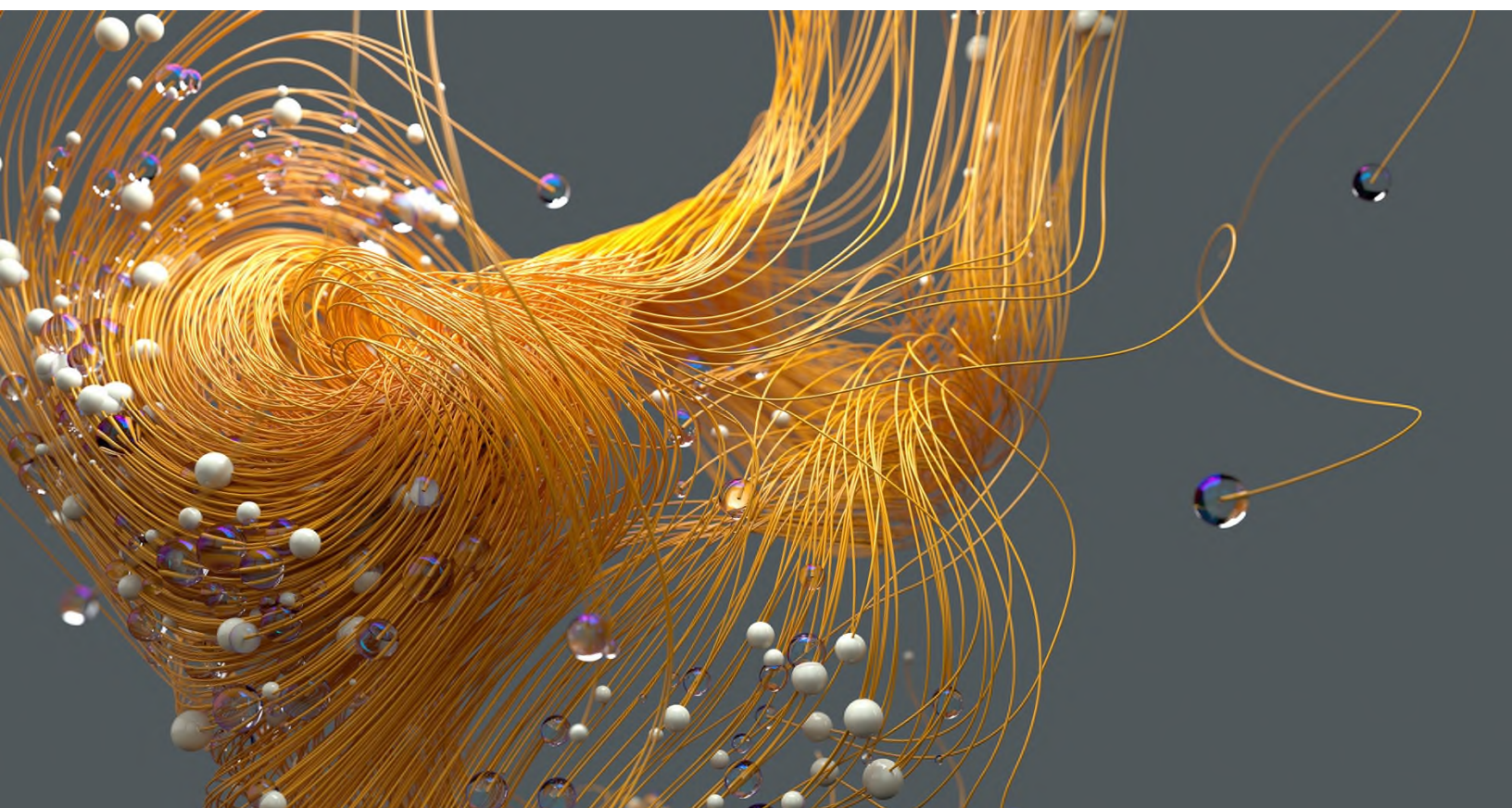


September 1, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



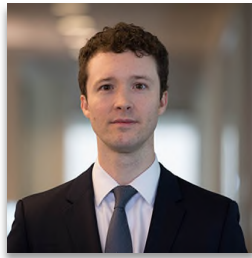
This week's banker commentary:

Primary Care Disrupters Continue to See Surge of Investment

Industry Insights

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Primary Care Disrupters Continue to See Surge of Investment

Banker Commentary by Colby Kittrell

The recognition of primary care as one of the best ways to improve healthcare in the U.S. has, in part, led to dramatic investment by private equity and venture capital in advanced primary care models in recent years. Many of these disruptor models address pressures to reduce the cost of care as well as changing consumer preferences that demand better access and experience. Expect innovation and investment in the sector to continue its acceleration as these next generation models find ways to address the approximately \$300bn primary care market.

With just 1 primary care physician (PCP) for every 3,000 Americans, access has been constrained in most markets, given that the U.S. has historically underinvested in primary care. This deficiency leads to foregoing preventative care and undertreatment of chronic diseases, both causing increased rates of preventable hospital admissions and addressable conditions. The result of primary care underutilization has led to overutilization and access at higher acuity, higher cost settings.

Fortunately, innovation is happening across the primary care landscape, centering around many demographics including seniors to millennials. There has been a great deal of attention on Medicare Advantage value-based care models, including Oak Street, Iora and many other risk-taking primary care organizations. Rightly so with such a large market opportunity, which is why we have seen this level of investment and robust valuations for these companies.

Primary Care disruptors have also expanded significantly into other segments of primary care that are more consumer centric and attempt to change the patient experience by using some combination of convenient and modern locations, technology, telemedicine and remote monitoring. Investment in consumer centric healthcare initially focused around wellness and disease management solutions, but largely failed to gain traction given its inability to demonstrate improvement in outcomes to justify the cost.

Millennials are also a driving force of consumer preferences. Same-day clinics, such as Carbon Health, have grown sharply in popularity with fast service, less waiting and affordable pricing; all things millennials value in various areas of their consumer lives, as well as healthcare. Not just millennials, but consumers in general, are now more price sensitive and tech savvy, and put greater emphasis on convenience. Everside Health is a

Industry Insights

fast-growing company that is bringing better primary care on-site or near-site to employers to keep their employees healthy and better manage expenses given rising costs. Employers have become more active in primary care as they are well aware of and sensitive to poor outcomes and high costs in the traditional Fee-For-Service model.

This most recent wave of primary care consumerism addresses improved access and a better patient experience, which is important to all demographics. While many of these young companies still have relatively limited patient populations and geographic reach, their core solutions are built to be scalable, reach a larger population and begin to replace more care in traditional settings.

With the significant potential for primary care to improve healthcare access, cost and overall experience across demographics, expect the rush into primary care to continue for the foreseeable future.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
8/27/2021	Acorn Health (MBF Healthcare Partners)	Ontario Teachers' Pension Plan Board	NA	NA	NA	Provider of applied behavior analysis therapy to children with autism spectrum disorder
8/26/2021	Deca Dental Group (Blue Sea Capital)	Blackstone Tactical Opportunities	NA	NA	NA	Dental services organization
8/26/2021	eQHealth Solutions	Kepro (Apax Partners)	NA	NA	NA	Population health management and technology solutions
8/25/2021	Ginger	Headspace Health	Merger	NA	NA	Comprehensive digital mental health platform
8/25/2021	PromptCare (Halifax Group)	Waud Capital Partners	~\$400.0	NA	~13.0x	Provider of complex respiratory and infusion therapy services
8/25/2021	Safecor	Vesey Street Capital Partners	NA	NA	NA	Provider of pharmaceutical unit dose packaging services for hospitals and health systems
8/24/2021	FlexCare Infusion Centers	River Cities Capital	NA	NA	NA	Platform of ambulatory infusion centers
8/24/2021	Triple-S Management (NYSE: GTS)	GuideWell	\$900	0.2x	5.1x	Managed care provider serving over a 1 million consumers in Puerto Rico with Medicare Advantage, Medicaid and
8/24/2021	Women's Health USA (Sverica Capital Mgmt)*	Unified Women's Healthcare (Atlas Partners, Ares, and Oak HC/FT Partners)	NA	NA	NA	Provider of practice management and value-based care services to more than 600 women's health providers
8/18/2021	Prevention & Recovery Center (Memorial Hermann)	Discovery Behavioral Health (Webster Equity Partners)	NA	NA	NA	Provider of behavioral health services for alcoholism, drug addiction and dual diagnosis patients
8/16/2021	360biolabs	BioAgilytix Labs (GHO Capital Partners)	NA	NA	NA	Contract service organization
8/18/2021	MicroConstants	BioAgilytix Labs (GHO Capital Partners)	NA	NA	NA	Clinical and preclinical contract research organization
8/18/2021	PatientKeeper (HCA Healthcare and General Catalyst)	Commure	NA	NA	NA	Provider of intuitive software and mobile applications for patient information
8/19/2021	Inovalon (Nasdaq: INOV)	Nordic Capital (lead), Insight Partners, 22C Capital	\$7,300	10.2x	32.9x	Provider of cloud-based platforms for the healthcare industry
8/19/2021	MDVIP (Leonard Green & Partners)	Goldman Sachs Asset Management and Charlesbank Capital Partners	NA	NA	NA	Membership-based healthcare with a national network of over 1,100 primary care physicians
8/17/2021	CyberMaxx	Periscope Equity	NA	NA	NA	Provider of MSSP and MDR solutions for the healthcare industry
8/16/2021	RQM+ Corp (DFW Capital Partners)	Linden Capital Partners	NA	NA	NA	Provider of regulatory, quality, and compliance consulting services for medical device sector
8/16/2021	Ethos Veterinary Health (BBH Capital Partners)	National Veterinary Associates (JAB)	NA	NA	NA	Operator of 23 veterinary hospitals with over doctors
8/12/2021	Ovia Health	Labcorp (NYSE: LH)	NA	NA	NA	Digital health platform for fertility information and support
8/11/2021	CareLinx	Sharecare (Nasdaq: SHCR)	\$65	3.3x	NA	Digital on-demand platform of tech-enabled care providers
8/11/2021	Generations Hospice Care	Charter Health Care Group (Pharos Capital Group)	NA	NA	NA	Provider of hospice care
8/11/2021	Healthcare Components Group	RoundTable Healthcare Partners	NA	NA	NA	Manufacturing, assembly, and distribution business for replacement components used in the repair of endoscopes
8/11/2021	North Carolina Retina Associates*	Retina Consultants of America (Webster Equity Partners)	NA	NA	NA	Retina-focused practice in North Carolina
8/10/2021	Health Connect America	Palladium Equity Partners*	NA	NA	NA	Provider of mental and behavioral health services to children, families, and adults
8/10/2021	Myndshft	HCAP Partners	NA	NA	NA	Provider of real-time medical benefits check and electronic prior authorization technology
8/10/2021	Pyramid Innovation	StatLab Medical Products (Audax and Linden)	NA	NA	NA	Automated pathology slide and cassette printers

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
8/26/2021	NationsBenefits	The Pritzker Organization and Denali Growth Partners (co-leads), Monroe Capital	Growth	\$170	Supplemental benefits company
8/26/2021	Overjet	General Catalyst and Insight Partners (co-leads), Crosslink Capital and the MIT-affiliated E14 Fund	Series A	\$27	Provider of dental artificial intelligence solutions
8/24/2021	MedArrive	SCAN Group	Strategic	Undisclosed	Healthcare logistics and services platform
8/23/2021	Covera Health	Insight Partners (lead), Equity Group Investments	Series C	\$25	Healthcare quality analytics platform
8/5/2021	Vera Whole Health	Morgan Health	Undisclosed	\$50	Value-based care services
8/5/2021	Cricket Health	Valtruis (lead: Welsh Carson port co), Oak HC/FT, Cigna Ventures and Health Ventures	Series B	\$84	Provider of value-based kidney care
8/4/2021	Connections Health Solutions	Heritage Group (lead)	Growth	\$31	Provider of immediate-access behavioral health crisis stabilization services
8/3/2021	Bluestone Physician Services (WindRose Health Investors)	Blue Venture Fund	Strategic	Undisclosed	On-site care and care coordination services provider to high-risk, geriatric and disabled patients
8/2/2021	Modern Animal	True Ventures and Founders Fund (co-leads)	Undisclosed	\$76	Provider of veterinary services
7/28/2021	Employer Direct Healthcare	Redmile Group (lead)	Growth Capital	Undisclosed	Provider of high-quality and cost-efficient solutions for self-funded employers and their members
7/28/2021	SonderMind	Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital	Series C	\$150	Provider of mental health services through a digital network of therapists and care providers
7/21/2021	TMRW Life Sciences	Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund	Series C	\$105	Software-guided embryology and cryo-management
7/21/2021	WoeBot Health	JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and AI Fund	Series B	\$90	Mental healthcare tool
7/22/2021	Trilliant Health	Bon Secours Mercy Health	Strategic Growth	Undisclosed	Evidence-based analytics and data science company
7/20/2021	OM1	Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and 7wire Ventures	Series D	\$85	Healthcare data and analytics company
7/19/2021	Quit Genius	Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health	Series B	\$64	Digital clinic for treating multiple addictions

