8%	2.1%
Healthcare IT	43.6%	2.4%
Healthcare REITs	39.0%	(0.1%)
Managed Care	37.5%	0.5%
Medical Technology	27.7%	0.9%
Outsourced Services	63.5%	0.3%
Pharma Services	52.7%	1.2%
Pharmacy	40.8%	4.6%
Post-Acute Care	34.5%	1.8%

Cain Brothers Core Healthcare Indices (1YR Performance)



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

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

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of May 21, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.87%	1.90%	3.57%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.67%	1.70%	3.22%
SIFMA (Variable Rate Demand Notes)	0.07%	0.07%	0.17%
Revenue Bond Index	2.62%	2.64%	2.90%
SIFMA/ 1Month LIBOR	70.00%	70.00%	94.44%
RBI/30 Yr Treasury (%)	112.45%	112.34%	219.70%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.60%	1.61%	0.68%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Atrium Health** (Taxable)	\$300.000	NC	Aa3 / AA- / NR	2051	MWC	3.20%	3.20%	N/A	2.33%
Atrium Health**	\$100.000	NC	Aa3 / AA- / NR	2049	2031 (P)	5.00%	1.33%	N/A	1.57%
Atrium Health**	\$100.000	NC	Aa3 / AA- / NR	2050	2028 (P)	5.00%	1.00%	N/A	1.57%
Atrium Health**	\$100.000	NC	Aa3 / AA- / NR	2050	2024 (P)	5.00%	0.40%	N/A	1.57%
Maricopa County Special Health Care District	\$244.070	AZ	Aa3 / NR / AA-	2035	2031 (C)	4.00%	1.52%	2.10%	1.57%
The Forest at Duke Project	\$44.415	NC	NR / NR / BBB	2051	2031 (C)	4.00%	2.38%	3.24%	1.57%
Maple Knoll Communities	\$41.000	OH	NR / NR / NR	2051	2041 (P)	5.38%	5.38%	N/A	1.57%
Thornapple Manor Medical Care Facility***	\$15.335	MI	NR / AA / NR	2041	2031 (C)	4.00%	1.79%	2.71%	1.57%
Total	\$944.820								

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

**The Charlotte-Mecklenburg Hospital Authority doing business as Atrium Health

***Limited Tax General Obligation Bonds

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
California Public Finance Authority Senior Living Revenue and Refunding Bonds, Series 2021A, B-1, B-2, B-3&C (Enso Village Project) (Green Bonds)	5/26/2021	\$307.935	NR / NR / NR
North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Lutheran Services for the Aging), Series 2021 A&C	Week of	\$149.880	NR / NR / NR
The Industrial Development Authority of the County of Maricopa Hospital Revenue Bonds (Santa Cruz Valley Regional Hospital Project) Taxable Series 2021	5/25/2021	\$70.000	NR / NR / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

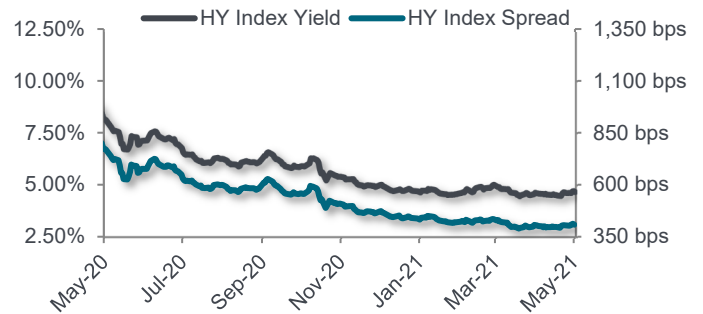
High Yield

- Last week experienced a \$1.7 billion outflow, following the prior week's outflows of \$672 million; net outflows total \$12.2 billion YTD, which follows \$44.9 billion of net inflows in 2020