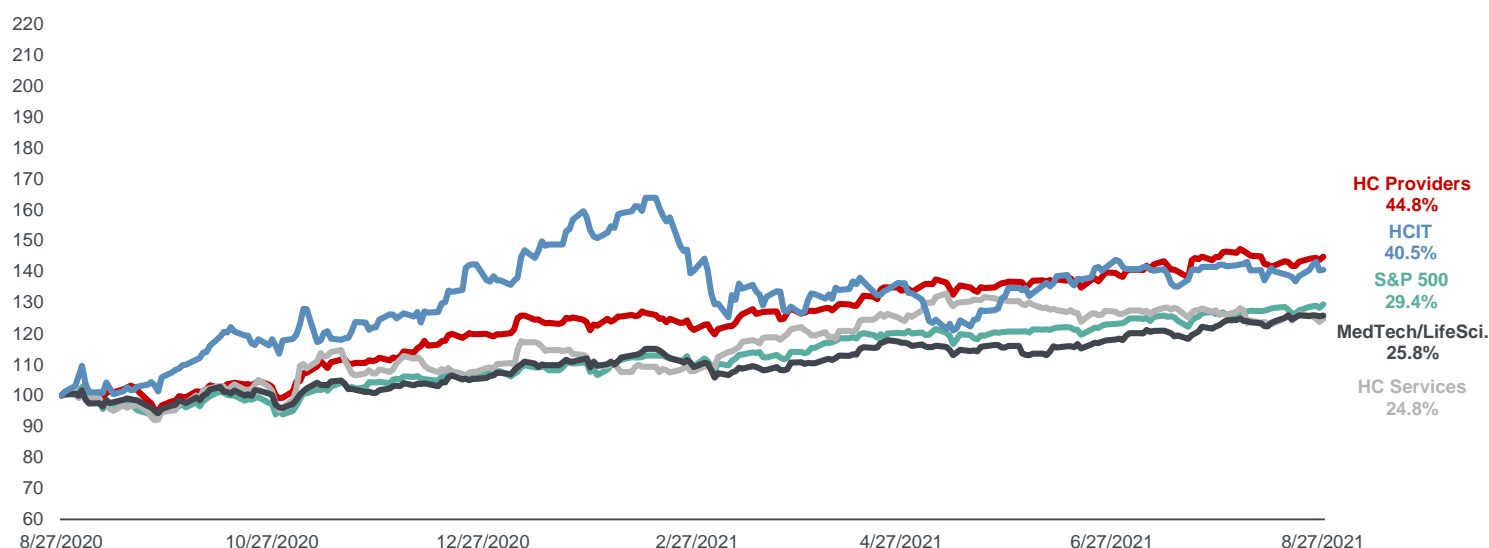
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of August 27, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	35,120	35,456	24.4%	1.0%
S&P 500	4,442	4,509	29.4%	1.5%
NASDAQ	14,715	15,130	30.1%	2.8%
Russell 2000	2,168	2,277	45.5%	5.1%
NYSE Healthcare	23,356	23,090	22.7%	(1.1%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	84.2%	1.3%
Alternate Site Services	21.7%	0.4%
Diagnostics	51.5%	1.2%
Distribution	20.3%	0.4%
Healthcare IT	25.0%	1.4%
Healthcare REITs	25.5%	1.4%
Managed Care	27.5%	(1.6%)
Medical Technology	22.2%	(0.3%)
Outsourced Services	42.7%	4.0%
Pharma Services	56.4%	2.0%
Pharmacy	29.4%	(0.8%)
Post-Acute Care	8.8%	3.5%

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
Health Catalyst (HCAT)	8/11/2021	Follow On	\$225	\$2,771	\$53.00	1.0%	Data and analytics technology and services to healthcare organizations
RxSight (RXST)	7/29/2021	IPO	\$118	\$421	\$16.00	(1.9%)	Ophthalmic medical device company
Stevanato Group (STVN)*	7/16/2021	IPO	\$588	\$5,909	\$21.00	19.8%	Provider of drug containment, drug delivery
LeMaitre Vascular (LMAT)*	7/15/2021	Follow On	\$55	\$1,188	\$54.50	3.3%	National, integrated system of care
Bright Health Group (BHG)	6/24/2021	IPO	\$924	\$10,671	\$18.00	(44.7%)	National, integrated system of care
Doximity (DOCS)	6/24/2021	IPO	\$494	\$966	\$26.00	217.4%	Digital platform for U.S. medical professionals

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of August 27, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.82%	1.80%	2.31%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.62%	1.60%	2.01%
SIFMA (Variable Rate Demand Notes)	0.02%	0.02%	0.09%
Revenue Bond Index	2.50%	2.50%	2.62%
SIFMA/ 1Month LIBOR	22.22%	22.22%	56.25%
RBI/30 Yr Treasury (%)	130.89%	133.69%	172.37%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.31%	1.26%	0.86%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
O'Connor Woods**	\$35.595	CA	NR / AA- / NR	2043	2033 (C)	4.00%	2.22%	2.93%	1.52%
Northeast Georgia Health System*** (Taxable)	\$242.120	GA	NR / AA / AA	2054	MWC****	3.00%	3.00%	N/A	1.94%
Northeast Georgia Health System***	\$221.535	GA	NR / A / A	2051	2031 (C)	4.00%	2.12%	3.16%	1.52%
Mount Sinai Medical Center of Florida****	\$142.910	FL	Baa1 / NR / A-	2051	2031 (C)	4.00%	2.19%	3.15%	1.52%
St. Lukes Hospital of Duluth Obligated Group (Forward Delivery)	\$49.000	MN	NR / BBB- / NR	2039	2032 (C)	4.00%	2.41%	2.93%	1.52%
St. Lukes Hospital of Duluth Obligated Group	\$14.725	MN	NR / BBB- / NR	2044	2031 (C)	3.00%	2.62%	2.81%	1.52%
Bowman Place (Limited Offering)	\$42.295	NH	NR / NR / NR	2051	2031 (C)	4.63%	4.63%	N/A	1.52%
Bowman Place (Limited Offering; Taxable)	\$2.555	NH	NR / NR / NR	2027	2021 (C)	8.00%	8.00%	N/A	0.98%
Great Lakes Senior Living Communities LLC Project***** (Limited Offering; Taxable)	\$13.060	AZ	NR / NR / NR	2054	2029 (C)	8.00%	N/A	N/A	1.91%
Great Lakes Senior Living Communities LLC Project (Limited Offering)	\$6.500	AZ	NR / NR / NR	2054	2029 (C)	7.75%	9.80%	N/A	1.52%
Green County Hospital Association*****	\$12.920	IN	NR / A+ / NR	2043	2031 (C)	2.38%	2.52%	N/A	1.52%
Green County Hospital Association***** (Taxable)	\$1.205	IN	NR / A+ / NR	2031	NC	2.35%	2.35%	N/A	1.35%
Total	\$784.420								

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

**Cain Brothers Sole-Managed Transaction; 'AA-' S&P rating reflects Cal-Mortgage insurance; Forward Delivery Bonds

***Revenue Anticipation Certs.; TAX Bonds: Sbj. to MWC at 20 bps; TE Bonds: Overlapping final mty #1: Cpn. / YTC / YTM of 3.00% / 2.48% / 2.78%; Overlapping final mty. #2: Cpn. / YTC / YTM of & 2.50% / 2.70% / N/A

****Overlapping final maturity with Coupon / YTC / YTM of 3.00% / 2.50% / 2.78%

*****Coupon: 0.00% to 01/01/2025; 8.00% thereafter

*****Ad Valorem-Backed lease revenue bonds; \$1.2MM Tranche: Overlapping final mty. with Cpn. / YTC / YTM of 2.30% / 2.30% / N/A

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Lehigh County General Purpose Authority Revenue Bonds (The Good Shepherd Group) Series A of 2021 Cain Brothers Sole-Managed Expected Pricing	8/31/2021	\$70.600	NR / A- / A-
New Hope Cultural Education Facilities Finance Corporation Senior Living Revenue Bonds (Sanctuary LTC Project) Series 2021	9/1/2021	\$483.535	NR / NR / NR
New Jersey Health Care Facilities Authority Revenue Bonds (Atlanticare Health System Obligated Group Issue) Series 2021	8/31/2021	\$200.460	NR / AA- / AA-
Infirmary Health System Special Care Facilities Financing Authority of Mobile Revenue Bonds (Infirmary Health System, Inc.) , Series 2021A (Located in the State of Alabama)	8/31/2021	\$73.605	NR / A- / NR
Public Finance Authority Revenue Bonds (Texas Biomedical Research Institute Project) Tax-Exempt Series 2021A Taxable Series 2021B	8/31/2021	\$59.335	Baa1 / NR / NR
Illinois Finance Authority Revenue Bonds, Series 2021A & B (Christian Horizons Obligated Group)	9/1/2021	\$24.030	NR / NR / BBB-
New Hope Cultural Education Facilities Finance Corporation, Texas Senior Living Revenue Bonds (Wichita Falls Retirement Foundation Project) , Series 2021	9/1/2021	\$13.150	NR / NR / BB+

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

High Yield

- Last week experienced a \$532 million inflow, following the prior week's outflows of \$4 million; YTD net outflows total \$16.2 billion, which compares to YTD 2020 net inflows of \$38.0 billion

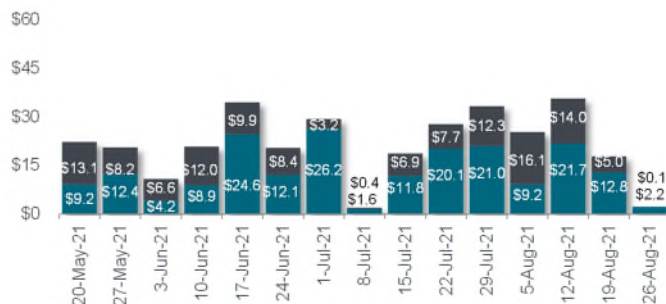
Leveraged Loans

- Leveraged loan funds experienced a \$621 million inflow last week after the first outflow five weeks prior since early January. There have been 32 inflows in 2021; net inflows total \$31.4 billion YTD, which follows \$27.0 billion of net outflows in 2020
- The leveraged loan primary market saw 7 deals price last week for \$2.2 billion

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	1Q21	2Q21	30-Day Rolling Average		
			June 2021	July 2021	08/27/21
Overall	4.40%	4.64%	4.44%	4.69%	5.07%
4B	3.00%	2.98%	2.89%	3.29%	3.91%
2B	4.63%	4.99%	4.84%	5.04%	5.17%
Middle Market	4.79%	5.15%	5.15%	6.10%	6.23%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
8/16/2021	Pfizer Inc	Sr Notes	\$1,000	A2 / A+ / NR	1.750%	8/18/2031	+53	22 bps
8/10/2021	Universal Health Services Inc	Secured	\$700	Baa3 / BBB- / BBB-	1.650%	9/1/2026	+85	25 bps
8/10/2021	Universal Health Services Inc	Secured	\$500	Baa3 / BBB- / BBB-	2.650%	1/15/2032	+133	22 bps
8/9/2021	Ecolab Inc	Sr Notes	\$300	Baa1 / A- / A-	2.750%	8/18/2055	+83	22 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
8/16/2021	Pfizer Inc	Sr Notes	\$1,000	A2 / A+ / NR	1.750%	8/18/2031	+53	22 bps
8/10/2021	Universal Health Services Inc	Secured	\$700	Baa3 / BBB- / BBB-	1.650%	9/1/2026	+85	25 bps
8/10/2021	Universal Health Services Inc	Secured	\$500	Baa3 / BBB- / BBB-	2.650%	1/15/2032	+133	22 bps
8/9/2021	Ecolab Inc	Sr Notes	\$300	Baa1 / A- / A-	2.750%	8/18/2055	+83	22 bps