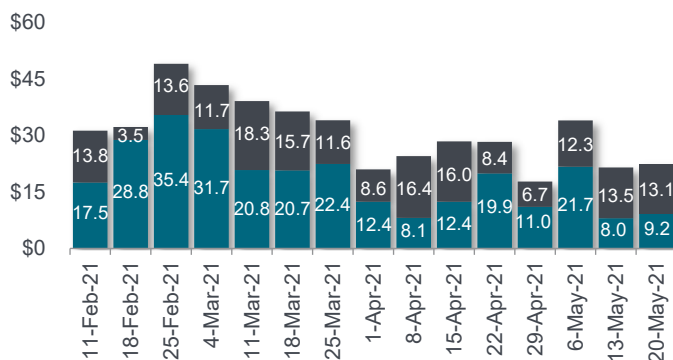
Leveraged Loans

- Leveraged loan funds experienced a \$685 million inflow last week, marking the 19th consecutive inflow of 2021; net inflows total \$15.6 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 13 deals price last week for \$9.2 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	30-Day Rolling Average				
	4Q20	1Q21	March 2021	April 2021	05/21/21
Overall	5.32%	4.40%	4.59%	4.91%	4.67%
4B	4.00%	3.00%	3.24%	3.15%	2.82%
2B	5.41%	4.63%	4.97%	5.18%	5.02%
Middle Market	6.02%	4.79%	5.29%	4.56%	5.91%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/17/2021	United Healthcare	Sr Notes	\$1,000	A3 / A+ / A	0.550%	5/15/2024	+25	25 bps
5/17/2021	United Healthcare	Sr Notes	\$1,000	A3 / A+ / A	1.150%	5/15/2026	+35	25 bps
5/17/2021	United Healthcare	Sr Notes	\$1,500	A3 / A+ / A	2.300%	5/15/2031	+65	25 bps
5/17/2021	United Healthcare	Sr Notes	\$1,500	A3 / A+ / A	3.050%	5/15/2041	+80	25 bps
5/17/2021	United Healthcare	Sr Notes	\$2,000	A3 / A+ / A	3.250%	5/15/2051	+90	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
5/18/2021	Tenet Healthcare	1st Lien Notes	\$1,400	B1/B+	4.250%	6/1/2029	282 bps	4.00%-4.25%
5/4/2021	CHS/Community Health	Sr. Notes	\$1,440	Caa3/CCC-	6.125%	4/1/2030	463 bps	6.25% area
4/27/2021	Prime Healthcare (add-on)	Sr. Notes	\$225	B2/B-	7.250%	11/1/2025	505 bps	106.00-106.25
4/22/2021	Jazz Pharma	Sr. Sec. Notes	\$1,500	Ba2/BB+	4.375%	1/15/2029	298 bps	4.625% area
4/8/2021	Organon	Sr. Sec. Notes	\$2,100	Ba2/BB	4.125%	4/30/2028	282 bps	4.125%-4.25%

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
5/14/2021	Generate Life Sciences	Not Sponsored	B3/B-	Acquisition	\$130	L+400, 0.00% @99	4.243%
5/13/2021	Sound Physicians	Summit Partners	B1/B	Acquisition	\$200	L+300, 0.50% @ 99.25	3.688%
5/13/2021	Cordis Corp	Hellman & Friedman	B2/B-	LBO	\$375	L+450, 0.75% @ 99.5	5.375%
4/30/2021	Surgery Partners	Public	B3/B-	Refinancing	\$125	L+325, 0.75% @ 99.75	4.063%
4/28/2021	Insulet	Public	B2/B	Refinancing	\$500	L+325, 0.50% @ 99.75	3.813%

Healthcare News

CMS Again Delays Start Date For Rule That Aims To Speed Up Medicare Coverage For Breakthrough Devices¹

Fierce Healthcare | May 18, 2021

The Centers for Medicare & Medicaid Services (CMS) has again delayed a rule that would significantly accelerate Medicare coverage for breakthrough medical devices. The rule was initially set to take effect March 15 after being finalized in mid-January but was pushed back to May 15. In a filing (PDF) Tuesday, CMS has further delayed the start date to Dec. 15. The rule would allow devices that secure approval through the Food and Drug Administration's "breakthrough" pathway to also gain immediate Medicare coverage approval. Typically, it can take a year or more for new devices to be approved in Medicare once they are OK'd by the FDA. "We share commenters' concerns that guaranteeing coverage for all breakthrough devices receiving market-authorization for any Medicare patient with possibly minimal or no evidence on the Medicare population and no requirement to develop evidence on the Medicare population could be problematic in ensuring these devices are demonstrating value and do not have additional risks for Medicare beneficiaries," CMS said in the latest document. CMS said in the filing that it will take the additional time to dig further into these concerns and ensure the rule balances the needs of all stakeholders and Medicare beneficiaries.

Pandemic Scrambled Priorities Of Hospital CIOs, According To Survey²

Healthcare Dive | May 20, 2021

Stoltenberg Consulting annual's healthcare IT outlook survey concludes that the COVID-19 pandemic has rearranged their priorities. Moreover, the pandemic has "raised the bar for the digital health experiences." Health system chief information officers are now valuing patient engagement over artificial intelligence and machine learning, according to the poll of 65 CIOs, who have previously ranked AI and machine learning as their top priority. Meanwhile, CIOs say their biggest priority is updating their electronic health records (EHR) systems, along with beefing up cybersecurity and data analytics, although a much larger proportion said that getting the most out of their existing IT purchases was their top priority.