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
8/20/2021	Integer Holdings Corp	Public	Ba3/BB-	Refinancing	\$350	L+250, 0.50% @ 99	3.125%
8/12/2021	Unified Women's Healthcare	Altas Partners LP	B3/B-	Acquisition	\$130	L+425, 0.75% @ 99.5	5.125%
8/11/2021	Western Dental Services Inc	New Mountain Capital	B3/B-	Refinancing	\$490	L+450, 0.75% @ 99.75	5.375%
8/10/2021	International SOS Pte Ltd	Private	Ba3 / BB	Acquisition	\$700	L+375, 0.50% @ 99	4.500%
8/6/2021	UDG Healthcare PLC	Clayton, Dubilier & Rice	B2/B	LBO	\$1,600	L+425, 0.50% @ 99	5.000%

Sources: Lipper FMI, Morgan Markets

1. 4B rating (BB/Ba2), 2B rating (B/B2)

2. 90-day rolling average

* Denotes Cain Brothers/KeyBanc Capital Markets participation

Healthcare News

Foundation Medicine Working with Epic to Streamline Data¹

Fierce Healthcare | August 26, 2021

Foundation Medicine announced a partnership with Epic Thursday, meant to integrate its services like comprehensive genomic profiling with the electronic medical record (EMR) system. Providers will be able to order Foundation Medicine tests within the Epic network once the integration is complete, as well as access results directly in the EMR platform. The benefit to this approach, the companies' announcement said, is to have easily accessible information in one place and limit data entry in order to streamline clinical decision-making. The latest incorporation will support oncology practices, academic medical centers, and other health systems. The announcement comes as part of a broader Foundation Medicine effort to expand precision oncology by leveraging data. "In order to bring the reality of precision medicine to more cancer patients, we need to simplify the process for getting oncologists access to the genomic insights they need for targeted treatment planning," said Kathleen Kaa, interim chief commercial officer at Foundation Medicine, in a statement.

Blue Cross NC's Value-Based Care Program Saved \$197M Last Year²

Fierce Healthcare | August 26, 2021

New data from Blue Cross Blue Shield of North Carolina, showed that its value-based care program, Blue Premier, saved \$197 million last year. Despite the ongoing pandemic, the insurer's program grew, both adding new provider participants and making additional gains in quality and cost improvements, Blue Cross NC said. Blue Premier covered 857,000 Blue Cross NC members in 2020, up 60% from 536,000 in 2019. "These results show Blue Cross NC members are benefitting from our move to value-based care," said Von Nguyen, M.D., Blue Cross NC senior vice president and chief medical officer, in a statement. "Our close collaborations with hospitals and physicians through Blue Premier have resulted in measurable improvement in health care for our members despite the COVID-19 pandemic." The program generated \$153 million in savings for 2019 and \$350 million in its first two years of operations.

Cigna to Expand ACA Exchange Footprint to 3 New States, 93 Counties³

Fierce Healthcare | August 26, 2021

Cigna is planning to expand its footprint on the Affordable Care Act's (ACA's) exchanges into three new states and 93 new counties for the 2022 plan year, the insurer announced Thursday. Cigna said it plans to enter the markets in Pennsylvania, Georgia and Mississippi and new counties in Florida, Arizona, and Virginia. The new regions could reach an additional 1.5 million customers, according to the announcement. The new markets will bring the insurer's total footprint to 313 counties across 13 states. The expansion plans are pending regulatory approval. Despite a rocky start, recent stability on the ACA exchanges has encouraged a number of insurers to grow their reach or reenter the marketplaces. UnitedHealthcare, the largest insurer in the U.S., has grown its footprint of late, and Aetna has filed to enter the marketplaces after exiting in full in 2018 following massive losses. Lisa Lough, president of Cigna's individual and family plans business, said Cigna has remained on the exchanges since their launch and has at times served as the sole plan option in a number of communities. Standing out in what's now a growing market includes offering unique plans, such as condition-specific coverage, which provides \$0 cost-share on benefits to manage chronic conditions like asthma, chronic obstructive pulmonary disease, and diabetes.

Healthcare News Continued...

Mayo Clinic, Alphabet's Verily Partner to Build Clinical Decision Support Tools¹

Healthcare Dive | August 27, 2021

Academic medical giant Mayo Clinic and Alphabet's life sciences arm Verily are partnering to develop clinical decision support tools, the two companies announced Thursday. For the two year collaboration, Mayo — already two years into a 10-year R&D partnership with Verily sister company Google — will provide clinical information, while Verily will apply its analytics and product development services to create insights that can be integrated into the provider workflow. The two plan to initially focus on a set of cardiovascular and cardiometabolic conditions. Verily and Mayo cited the exponential growth in medical knowledge that makes it difficult for doctors to keep up with the latest advances in care recommendations and protocol as the reason for co-developing new decision support products. The tool, available for clinicians at the point of care, will provide evidence-based knowledge on disease management, care guidelines and treatment options to help doctors make decisions, the companies said. The hope is that it will be used as a sort of "GPS for patient care," Bradley Leibovich, medical director of Mayo Clinic's Center for Digital Health, said in a Thursday statement.

Hospital Volume Recovery on Shaky Ground Amid Delta, Kaufman Hall Reports²

Healthcare Dive | August 25, 2021

Hospitals faced a setback in their volume and margin recoveries in July as cases of the coronavirus delta variant rapidly spread across parts of the U.S., according to Kaufman Hall's latest monthly flash report out Tuesday. Revenues, however, surpassed both 2019 and 2020 levels for the fifth month in a row, though they were offset by rising expenses, also in line with recent months. July's figures suggest patients might again be delaying non-urgent care due to virus concerns, the report said. Hospitals in several states have reported reducing available services as they struggle to find available beds and staff. Despite the setbacks, hospitals are still doing much better overall than they were during this time last year. While outpatient revenue was down in July, it was still up 21.6% year-to-date compared to 2020. Adjusted discharges, too, were up 8.7% in July compared to January through July of 2020, and emergency room visits were up 5% in July compared to that period. But many metrics still remain below pre-pandemic or 2019 levels and the virus still poses challenges.

Medicare ACOs Saved \$4.1B in 2020³

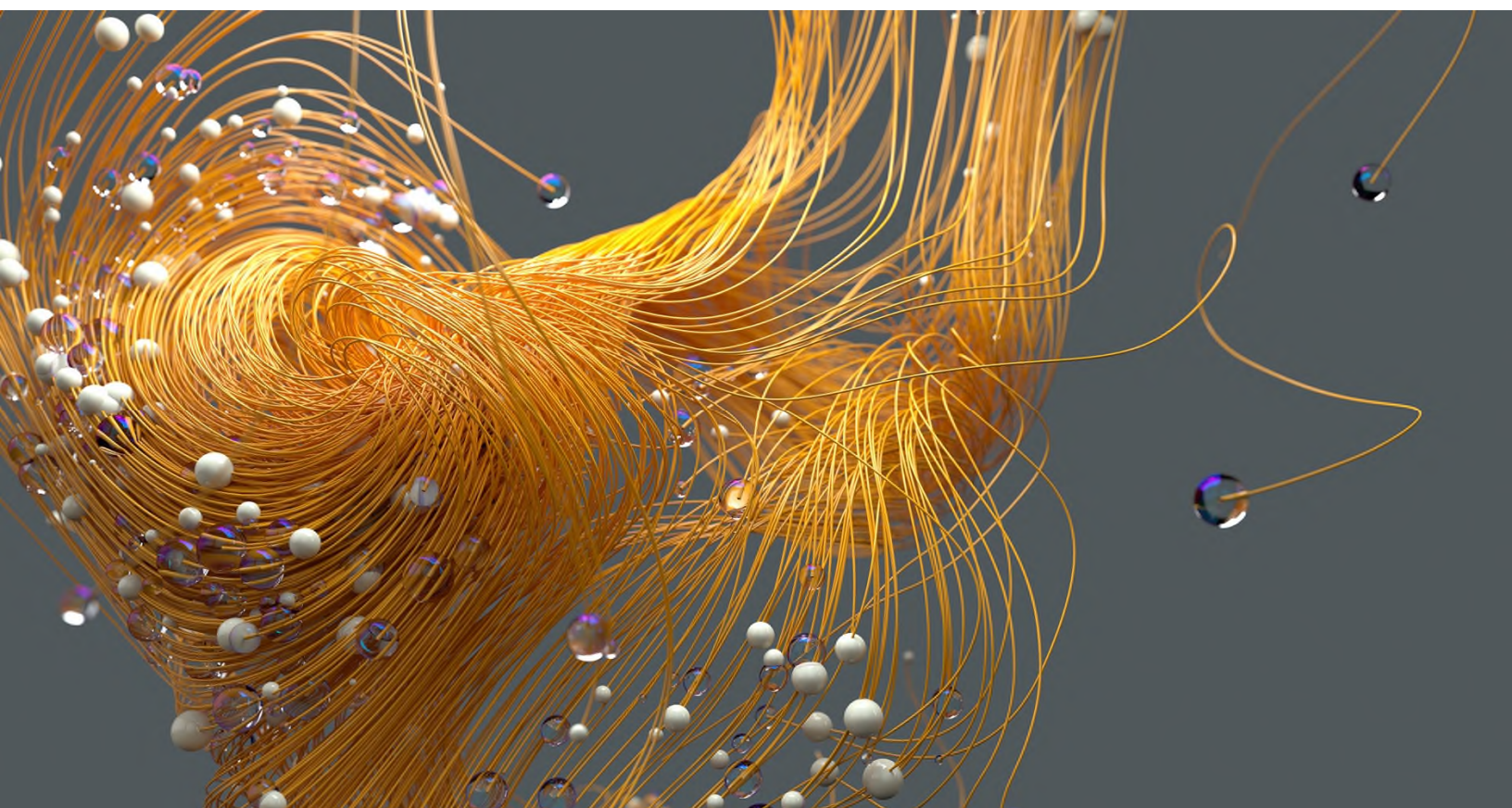
Managed Healthcare Executive | August 25, 2021

The Medicare Shared Savings Program collectively saved Medicare \$4.1 billion last year and \$1.9 billion after accounting for shared savings payments. It is the highest annual savings to date for the accountable care organization model that served 10.6 million seniors in 2020. The accountable care organizations had an average quality score of 97.8% and 60 earned a score of 100%. The results are an improvement over the \$2.6 billion and \$1.2 billion in gross and net savings in 2019. "Today's data underscore the need for policymakers to do all they can to grow the ACO model and extend the program's benefits to more patients," Clif Gaus, Sc.D., president and chief executive officer of the National Association of ACOs, said in a statement. "We currently have the fewest number of Shared Savings Program ACOs since 2017. That trend must be reversed, given continued debate about ways to improve our health system." Additionally, in 2020 there was \$390 in gross savings per beneficiary. And 67% of ACOs earned shared savings. In shared saving payments, ACOs made \$2.3 billion. Three-quarters of shared savings-only ACOs produced gross savings and 55% earned shared savings. What's more, 97% of at-risk ACOs produced gross savings and 88% earned shared savings. More data demonstrate ACOs are lowering Medicare spending by 1-2%, which can be tens of billions of dollars of reduced Medicare spending annually.

September 14, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Disrupters Pose Risks and Opportunities

Industry Insights

Contents

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- Healthcare M&A Activity
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Disrupters Pose Risks and Opportunities

Banker Commentary by Ted Kaehler

The last 18 months have been historically unique in multiple respects, but the pandemic has proven to be a catalyst for positive and lasting changes throughout the healthcare ecosystem that will touch every corner of the industry. Key prevailing trends include acceptance of telemedicine, artificial intelligence and automation, patient consumerism, alternative care models, healthcare equity, and focus and acceptance on mental health. These changes may have accelerated during the pandemic for obvious reasons, but the overarching reality is that the industry continues to reward business models that are innovative in providing high quality at the lowest cost of care. In short, many healthcare providers will need to adjust.

The traditional fee-for-service model will soon be replaced with value-based models that many disrupters are embracing. Oak Street Health and One Medical are prime examples of disrupters that are investing in patient care before expensive treatment is required. For example, in Medicare, approximately 3% of dollars are spent on primary care, while two-thirds of all Medicare dollars are spent on hospitalizations and acute episodes. The CEO of Oak Street commented recently, "We can invest upfront and increase the 3% a couple of multiples, and we're reducing hospitalizations by 50%. That savings can both cover our investment in primary care as well as provide our margin. That's how the economics at Oak Street work."

One Medical, which went public in January 2020, now has over 620,000 members in over 20 markets. One Medical is able to be proactive with each member, coordinate care through a digital app, reduce the friction for the patient, and save employers and payers (estimated between 8-45%) through reduced hospital and ER utilization.

Healthcare providers should evaluate their current business models and assess the risk that disrupters pose. It is likely that changes will require capital investment, technological know-how, data analytics, and predictive capabilities. In addition, many value-based models will require enhanced management capabilities and a new thought process around operational effectiveness and patient attribution. No longer will performance be evaluated strictly by the ability to diagnose and treat a sick patient, but providers will have to manage the patients before they are sick and beyond the provider walls.

Industry Insights

Key strategies for healthcare providers to consider that may ease the burden of the transition include the following:

- Consider a payer/provider partnership to share the risk, data, and predictive capabilities of an established player
- Invest in technology that allows patient data to be easily shared, evaluated, and monitored
- Empower the patient through increased convenience (telemedicine), digital connections, and pricing transparency
- Rethink the competition. Historical competitors or adversaries may, in fact, be perfect partners to help ease the transformation through complementary capabilities or other synergies

The most dangerous phrase in business is, “we have always done it that way.” The present is a perfect time for all providers to honestly assess their capabilities and capability gaps and evaluate different partnership models or required capital investment that is necessary for success in a quickly changing healthcare ecosystem.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
9/9/2021	Summit BHC (FFL Partners and Lee Equity Partners)	Patient Square Capital	NA	NA	NA	Provider of behavioral health and addiction treatment services
9/8/2021	Brookdale Health Care Services (HCA Healthcare and Brookdale Senior Living)	LHC Group (NASDAQ: LHCG)	NA	NA	NA	23 home health locations, 11 hospice, and 13 therapy agencies across 22 states
9/7/2021	Allied 100 (Ridgemont Equity Partners)	Cardio Partners (Sarnova / Patricia Industries)	NA	NA	NA	Distributor of automated external defibrillators
9/7/2021	Care Advantage (BelHealth Investment Partners)	Searchlight Capital Partners	NA	NA	NA	Provider of at-home care business
9/7/2021	Cornerstone of Recovery	Bradford Health Services (Centre Partners)	NA	NA	NA	Substance use disorder treatment provider
8/27/2021	Acorn Health (MBF Healthcare Partners)	Ontario Teachers' Pension Plan Board	NA	NA	NA	Provider of applied behavior analysis therapy to children with autism spectrum disorder
8/26/2021	Deca Dental Group (Blue Sea Capital)	Blackstone Tactical Opportunities	NA	NA	NA	Dental services organization
8/26/2021	eQHealth Solutions	Kepro (Apax Partners)	NA	NA	NA	Population health management and technology solutions
8/25/2021	Ginger	Headspace Health	Merger	NA	NA	Comprehensive digital mental health platform
8/25/2021	PromptCare (Halifax Group)	Waud Capital Partners	~\$400.0	NA	~13.0x	Provider of complex respiratory and infusion therapy services
8/25/2021	Safecor	Vesey Street Capital Partners	NA	NA	NA	Provider of pharmaceutical unit dose packaging services for hospitals and health systems
8/24/2021	FlexCare Infusion Centers	River Cities Capital	NA	NA	NA	Platform of ambulatory infusion centers
8/24/2021	Triple-S Management (NYSE: GTS)	GuideWell	\$900	\$0	\$5	Managed care provider serving over a 1 million consumers in Puerto Rico with Medicare Advantage, Medicaid and Commercial plans
8/24/2021	Women's Health USA (Sverica Capital Mgmt)*	Unified Women's Healthcare (Atlas Partners, Ares, and Oak HC/FT Partners)	NA	NA	NA	Provider of practice management and value-based care services to more than 600 women's health providers
8/18/2021	Prevention & Recovery Center (Memorial Hermann)	Discovery Behavioral Health (Webster Equity Partners)	NA	NA	NA	Provider of behavioral health services for alcoholism, drug addiction and dual diagnosis patients
8/16/2021	360biolabs	BioAgilytix Labs (GHO Capital Partners)	NA	NA	NA	Contract service organization
8/18/2021	MicroConstants	BioAgilytix Labs (GHO Capital Partners)	NA	NA	NA	Clinical and preclinical contract research organization
8/18/2021	PatientKeeper (HCA Healthcare and General Catalyst)	Commure	NA	NA	NA	Provider of intuitive software and mobile applications for patient information
8/19/2021	Inovalon (Nasdaq: INOV)	Nordic Capital (lead), Insight Partners, 22C Capital	\$7,300	10.2x	32.9x	Provider of cloud-based platforms for the healthcare industry
8/19/2021	MDVIP (Leonard Green & Partners)	Goldman Sachs Asset Management and Charlesbank Capital Partners	NA	NA	NA	Membership-based healthcare with a national network of over 1,100 primary care physicians
8/17/2021	CyberMaxx	Periscope Equity	NA	NA	NA	Provider of MSSP and MDR solutions for the healthcare industry
8/16/2021	RQM+ Corp (DFW Capital Partners)	Linden Capital Partners	NA	NA	NA	Provider of regulatory, quality, and compliance consulting services for medical device sector
8/16/2021	Ethos Veterinary Health (BBH Capital Partners)	National Veterinary Associates (JAB)	NA	NA	NA	Operator of 23 veterinary hospitals with over doctors
8/12/2021	Ovia Health	Labcorp (NYSE: LH)	NA	NA	NA	Digital health platform for fertility information and support
8/11/2021	CareLinx	Sharecare (Nasdaq: SHCR)	\$65	3.3x	NA	Digital on-demand platform of tech-enabled care providers

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
8/26/2021	NationsBenefits	The Pritzker Organization and Denali Growth Partners (co-leads), Monroe Capital	Growth	\$170	Supplemental benefits company
8/26/2021	Overjet	General Catalyst and Insight Partners (co-leads), Crosslink Capital and the MIT-affiliated E14 Fund	Series A	\$27	Provider of dental artificial intelligence solutions
8/24/2021	MedArrive	SCAN Group	Strategic	Undisclosed	Healthcare logistics and services platform
8/23/2021	Covera Health	Insight Partners (lead), Equity Group Investments	Series C	\$25	Healthcare quality analytics platform
8/5/2021	Vera Whole Health	Morgan Health	Undisclosed	\$50	Value-based care services
8/5/2021	Cricket Health	Valtruis (lead: Welsh Carson port co), Oak HC/FT, Cigna Ventures and Health Ventures	Series B	\$84	Provider of value-based kidney care
8/4/2021	Connections Health Solutions	Heritage Group (lead)	Growth	\$31	Provider of immediate-access behavioral health crisis stabilization services
8/3/2021	Bluestone Physician Services (WindRose Health Investors)	Blue Venture Fund	Strategic	Undisclosed	On-site care and care coordination services provider to high-risk, geriatric and disabled patients
8/2/2021	Modern Animal	True Ventures and Founders Fund (co-leads)	Undisclosed	\$76	Provider of veterinary services
7/28/2021	Employer Direct Healthcare	Redmile Group (lead)	Growth Capital	Undisclosed	Provider of high-quality and cost-efficient solutions for self-funded employers and their members
7/28/2021	SonderMind	Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital	Series C	\$150	Provider of mental health services through a digital network of therapists and care providers
7/21/2021	TMRW Life Sciences	Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund	Series C	\$105	Software-guided embryology and cryo-management
7/21/2021	WoeBot Health	JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and AI Fund	Series B	\$90	Mental healthcare tool
7/22/2021	Trilliant Health	Bon Secours Mercy Health	Strategic Growth	Undisclosed	Evidence-based analytics and data science company
7/20/2021	OM1	Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and 7wire Ventures	Series D	\$85	Healthcare data and analytics company
7/19/2021	Quit Genius	Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health	Series B	\$64	Digital clinic for treating multiple addictions
7/1/2021	Olive	Vista Equity Partners (lead), Base10 Partners Advancement Initiative	Undisclosed	\$400 (Valuation \$~4B)	AI technology that connects patients, providers and payers to automate workflows and support human workforces

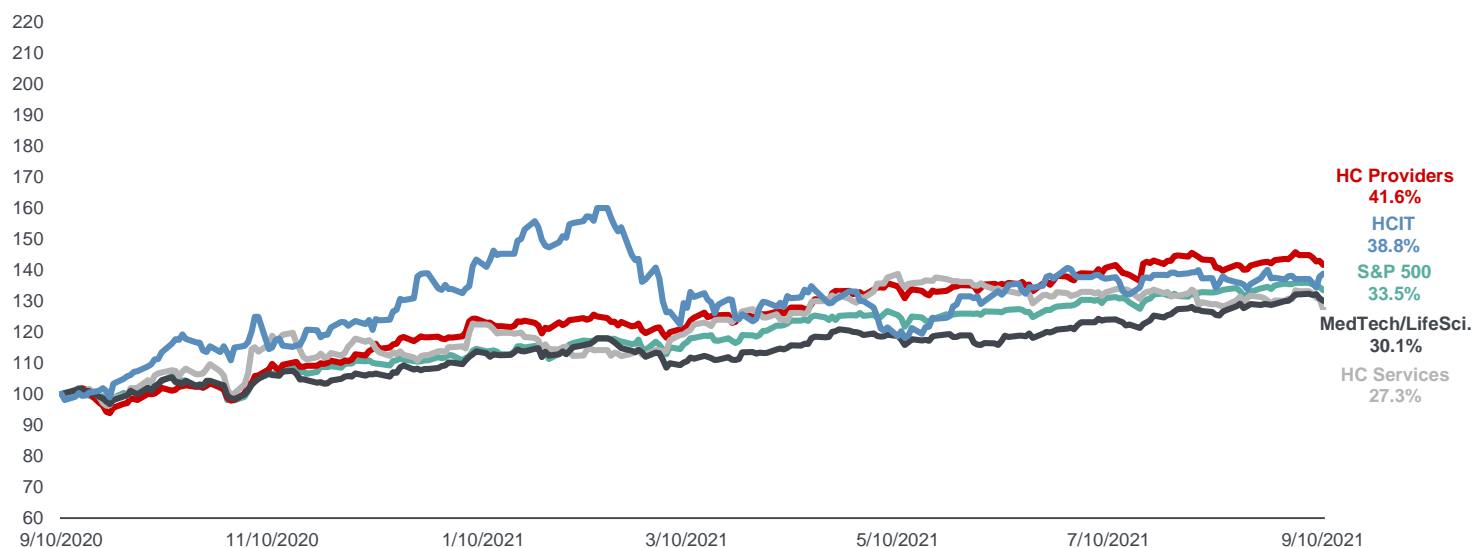
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of August 27, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	35,369	34,608	25.7%	(2.2%)
S&P 500	4,535	4,459	33.5%	(1.7%)
NASDAQ	15,364	15,115	38.4%	(1.6%)
Russell 2000	2,292	2,228	47.7%	(2.8%)
NYSE Healthcare	23,411	22,712	24.2%	(3.0%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	84.4%	(0.1%)
Alternate Site Services	15.1%	(5.9%)
Diagnostics	52.9%	(2.2%)
Distribution	27.2%	(1.8%)
Healthcare IT	21.2%	1.2%
Healthcare REITs	24.3%	(1.3%)
Managed Care	27.1%	(4.9%)
Medical Technology	26.5%	(1.7%)
Outsourced Services	46.4%	(2.4%)
Pharma Services	60.4%	(0.8%)
Pharmacy	44.0%	(4.0%)
Post-Acute Care	11.7%	(2.1%)

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
Maravai LifeSciences (Nasdaq: MRVI)*	9/10/2021	Follow On	\$1,000	\$15,400	\$50.00	(5.8%)	Data and analytics technology and services to healthcare organizations
Health Catalyst (HCAT)	8/11/2021	Follow On	\$225	\$2,771	\$53.00	5.6%	Data and analytics technology and services to healthcare organizations
RxSight (RXST)	7/29/2021	IPO	\$118	\$421	\$16.00	(16.1%)	Ophthalmic medical device company
Stevanato Group (STVN)*	7/16/2021	IPO	\$588	\$5,909	\$21.00	26.4%	Provider of drug containment, drug delivery
LeMaitre Vascular (LMAT)*	7/15/2021	Follow On	\$55	\$1,188	\$54.50	8.3%	National, integrated system of care