Federal Court Says HHS Must Recalculate Years Of Medicare Payments To Teaching Hospitals³

Fierce Healthcare | May 21, 2021

A federal court has ruled in favor of dozens of teaching hospitals in a case seeking greater Medicare reimbursement payments for training physicians as part of their residency programs. This week's decision not only requires the Department of Health and Human Services (HHS) to recalculate years of reimbursement payments to the plaintiffs, but also paves the way for other teaching hospitals to contest their own training payments from the agency, according to a firm representing the plaintiffs. "These teaching hospitals should consider contesting their DGME payments by protesting this issue when filing their cost reports and by appealing to the Provider Reimbursement Review Board when they receive a Notice of Program Reimbursement," the firm wrote. "The reimbursement impact of this decision can be substantial. Each hospital will be impacted differently depending upon how many residents they train and how many of those residents are beyond their initial five-year residency period."

Healthcare News Continued...

BMA: Medicare Advantage Enrollment Swells To 26M In 2021 Thanks To Plan Offerings, Employee Options¹

Fierce Healthcare | May 21, 2021

Medicare Advantage enrollment has swelled to 26 million individuals as of early 2021, an increase of nearly double over the past decade, a new report finds. The report, released Thursday by the advocacy group Better Medicare Alliance, also showed that MA beneficiaries spent \$1,640 less on healthcare costs than those in traditional Medicare. The report comes as insurers are increasingly bolstering their MA business. "This report is a testament to the importance of continued stability and support from policymakers—both for the 26.5 million beneficiaries who choose Medicare Advantage now, and the additional 10,000 Americans who age into Medicare every day," said Better Medicare Alliance President and CEO Allyson Schwartz in a statement. The report found that MA enrollment made up 42% of all Medicare beneficiaries, and enrollment is expected to increase to more than 50% by 2030. Part of the reason for the increase in enrollment is major growth in the number of plans offered as more insurers and startups become interested in the sector. The report found that this year there were more than 4,800 plans offered, an increase of more than 2,100 compared to 2017.

Radiologist Participation In Accountable Care Organizations Growing²

Diagnostic Imaging | May 21, 2021

Radiologist participation in accountable care organizations (ACOs) is on the rise, a move that could signal an increase in specialty care available to patients. From 2013 to 2018, not only did the number of radiologists participating in ACOs increase more than three-fold overall, but their participation also increased in small-to-medium sized groups, said a team of investigators from the Georgia Institute of Technology and Emory University in a study published May 19 in the Journal of the American College of Radiology. "We believe that our work shows that [Medicare Shared Savings Program] ACOs are increasingly recruiting radiologists into their plans alongside other specialty care providers, potentially preparing themselves to better assume downside risk in the program while simultaneously improving care and clinical outcomes," said the team led by Danny R. Hughes, Ph.D., professor and director of Georgia Tech's Health Economics and Analytics Lab and affiliate senior research fellow with the Harvey L. Neiman Health Policy Institute.

Beyond COVID-19: Four Ways AI Is Shaping The Future Of Healthcare³

Healthcare Innovation | May 18, 2021

Well into the second year of the COVID-19 pandemic, the U.S. healthcare system remains under immense strain. The road to full recovery for our hospitals, health systems and healthcare staff is likely to be a long one, making it critically important to find ways we can ease pressure in the future. Artificial intelligence (AI) technology like machine learning (ML) and natural language processing (NLP) shows great promise – with the ability to enable better collaboration and experiences for healthcare organizations, clinicians and their patients. And with more transferable health information, we can unlock incredible outcomes and process improvements for providers and patients. Here are four of the biggest ways AI-enabled tech will drive healthcare forward long after the pandemic's end; (1) Automating processes, improving efficiencies and enabling alternative care delivery models, (2) Predicting risks and suggesting interventions, (3) Revealing patterns in disease, getting to a diagnosis quickly and advancing therapies sooner, and (4) Empowering patients to proactively manage their personal health.

1. <https://www.fiercehealthcare.com/payer/bma-medicare-advantage-enrollment-swells-to-26m-2021-thanks-to-plan-offerings-employee>

2. <https://www.diagnosticimaging.com/view/radiologist-participation-in-accountable-care-organizations-growing>

3. <https://www.hcinovationgroup.com/analytics-ai/artificial-intelligence-machine-learning/article/21223186/beyond-covid19-four-ways-ai-is-shaping-the-future-of-healthcare>