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of September 10, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.81%	1.80%	2.33%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.61%	1.60%	2.03%
SIFMA (Variable Rate Demand Notes)	0.02%	0.02%	0.08%
Revenue Bond Index	2.50%	2.50%	2.64%
SIFMA/ 1Month LIBOR	25.00%	25.00%	53.33%
RBI/30 Yr Treasury (%)	128.87%	128.87%	185.92%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.34%	1.33%	0.81%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Piedmont Healthcare, Inc.** (Taxable)	\$400.000	GA	A1 / AA- / NR	2052	MWC**	2.86%	2.86%	N/A	1.90%
Piedmont Healthcare, Inc.** (Taxable)	\$300.000	GA	A1 / AA- / NR	2042	MWC**	2.72%	2.72%	N/A	1.83%
Piedmont Healthcare, Inc.** (Taxable)	\$300.000	GA	A1 / AA- / NR	2032	MWC**	2.04%	2.04%	N/A	1.30%
Altru Health System***	\$400.000	ND	Baa2 / NR / BBB-	2051	2031 (C)	4.00%	3.00%	3.25%	1.53%
Eliseo Project	\$56.910	WA	NR / NR / NR	2057	2031 (C)	4.00%	3.64%	3.85%	1.53%
Eliseo Project (TEMPS-60)	\$18.750	WA	NR / NR / NR	2027	2023 (C)	2.13%	2.13%	N/A	1.53%
Eliseo Project (TEMPS-80)	\$8.750	WA	NR / NR / NR	2028	2023 (C)	2.50%	2.50%	N/A	1.53%
Eliseo Project (Taxable, Tmps)	\$7.500	WA	NR / NR / NR	2026	2023 (C)	2.50%	2.50%	N/A	0.79%
Givens Estates	\$48.620	NC	NR / NR / A-	2056	2028 (C)	4.00%	2.33%	3.46%	1.53%
Total	\$1,540.530								

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

**All Tranches Subject to Make Whole Call at 15 bps

***Bonds Maturing 2039, 2046, and 2051 Insured by: Assured Guaranty Municipal Corp. (AGM); Overlapping final mty. with Cpn. / YTC / YTM of 3.00% / 2.63% / 2.84%

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Providence St. Joseph Health Obligated Group Taxable Bonds, Series 2021A	9/14/2021	\$775.000	Aa3 / AA- / AA-
Washington Health Care Facilities Authority Refunding Revenue Bonds, Series 2021B (Providence St. Joseph Health)	9/14/2021	\$192.755	Aa3 / AA- / AA-
State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Hartford Healthcare Issue, Series 2021A	9/14/2021	\$167.365	A2 / A / A+
Public Finance Authority (UNC Health Southeastern) Hospital Revenue and Revenue Refunding Bonds, Series 2021A Series 2021B (Taxable) Series 2022A (Forward Delivery)	Week of	\$139.420	NR / BBB+ / NR
California Municipal Finance Authority Senior Living Revenue Bonds, Series 2021 (HumanGood - California Obligated Group)	9/16/2021	\$120.000	NR / NR / A-
Regents of the University of Minnesota Special Purpose Revenue Refunding Bonds (State Supported Biomedical Science Research Facilities Funding Program) Series 2021A	9/14/2021	\$95.625	Aa2 / AA+ / NR
Regents of the University of Minnesota Special Purpose Revenue Taxable Refunding Bonds (State Supported Biomedical Science Research Facilities Funding Program) Series 2021B	9/14/2021	\$31.040	Aa2 / AA+ / NR
The Special Care Facilities Financing Authority of the City of Pell City, Alabama Revenue Bonds (Noland Health Services, Inc.) Series 2021A	Week of	\$91.950	NR / A / NR
Lancaster Industrial Development Authority Health Center Revenue Refunding Bonds, Series 2021 (Landis Homes Retirement Community Project)	9/15/2021	\$52.215	NR / NR / BBB-

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

High Yield

- Last week saw a \$710 million inflow, which follows the prior week's inflow of \$1.1 billion; YTD net outflows total \$12.6 billion, which compares to YTD 2020 net inflows of \$44.9 billion

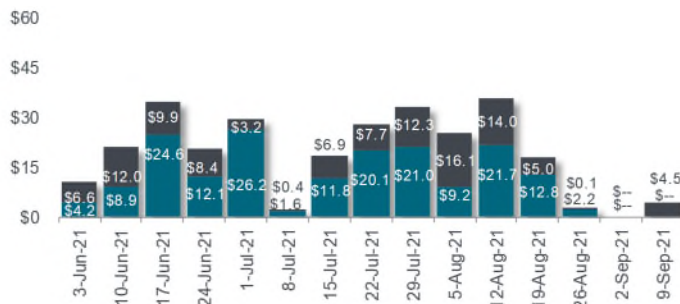
Leveraged Loans

- Leveraged loan funds saw a \$717 million inflow last week after the first outflow seven weeks prior since early January. There have been 34 inflows in 2021 totaling \$33.5 billion YTD following net outflows in 2020 totaling \$27.0 billion; Inflows total a more modest \$5.7 billion QTD21 following \$13.6 billion of inflows in 2Q21

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	30-Day Rolling Average				
	1Q21	2Q21	July 2021	August 2021	09/09/21
Overall	4.40%	4.64%	4.73%	5.17%	4.56%
4B	3.00%	2.98%	3.33%	3.88%	3.07%
2B	4.63%	4.99%	5.08%	5.26%	4.86%
Middle Market	4.79%	5.15%	6.10%	6.23%	5.27%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
9/8/2021	PerkinElmer Inc	Sr Notes	\$500	Baa3 / BBB / BBB	0.550%	9/15/2023	+35	25 bps
9/8/2021	PerkinElmer Inc	Sr Notes	\$800	Baa3 / BBB / BBB	0.850%	9/15/2024	+45	25 bps
9/8/2021	PerkinElmer Inc	Sr Notes	\$500	Baa3 / BBB / BBB	1.900%	9/15/2028	+80	25 bps
9/8/2021	PerkinElmer Inc	Sr Notes	\$500	Baa3 / BBB / BBB	2.250%	9/15/2031	+95	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
8/17/2021	MultiPlan	Sr. Sec. Notes	\$1,050	Ba3/B+	5.500%	9/1/2028	446 bps	5.50% area
8/16/2021	US Acute Care (add-on)	Sr. Sec. Notes	\$125	B2/B-	6.375%	3/1/2026	473 bps	102.50-103.00
8/12/2021	AdaptHealth*	Sr. Notes	\$600	B1/B	5.125%	3/1/2030	387 bps	5.25% area
8/10/2021	Modiv Care	Sr. Notes	\$500	B2/B+	5.000%	10/1/2029	380 bps	5.00%-5.25%

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
8/20/2021	Integer Holdings Corp	Public	Ba3/BB-	Refinancing	\$350	L+250, 0.50% @ 99	3.125%
8/12/2021	Unified Women's Healthcare	Altas Partners LP	B3/B-	Acquisition	\$130	L+425, 0.75% @ 99.5	5.125%
8/11/2021	Western Dental Services Inc	New Mountain Capital	B3/B-	Refinancing	\$490	L+450, 0.75% @ 99.75	5.375%
8/6/2021	UDG Healthcare PLC	Clayton, Dubilier & Rice	B2/B	LBO	\$1,600	L+425, 0.50% @ 99	5.000%

Healthcare News

Hospital Telehealth Leveling Off At One-Fifth of Medical Appointments, Research Finds¹

Healthcare Dive | September 7, 2021

The COVID-19 pandemic drove a historic increase in telehealth use last year, but recent research from KLAS Research and the Center for Connected Medicine finds that the majority of U.S. hospitals are seeing the number of telehealth visits level off at one out of every five appointments. While experts agree the telehealth utilization will never drop to the pre-pandemic levels, it is yet to be seen how sustainable the recent boom in telehealth actually is. Many provider organizations are all looking to expand their virtual care offerings, especially in the areas of chronic care management, behavioral health, and urgent care, but this research suggests that the future demand for telehealth opinions might not be as high as predicted and planned for.

Payers, Providers Seek Leeway on Surprise Medical Bill Ban Going Into Effect in 2022²

Fierce Healthcare | September 8, 2021

Late last year, Congress banned providers from delivering surprise medical bills to consumers. With the No Surprises Act expected to start next January, both providers and payers have concerns with how regulations will be implemented. As part of this rule, providers must send a notice to the patient 72 hours before a procedure to let them know the services won't be fully covered by their insurance. Providers argue that this strict timeline will place an administrative burden on practices to comply. Payers fear that they do not have enough time to implement parts of the rule and will therefore be penalized for mistakes made during implementation. Top insurance industry lobbying group, America's Health Insurance Plans (AHIP), argues that there should be a good faith safe harbor in place through 2023 to protect insurers who do make mistakes during the implementation process.

UnitedHealth Report: Shifting Common Outpatient Procedures to ASCs Could Yield Significant Savings³

Fierce Healthcare | September 10, 2021

According to a new analysis from researchers at UnitedHealth Group, conducting common surgical procedures in ambulatory surgical centers (ASCs) could lead to savings for both patients and payers. The average price for non-complex procedures for commercially insured people is 144% higher in the hospital compared to in ASCs. On average, commercially insured patients bear about 15% of the costs of these procedures. Receiving treatment from an ASC would lead to a savings of \$684 per procedure. Due to this significant cost savings opportunity, Lambert van der Walde, senior vice president and executive director of the Center for Health Care Research at UnitedHealth Group, argues that health plans should be doing more to encourage patients to seek care at alternative sites in appropriate cases.

Healthcare News Continued...

HHS Aims to Use Value-Based Care Payment Models to Lower Drug Prices¹

Fierce Healthcare | September 9, 2021

To address high drug prices, the Department of Health and Human Services laid out several tools the agency plans to test. These models focus on ways to pay drugs based on their clinical value. One such model could link payments for drugs and biologics to metrics that include 'improved patient outcomes, reductions in healthcare disparities, patient affordability and lower overall costs,' according to the plan. Other models would boost incentives for greater value therapies that include biosimilars and generics – all in an attempt expand the utilization of generics while encouraging manufactures to development new drugs. These various models all focus on the same goal – to promote negotiation, competition, and innovation. HHS Secretary Xavier Becerra believes these themes will ensure cost fairness and protect access to care.

Pandemic Keeps Exacerbating Burnout Among Nurses, Including Travelers²

Healthcare Dive | September 7, 2021

The American Hospital Association asked Congress to address the issue of nurse burnout by expanding nursing schools and relaxing visa restrictions on foreign-born nurses, because hospitals are struggling to find enough staff. In response to nursing shortages, hospitals have increased hiring efforts and boosted benefit packages. Despite this, nurses have still argued that they are being stretched too thin. ICU nurses reported having to care for three to four patients for every nurse. Before the pandemic, the ratio was two patients per nurse. Nearly all respondents reported being happier and more satisfied before the pandemic, and most reported wanting to leave bedside nursing altogether. Hospitals have had to turn to traveling nurses to fill workforce gaps, but many feel that this is not a sustainable practice.

Hospices Prepare for Influx of Dementia Patients As WHO Predicts 40% Rise³

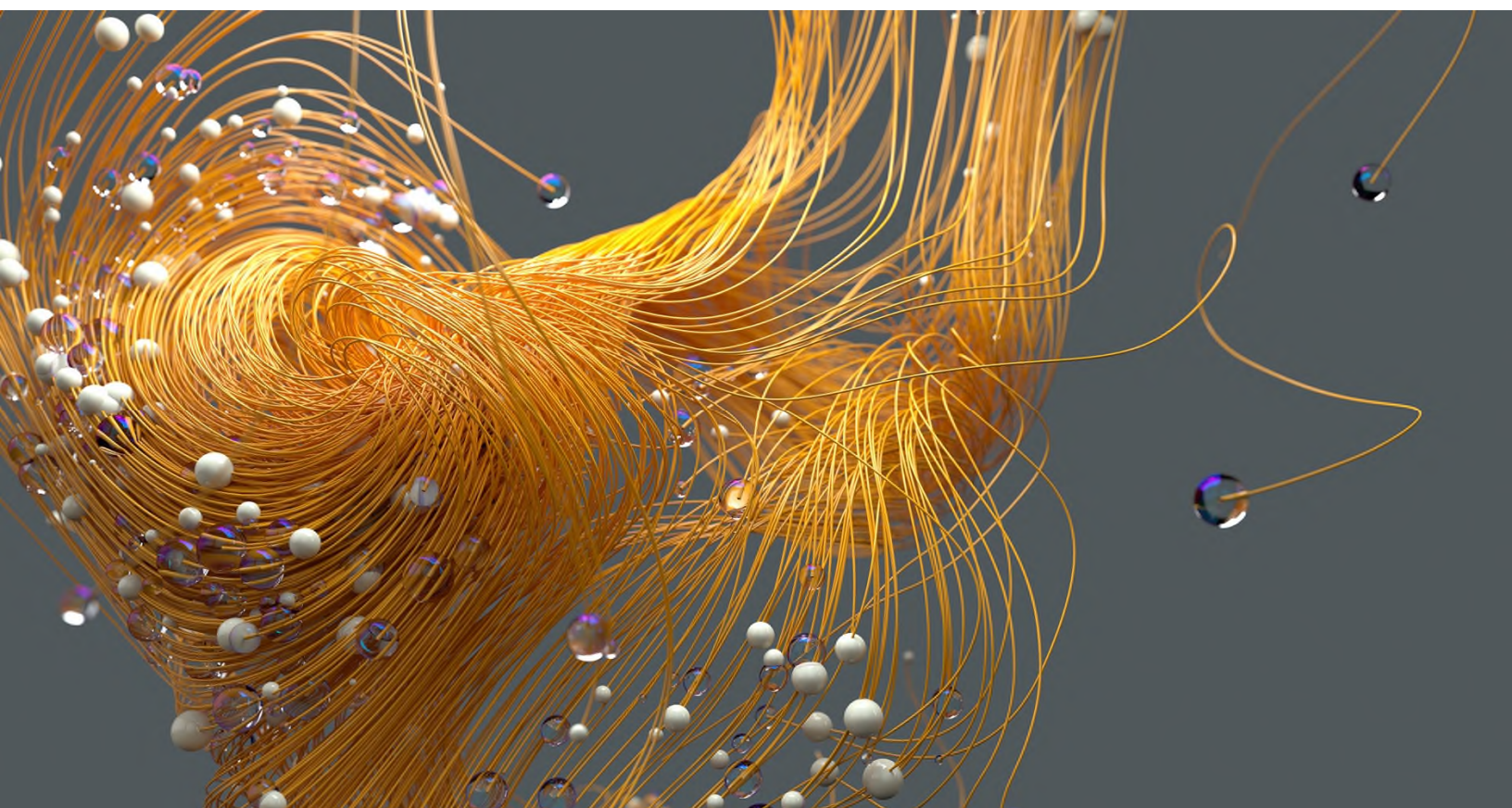
Hospice News | September 7, 2021

The number of dementia patients is expected to rise by 40%, or 139 million people globally, by 2050, according to new data from the World Health Organization (WHO). Hospices have been caring for dementia patients in larger numbers in recent years and will have a significant role to play as rates of cognitive decline continue to rise. About 15.6% of hospice recipients during 2018 had some form of dementia as a primary diagnosis, according to the National Hospice & Palliative Care Organization (NHPCO). This amounts to more than 177,000 people nationwide. Rising dementia rates will take a massive human toll and could drive up global health care expenditures. "Dementia has significant social and economic implications in terms of direct medical and social care costs, and the costs of informal care," WHO reported. "In 2019, the estimated total global societal cost of dementia was U.S \$1.3 trillion, and these costs are expected to surpass US \$2.8 trillion by 2030 as both the number of people living with dementia and care costs increase." While the WHO report did not give country-specific projections, a 2013 study estimated that the number of people in the United States with Alzheimer's disease would triple between 2010 and 2050, reaching 13.8 million. These trends will impact quality of life for families as well as the patients themselves, disproportionately affecting women. Women represent about 65% of total deaths associated with dementia and provide the majority of caregiving for loved ones with that condition, according to WHO. Women perform about 70% of family caregiving hours around the world, an estimated five hours per day in most cases.

September 22, 2021

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:
Medical Device Outsourcing takes on New Dimensions:
Repair, Refurbishment & Field Services

Industry Insights

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Medical Device Outsourcing takes on New Dimensions: Repair, Refurbishment & Field Services

Banker Commentary by John V. Soden

While contract design work/contract manufacturing for medical devices has developed into a sizable and an attractive area of investment, third-party field services for medical devices, often called Independent Service Organizations (“ISOs”), remain nascent by comparison. If the CMO industry is in the “fifth inning” of its development, third-party field services for devices may be in the “top of the second.” Examples of ISO services are repairing handheld devices and larger systems, medical product reprocessing, refurbishment of complex handheld devices and larger systems, field servicing / maintenance of devices, and regulatory calibration of complex systems. In some cases, these activities take place in the provider’s facility (e.g., Biomed outsourcing services by hospitals), while others take place in depots or centralized facilities. All depending on the service being provided, the “customer” can be the provider or the OEM itself.

COVID has expedited the growth of ISOs for several key reasons:

- 1) *Depressed Capital Budgets:* Device repair is being used to extend the useful life of equipment, and refurbished/reprocessed alternatives are often 40% cheaper than new device purchases – the ISOs associated with these offerings have been buoyed by the radical redirection of hospital capital spending in favor of COVID-related expenses. Impaired capital budgets are expected to decline overall by 19% from 2000 to 2025. Hospital financial distress that has been created or exacerbated by COVID spending has opened the door to value-based device solutions and the associated service providers.
- 2) *OEMs Seeking to Shed Fixed Costs:* OEMs, particularly those selling larger equipment, found themselves with significant fixed costs on the service side when large system sales slowed significantly (40%+) through the 2000 COVID period; in most cases, unit sales are still normalizing. OEMs have, in many cases, consolidated their specialty salesforces and are actively looking for ways to economize on their field service organizations.
- 3) *Patient Flight to Alternative Site Care:* Patients’ aversion to hospitals during COVID enhanced a preexisting trend favoring alternate site care. However, many device OEMs’ sales and service efforts are not well suited to small customers, and there are real logistical challenges of addressing the extraordinarily large universe of physician practices, ASCs, etc.

Industry Insights

Historically, ISOs were a fragmented industry comprised of small players with specific geographic, service, and/or device focus areas. Very few catered to the OEMs themselves, and none of these “moms and pops” operated at the IDN or GPO level, which often requires national coverage. Over the last five years, this industry has witnessed rapid consolidation and growth with many players now operating on a national scale. Agiliti Health, Avante Health Solutions, Crothall Healthcare, Sodexo, Steris, and TRIMEDX are some of the larger names operating in the ISO space who provide – and/or subcontract out – services of various types for devices. Each is operating on the national level. There are also sizable specialty players in certain segments such as imaging: Alpha Source and Probo Medical are two of the larger players in the U.S., the latter of which also operates in the UK and EU. Althea is a notable player in the EU, which is otherwise a very fragmented market. These larger ISOs are OEM-agnostic, servicing all types of manufacturers' devices. They also operate across a wide range of device modalities (e.g., ultrasound, MRI, CT, etc.). The integrated capabilities and nationwide reach form a critical foundation to support the next wave in outsourcing by providers and OEMs.

OEM Outsourcing

OEM outsourcing of field services is one of the most exciting trends to take shape. Some ISOs regard the OEMs as their customers (much like contract manufacturers), while others compete directly against OEMs and seek to provide more cost-efficient (and often better) services to providers. While alignment with the OEMs seems like the path of least resistance, OEMs were historically slow to hand over the keys to relatively small ISOs when it came to their sensitive customer-facing activities.

As mentioned previously, unit sales declines caused by COVID laid bare the fixed costs associated with keeping field services inhouse. As a result, a noticeable trend has developed over the last 18 months in favor of such outsourcing. OEMs are also increasingly being asked to service other OEMs' devices at the same locale (e.g., a hospital radiology department) as a part of a multi-vendor servicing agreement. They typically lack skills and parts to perform this work for other OEMs' systems. Even servicing their own devices can be taxing for an OEM, if such systems are older-generation systems. OEMs would obviously prefer to sell a new system and are not incentivized to keep older systems in the field. Possible types of outsourcing for larger systems include the following:

- 1) Technical Support
- 2) Applications and Training
- 3) Multi-vendor Repair Services
- 4) Multi-vendor Parts
- 5) Preventative Maintenance and Calibration
- 6) Warranties
- 7) Distribution
- 8) Sale of Pre-owned Systems – i.e., used systems taken in on trade by the OEM when new devices are sold (as an example, this exchange of old for new happens 80%+ of the time in many imaging modalities)

Industry Insights

Contracted services can be further sub-divided geographically and by customer type. For example, someone like Philips may be very interested in large imaging centers and large hospitals in metropolitan areas but lack interest in small hospitals and physician practices in less populated areas. An OEM has only so many field resources and they want the biggest bang for their buck. Other OEMs may lack interest in lower-ASP ultrasound systems, but see premium priced MRI and CT as being their core offering. Regardless, what should appear obvious is that the ISO must have the infrastructure and capabilities to address a wide variety of geographies, customers and modalities. In addition, they need the ability to work across multiple OEMs and multiple generations of systems/devices – this is not easy to do.

Selling at the IDN Level

Historically, ISOs sold their services hospital to hospital, in some cases starting with a van in the parking lot and spending multiple years earning their way into providing profitable services for complex devices. Fairly recently, contracting at the network level and becoming the “sole source provider” of such services has become increasingly common. However, even with this designation, ISOs still need to convert individual hospital members of the IDN. Different IDNs have different levels of sway over their network members (or choose to exert differing levels of pressure). Selling at the IDN level comes at a price, however. Capitated contracts are often that price of entry. These contracts require sophisticated systems to avoid loss-making commercial arrangements. TRIMEDX, Northfield (Agility), and Steris are example of ISOs contracting at the IDN level with capitated contracts. Some ISOs offer quasi-capitated contracts that come with guardrails that protect the ISO from losing too much money, if their assumptions prove incorrect, and some go fully at-risk.

GPO Partnering

GPO partnering is in its infancy. Northfield Medical (acquired by Agility in early 2021) forged strong relationships with the specialty selling arms of two notable GPOs. These relationships focused on selling fully capitated repair services for handheld devices, particularly endoscopes, at an attractive discount to a customer's prior year spending. Despite the larger price tag, GPOs are just now focusing on services for imaging systems and other larger devices.

Summary

ISOs are positioned to capture significant value as OEMs and providers increasingly seek cost and other advantages available from outsourced services. Relatively few ISOs have the infrastructure necessary to take on the larger pieces of this business, which are likely to be national in scale and cover multiple device modalities. While most device total addressable markets are not comparable to pharma markets, outsourcing for devices arguably covers a broader spectrum, given the broad waterfront of customer-facing activities that could be addressed by third-party service providers.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
9/14/2021	Sizewise Rentals	Agility (NYSE: AGTI)	\$230	1.5x	7.7x	Manufacturer and distributor of specialty hospital beds, surfaces and patient handling equipment
9/14/2021	Sapphire Digital	Zelis (Bain Capital Private Equity)	NA	NA	NA	Platform for provider selection, patient access, price transparency, and digital consumer navigation
9/13/2021	Midwest Eye Consultants	Sentinel Capital Partners	NA	NA	NA	Management service provider to eye care practices
9/9/2021	Summit BHC (FFL Partners and Lee Equity Partners)	Patient Square Capital	NA	NA	NA	Provider of behavioral health and addiction treatment services
9/8/2021	Brookdale Health Care Services (HCA Healthcare and Brookdale Senior Living)	LHC Group (NASDAQ: LHCG)	NA	NA	NA	23 home health locations, 11 hospice, and 13 therapy agencies across 22 states
9/7/2021	Allied 100 (Ridgemont Equity Partners)	Cardio Partners (Samova / Patricia Industries)	NA	NA	NA	Distributor of automated external defibrillators
9/7/2021	Care Advantage (BelHealth Investment Partners)	Searchlight Capital Partners	NA	NA	NA	Provider of at-home care business
9/7/2021	Cornerstone of Recovery	Bradford Health Services (Centre Partners)	NA	NA	NA	Substance use disorder treatment provider
8/27/2021	Acorn Health (MBF Healthcare Partners)	Ontario Teachers' Pension Plan Board	NA	NA	NA	Provider of applied behavior analysis therapy to children with autism spectrum disorder
8/26/2021	Deca Dental Group (Blue Sea Capital)	Blackstone Tactical Opportunities	NA	NA	NA	Dental services organization
8/26/2021	eQHealth Solutions	Kepto (Apax Partners)	NA	NA	NA	Population health management and technology solutions
8/25/2021	Ginger	Headspace Health	Merger	NA	NA	Comprehensive digital mental health platform
8/25/2021	PromptCare (Halifax Group)	Waud Capital Partners	~\$400	NA	~13.0x	Provider of complex respiratory and infusion therapy services
8/25/2021	Safecor	Vesey Street Capital Partners	NA	NA	NA	Provider of pharmaceutical unit dose packaging services for hospitals and health systems
8/24/2021	FlexCare Infusion Centers	River Cities Capital	NA	NA	NA	Platform of ambulatory infusion centers
8/24/2021	Triple-S Management (NYSE: GTS)	GuideWell	\$900	0.2x	5.1x	Managed care provider serving over a 1 million consumers in Puerto Rico with Medicare Advantage, Medicaid and Medicaid managed care
8/24/2021	Women's Health USA (Sverica Capital Mgmt)*	Unified Women's Healthcare (Atlas Partners, Ares, and Oak HC/FT Partners)	NA	NA	NA	Provider of practice management and value-based care services to more than 600 women's health providers
8/18/2021	Prevention & Recovery Center (Memorial Hermann)	Discovery Behavioral Health (Webster Equity Partners)	NA	NA	NA	Provider of behavioral health services for alcoholism, drug addiction and dual diagnosis patients
8/16/2021	360biolabs	BioAgilytix Labs (GHO Capital Partners)	NA	NA	NA	Contract service organization
8/18/2021	MicroConstants	BioAgilytix Labs (GHO Capital Partners)	NA	NA	NA	Clinical and preclinical contract research organization
8/18/2021	PatientKeeper (HCA Healthcare and General Catalyst)	Commure	NA	NA	NA	Provider of intuitive software and mobile applications for patient information
8/19/2021	Inovalon (Nasdaq: INOV)	Nordic Capital (lead), Insight Partners, 22C Capital	\$7,300	10.2x	32.9x	Provider of cloud-based platforms for the healthcare industry
8/19/2021	MDVIP (Leonard Green & Partners)	Goldman Sachs Asset Management and Charlesbank Capital Partners	NA	NA	NA	Membership-based healthcare with a national network of over 1,100 primary care physicians
8/17/2021	CyberMaxx	Periscope Equity	NA	NA	NA	Provider of MSSP and MDR solutions for the healthcare industry
8/16/2021	RQM+ Corp (DFW Capital Partners)	Linden Capital Partners	NA	NA	NA	Provider of regulatory, quality, and compliance consulting services for medical device sector

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
9/16/2021	Spring Health	Kinnevik (lead), Guardian Life, Tiger Global, Northzone, RRE Ventures, Rethink Impact, Work-Bench, William K Warren Foundation, SemperVirens, Able Partners, and True Capital Ventures	Series C	\$190	Mental health solution for employers and health plans
9/14/2021	HHAeXchange (Cressey & Company)	Hg	Strategic Investment	Undisclosed	Provider of homecare management solutions for payers, providers, and state Medicaid agencies
9/14/2021	Tia	Lone Pine Capital (lead), Threshold, Define Ventures, Torch Capital, ACME, Compound, Combine, the Helm, Human Ventures, Seae Ventures and Gingerbread Capital	Series B	\$100	Hybrid virtual care and brick-and-mortar women's healthcare company
9/13/2021	TurningPoint Healthcare Solutions	Summit Partners (lead), Oak HC/FT and Sopris Capital	Growth Capital	Undisclosed	Advanced clinical and technology-enabled complex care management
8/26/2021	NationsBenefits	The Pritzker Organization and Denali Growth Partners (co-leads), Monroe Capital	Growth	\$170	Supplemental benefits company
8/26/2021	Overjet	General Catalyst and Insight Partners (co-leads), Crosslink Capital and the MIT-affiliated F14 Fund	Series A	\$27	Provider of dental artificial intelligence solutions
8/24/2021	MedArrive	SCAN Group	Strategic	Undisclosed	Healthcare logistics and services platform
8/23/2021	Covera Health	Insight Partners (lead), Equity Group Investments	Series C	\$25	Healthcare quality analytics platform
8/5/2021	Vera Whole Health	Morgan Health	Undisclosed	\$50	Value-based care services
8/5/2021	Cricket Health	Valtruis (lead: Welsh Carson port co), Oak HC/FT, Cigna Ventures and Health Ventures	Series B	\$84	Provider of value-based kidney care
8/4/2021	Connections Health Solutions	Heritage Group (lead)	Growth	\$31	Provider of immediate-access behavioral health crisis stabilization services
8/3/2021	Bluestone Physician Services (WindRose Health Investors)	Blue Venture Fund	Strategic	Undisclosed	On-site care and care coordination services provider to high-risk, geriatric and disabled patients
8/2/2021	Modern Animal	True Ventures and Founders Fund (co-leads)	Undisclosed	\$76	Provider of veterinary services
7/28/2021	Employer Direct Healthcare	Redmile Group (lead)	Growth Capital	Undisclosed	Provider of high-quality and cost-efficient solutions for self-funded employers and their members
7/28/2021	SonderMind	Drive Capital and Premji Invest (co-leads), General Catalyst, Partners Group, Smash Ventures, Kickstart Fund, and F-Prime Capital	Series C	\$150	Provider of mental health services through a digital network of therapists and care providers
7/21/2021	TMRW Life Sciences	Transformation Capital (lead), V, Casdin Capital, Peter Thiel, Anne and Susan Wojcicki, 5AM Ventures and Life Sciences Innovation Fund	Series C	\$105	Software-guided embryology and cryo-management
7/21/2021	WoeBot Health	JAZZ Venture Partners and Temasek (co-leads), BlackRock Private Equity Partners, Owl Ventures, Mirae Asset Capital, Kicker Ventures, Alumni Ventures, NEA and ALE Fund	Series B	\$90	Mental healthcare tool
7/22/2021	Trilliant Health	Bon Secours Mercy Health	Strategic Growth	Undisclosed	Evidence-based analytics and data science company
7/20/2021	OM1	Kaiser Permanente, D1 Capital Partners and Breyer Capital (co-leads), like General Catalyst, Polaris Partners and Zyire Ventures	Series D	\$85	Healthcare data and analytics company
7/19/2021	Quit Genius	Kinnevik and Atomico (co-leads), Octopus Ventures, Triple Point Ventures and Startup Health	Series B	\$64	Digital clinic for treating multiple addictions
7/1/2021	Olive	Vista Equity Partners (lead), Base10 Partners Advancement Initiative	Undisclosed	\$400 (Valuation \$~4B)	AI technology that connects patients, providers and payers to automate workflows and support human workforces
6/29/2021	Cortica	Longitude Capital (lead), .406 Ventures, Questa Capital and Aperture Venture Partners	Series C	\$60	Technology-enabled clinical services for autism and other neurodevelopmental conditions
6/28/2021	HealthVerity	Durable Capital Partners (lead), Flare Capital Partners, Foresite Capital and Greycroft	Series D	\$100	Real-world data infrastructure for pharmaceutical manufacturers, payers and government organizations

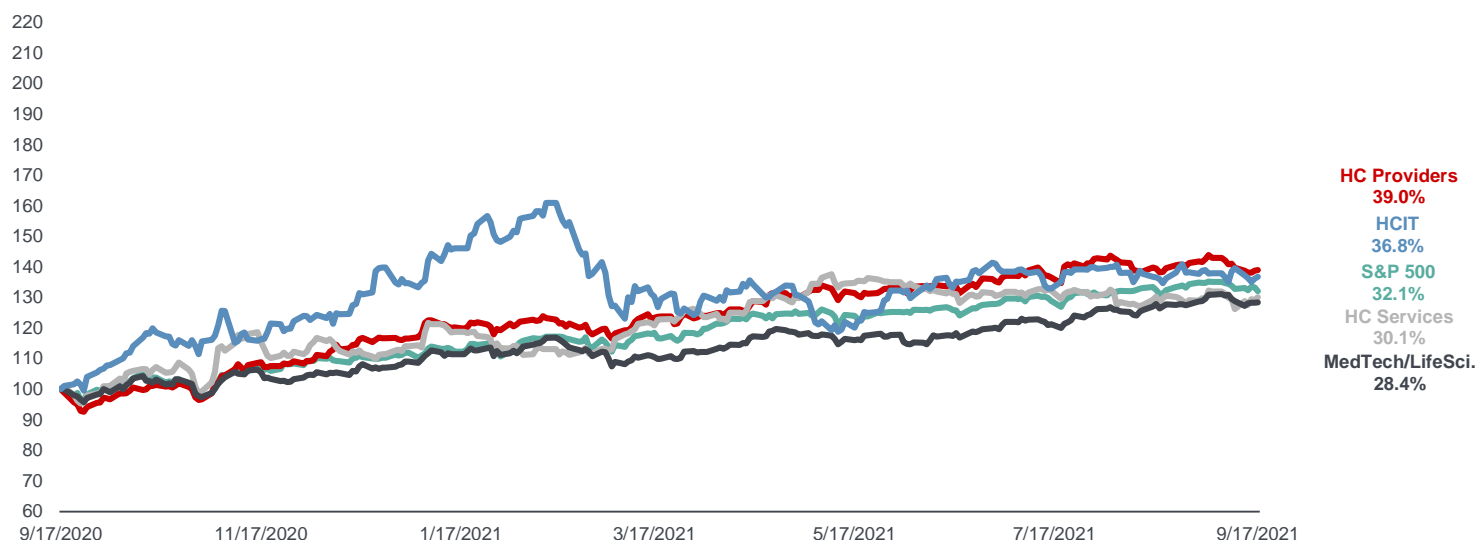
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of September 17, 2021

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,608	34,585	24.0%	(0.1%)
S&P 500	4,459	4,433	32.1%	(0.6%)
NASDAQ	15,115	15,044	37.9%	(0.5%)
Russell 2000	2,228	2,237	45.0%	0.4%
NYSE Healthcare	22,712	22,657	21.5%	(0.2%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	80.3%	0.5%
Alternate Site Services	9.2%	(2.6%)
Diagnostics	51.0%	(0.6%)
Distribution	28.1%	0.8%
Healthcare IT	19.7%	(2.0%)
Healthcare REITs	24.5%	(1.3%)
Managed Care	31.4%	3.9%
Medical Technology	24.9%	(0.1%)
Outsourced Services	40.1%	(2.4%)
Pharma Services	57.1%	(1.5%)
Pharmacy	42.5%	1.6%
Post-Acute Care	8.3%	(2.8%)

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
Definitive Healthcare (DH)	9/15/2021	IPO	\$420	\$4,288	\$27.00	81.4%	Healthcare commercial intelligence solutions
Avantor (AVTR)	9/15/2021	Follow On	\$875	\$25,884	\$42.00	19%	Critical products and services to customers in the biopharma and healthcare industries
Maravai LifeSciences (Nasdaq: MRVI)*	9/10/2021	Follow On	\$1,000	\$15,400	\$50.00	(7.9%)	Data and analytics technology and services to healthcare organizations
Health Catalyst (HCAT)	8/11/2021	Follow On	\$225	\$2,771	\$53.00	4.5%	Data and analytics technology and services to healthcare organizations
RxSight (RXST)	7/29/2021	IPO	\$118	\$421	\$16.00	(17.1%)	Ophthalmic medical device company

Sources: Cain Brothers, Bloomberg, Capital IQ

¹ Market Capitalization as of offer date

* Denotes Cain Brothers/KeyBanc Capital Markets participation

Excludes biopharmaceutical public offerings

Tax-Exempt Debt Markets

Tax-Exempt Debt Information as of September 17, 2021

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	1.82%	1.81%	2.33%
AA Tax-Exempt Hospital Bonds (30-Yr)	1.62%	1.61%	2.03%
SIFMA (Variable Rate Demand Notes)	0.02%	0.02%	0.12%
Revenue Bond Index	2.50%	2.50%	2.72%
SIFMA/ 1Month LIBOR	22.22%	25.00%	75.00%
RBI/30 Yr Treasury (%)	130.89%	128.87%	187.59%
30-Yr Floating to Fixed Sway (81% LIBOR)	1.34%	1.34%	0.84%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Providence Saint Joseph Health Obligated Group (Taxable)**	\$775.000	WA	Aa3 / AA- / AA-	2051	MWC**	2.70%	2.70%	N/A	1.85%
Providence Saint Joseph Health Obligated Group	\$177.535	WA	Aa3 / AA- / AA-	2042	2030 (P)	4.00%	1.20%	N/A	1.54%
Hartford Healthcare Issue	\$169.705	CT	A2 / A / A+	2051	2031 (C)	4.00%	2.15%	3.16%	1.54%
UNC Health Southeastern	\$93.045	NC	NR / BBB+ / NR	2051	2031 (C)	4.00%	2.31%	3.25%	1.54%
UNC Health Southeastern (Taxable)	\$26.655	NC	NR / BBB+ / NR	2029	MWC***	2.35%	2.35%	N/A	1.10%
UNC Health Southeastern (Forward Delivery)	\$21.070	NC	NR / BBB+ / NR	2035	2031 (C)	4.00%	2.13%	2.61%	1.54%
State Supported Biomedical Science Research Facilities Funding Program	\$92.385	MN	Aa2 / AA+ / NR	2036	NC	5.00%	1.57%	N/A	1.54%
State Supported Biomedical Science Research Facilities Funding Program (Taxable)	\$31.100	MN	Aa2 / AA+ / NR	2038	2031 (C)	2.63%	2.63%	N/A	1.85%
HumanGood - California Obligated Group***	\$120.000	CA	NR / NR / A-	2049	2031 (C)	4.00%	2.13%	3.10%	1.54%
Noland Health Services, Inc.	\$93.900	AL	NR / A / NR	2039	2031 (C)	4.00%	2.07%	2.81%	1.54%
Landis Homes Retirement Community Project	\$53.385	PA	NR / NR / BBB-	2056	2029 (C)	4.00%	2.75%	3.56%	1.54%
PHS Apple Valley Senior Housing	\$18.130	MN	NR / NR / NR	2061	2030 (C)	4.00%	3.33%	3.75%	1.54%
Episcopal Homes Obligated Group	\$14.500	MN	NR / NR / NR	2042	2028 (C)	4.00%	3.50%	3.78%	1.54%
Episcopal Homes Obligated Group (Taxable)	\$0.300	MN	NR / NR / NR	2022	NC	2.13%	2.13%	N/A	0.07%
Total	\$1,686.710								

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

**Make whole at 15bps

***Overlapping final maturity with Coupon / YTC / YTM of 3.00% / 2.54% / 2.79%

1. Bloomberg, Capital IQ

Tax-Exempt Debt Markets

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

Issuer	Date	Amount	Rating
New Jersey Health Care Facilities Financing Authority Revenue Bonds RWJ Barnabas Health Obligated Group Issue Series 2021A	9/21/2021	\$746.270	Aa3 / AA- / NR
Southeast Alaska Regional Health Consortium Taxable Corporate CUSIP Fixed Rate Bonds Series 2021	9/21/2021	\$300.000	NR / A- / A-
Maryland Health and Higher Educational Facilities Authority Revenue Bonds Adventist Healthcare Issue Series 2021B & C	9/21/2021	\$213.360	Baa3 / NR / NR
Residential Care Facilities for the Elderly Authority of Fulton County, Georgia Series 2021A & Series 2021B (Canterbury Court Project)	9/22/2021	\$131.775	NR / NR / NR
Hospital Service District No. 1 of The Parish of Tangipahoa State of Louisiana Hospital Revenue Refunding Bonds (North Oaks Health System Project) Series 2021	9/21/2021	\$129.795	NR / A- / BBB+
Industrial Development Authority of the City of Tempe, Arizona Revenue and Refunding Bonds, Series 2021 (Friendship Village of Tempe Project)	9/21/2021	\$104.980	NR / NR / NR
Westmoreland County Industrial Development Authority Revenue Refunding Bonds, Series 2021 (Redstone Presbyterian SeniorCare Obligated Group)	9/23/2021	\$47.845	NR / NR / NR
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2021 (PHW Muskego Project)	9/22/2021	\$37.340	NR / NR / NR
City of Conway, Arkansas Health Facilities Board (Conway Regional Medical Center) Hospital Revenue Refunding Bonds Taxable Series 2021	9/22/2021	\$14.570	NR / BBB+ / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

High Yield

- Last week saw a \$499 million outflow, which follows the prior week's inflow of \$710 million; YTD net outflows total \$12.6 billion, which compares to YTD 2020 net inflows of \$44.9 billion

Leveraged Loans

- Leveraged loan funds saw a \$718 million inflow last week after the first outflow two months prior since early January. There have been 35 inflows in 2021 totaling \$34.2 billion YTD following net outflows in 2020 totaling \$27.0 billion; Inflows total a more modest \$6.3 billion QTD21 following \$13.6 billion of inflows in 2Q21

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

	1Q21	2Q21	30-Day Rolling Average		
			July 2021	August 2021	09/16/21
Overall	4.40%	4.64%	4.72%	5.17%	4.65%
4B	3.00%	2.98%	3.33%	3.88%	3.21%
2B	4.63%	4.99%	5.06%	5.26%	4.78%
Middle Market	4.79%	5.15%	6.10%	6.23%	5.27%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
9/8/2021	PerkinElmer Inc	Sr Notes	\$500	Baa3 / BBB / BBB	0.550%	9/15/2023	+35	25 bps
9/8/2021	PerkinElmer Inc	Sr Notes	\$800	Baa3 / BBB / BBB	0.850%	9/15/2024	+45	25 bps
9/8/2021	PerkinElmer Inc	Sr Notes	\$500	Baa3 / BBB / BBB	1.900%	9/15/2028	+80	25 bps
9/8/2021	PerkinElmer Inc	Sr Notes	\$500	Baa3 / BBB / BBB	2.250%	9/15/2031	+95	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
8/17/2021	MultiPlan	Sr. Sec. Notes	\$1,050	Ba3/B+	5.500%	9/1/2028	446 bps	5.50% area
8/16/2021	US Acute Care (add-on)	Sr. Sec. Notes	\$125	B2/B-	6.375%	3/1/2026	473 bps	102.50-103.00
8/12/2021	AdaptHealth*	Sr. Notes	\$600	B1/B	5.125%	3/1/2030	387 bps	5.25% area
8/10/2021	Modiv Care	Sr. Notes	\$500	B2/B+	5.000%	10/1/2029	380 bps	5.00%-5.25%

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing	Yield
8/20/2021	Integer Holdings Corp	Public	Ba3/BB-	Refinancing	\$350	L+250, 0.50% @ 99	3.125%
8/12/2021	Unified Women's Healthcare	Altas Partners LP	B3/B-	Acquisition	\$130	L+425, 0.75% @ 99.5	5.125%
8/11/2021	Western Dental Services Inc	New Mountain Capital	B3/B-	Refinancing	\$490	L+450, 0.75% @ 99.75	5.375%
8/6/2021	UDG Healthcare PLC	Clayton, Dubilier & Rice	B2/B	LBO	\$1,600	L+425, 0.50% @ 99	5.000%

Healthcare News

FTC Warns Health Apps Must Notify Users About Data Breaches Or Face Fines¹

Fierce Healthcare | September 17, 2021

The Federal Trade Commission (FTC) has warned apps and connected devices that collect personal health information, such as glucose levels or fertility data, are required to notify consumers if their data are breached or shared with third parties without their permission. Health apps and devices that collect that kind of information fall under the Health Breach Notification Rule, the FTC said in a new policy statement issued this week. In a 3-2 vote Wednesday, the FTC agreed on a policy statement that clarifies a rule issued in 2009 that requires vendors of personal health records to notify consumers, the FTC and, in some cases, the media when those data are disclosed or acquired without the consumers' authorization. The commission noted that health apps, which can track everything from glucose levels for those with diabetes to heart health to fertility to sleep, increasingly collect sensitive and personal data from consumers. And, there are still too few privacy protections for these apps, the FTC said.

FDA Staff Tight-Lipped On Booster Shot Views Ahead Of Consequential Meeting²

Healthcare Deep Dive | September 16, 2021

Ahead of a highly anticipated meeting that could influence how soon coronavirus booster shots become widely available in the U.S., staff at the Food and Drug Administration appeared to take a neutral view of whether the agency should authorize a third dose of Pfizer's vaccine. In a 23-page briefing document, which is meant to lay out the FDA's thinking on the issue before a meeting of expert advisers Friday, agency staff chose not to address evidence from a growing number of real-world studies that have raised alarm bells within the Biden administration of weakening protection from initial vaccinations. "Some observational studies have suggested declining efficacy of Comirnaty over time against symptomatic infection or against the Delta variant, while others have not," the reviewers said in the document, using the brand name for Pfizer's vaccine. "[B]ut FDA has not independently reviewed or verified the underlying data or their conclusions."

Delta Patients Clog Hospitals, Spur More Procedure Delays³

Healthcare Deep Dive | September 14, 2021

Just as patients started returning for care they delayed throughout the COVID-19 pandemic, hospitals are again having to put non-emergency procedures on hold to free up resources for patients hospitalized with the delta variant of the coronavirus. Salt Lake City-based Intermountain Healthcare is the latest system to announce it's postponing elective procedures starting Wednesday at 13 of its hospitals, and expects the pause to last several weeks, CEO Marc Harrison said during a Friday press conference. The system's ICUs are at more than 100% capacity and among those hospitalized with the virus, 87% are unvaccinated, Harrison said. Intermountain follows other systems in pockets of the country like Advent Health in Florida that have chosen to cut off some of their most lucrative services in order to care for surges of COVID-19 patients. Hospitals took a major financial hit when they delayed procedures early in the pandemic, either by orders from CMS or local officials, and now some are doing so voluntarily.

Healthcare News Continued...

Industry Pushes For More Time Before Surprise Billing Ban Enforced¹

Healthcare Deep Dive | September 9, 2021

As the healthcare industry gears up to fall under the requirements of the No Surprises Act that bans balance billing, hospitals and insurers said they need more time and information to abide by the requirements. Payers are asking for a safe harbor until 2023 calling the Jan. 1 start day is too soon for plans to determine payment amounts to out-of-network providers and as it seeks clarification on the resolution process. Safety net hospitals represented by America's Essential Hospitals want implementation to be delayed until six months after the public health emergency for COVID-19 ends, saying staff and resources are spread too thin dealing with the pandemic and especially the spread of the delta variant. HHS released the first interim final rule to implement the No Surprises Act in June — one of multiple expected to be released this year — including those from the Departments of Treasury and Labor. A major and much-debated aspect of the law is how qualifying payment amounts — the amount paid to providers who are not in network but are providing care at an in-network facility — are calculated. Later rules are expected to provide more detail on the key issue of how the independent dispute resolution process will be conducted. Payers and providers both argued in their comments that without more information on that process, it is hard to prepare.

Dentists Chip Away at Uninsured Problem by Offering Patients Membership Plans²

Kaiser Health News | September 17, 2021

Nevada dentist David White has seen diseased and rotted teeth in the mouths of patients who routinely put off checkups and avoided minor procedures such as fillings. While dental phobia is a factor, White said, the overriding reason people avoid treatment is cost. To help patients lacking dental insurance, White in 2019 started offering a membership plan that looks much like an insurance policy — except it's good only at his offices in Reno and Elko. Adults pay \$29 a month — or \$348 a year — and receive two free exams, two cleanings, X-rays and an emergency exam, services valued at \$492. They also get a 20% discount on office procedures such as fillings and extractions. These in-office plans are largely targeted to the 65 million Americans who lack dental insurance and have to pay out-of-pocket for all their care. Dentists also like the plans better than handling insurance plans because they don't have to deal with insurers' heavily discounted reimbursement rates, waits to get preapprovals to provide services and delays in getting their claims paid.

How Amazon Is Working To Disrupt Healthcare³

MDLinx | September 17, 2021

Healthcare offers the challenge and opportunity that big tech companies relish: It's an industry as profitable as it is antiquated. Amazon is one of the tech giants making major inroads in healthcare, and the company is using a multi-pronged approach to transform the industry. Though each new move has generated headlines, disruption in healthcare doesn't happen overnight. But the company's latest foray may be its most tangible and potentially transformative. According to recent reports, Amazon plans to dramatically scale up its direct-care delivery service, Amazon Care. Originally available to its own employees and then in select test markets, the program will soon launch in 20 new major cities, including Philadelphia, Boston, and Chicago. The ambitious program seeks to introduce a new patient experience—and eventually hire a lot of doctors.