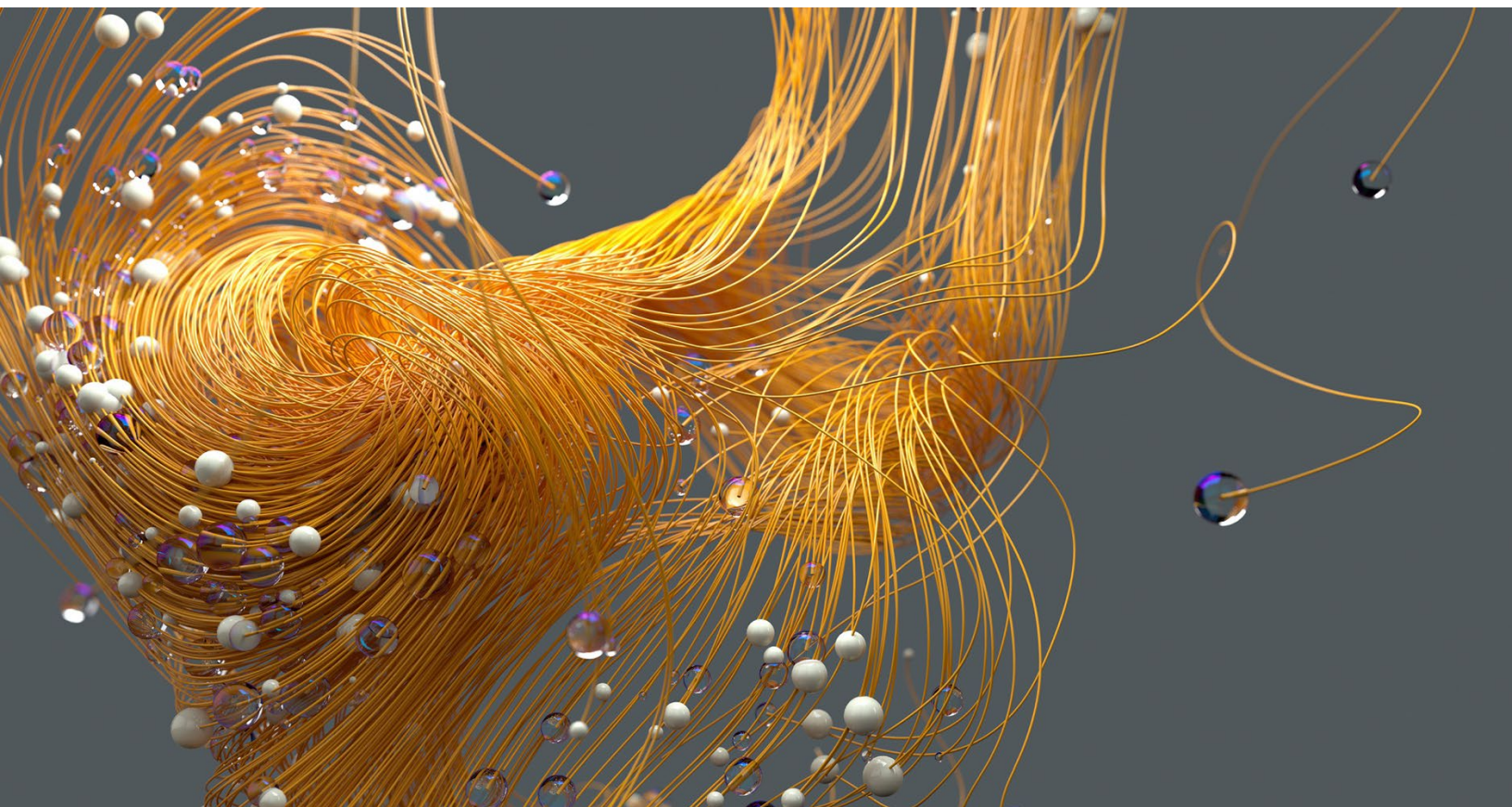


January 18, 2024

# Cain Brothers Industry Insights

## Healthcare Market Report



Banker commentary:

### Observations and 2024 Outlook

# Banker Commentary

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## Observations and 2024 Outlook

*Commentary by Wyatt Ritchie*

Turning the page on a new year brings a range of change and 2024 is no exception. For Industry Insights, we are moving to a bi-weekly publication schedule rather than weekly. The importance of timely information and the wide-ranging perspectives represented by Industry Insights remains, however we hope the new cadence finds the right balance of relevance and interest without email overload. Please let me know as your feedback is always appreciated.

For those in healthcare, the new year brings the annual JPMorgan conference in San Francisco and the mixed emotions for participants given its efficiency, expense and weather. I was particularly interested in this year's event as conversations in October were "we are not going this year," followed by "we may be going" in November, to "we will be there" in December. If attendance at the Cain Brother's events is an indication, most succumbed to FOMO and decided to make the trek.

A few observations that may provide clues to 2024 and beyond. Overall, the meeting schedule was full, the streets were busy but a bit quieter (rain having some impact) and more and more life science companies. With life sciences not being a focus area for Cain Brothers, the comment is completely anecdotal but name tags with "therapeutics" on them far outweighed others.

From the meetings we had, the consistent feedback was fewer executives and companies participating this year. So, despite attendance feeling generally comparable, companies, particularly private ones, were not having as many "fireside" chats or soft launches to M&A processes in early 2024. Most believe, as do I, there will be a pickup in deal activity this year as debt markets settle and portfolio holding periods continue to extend, but the lack of companies attending suggests a slower build over the year versus a tsunami of activity. Having said that, as the wave builds being thoughtful about timing will be important as the field of selling companies will likely become more crowded later this year and into 2025.

The presentation track for not-for-profit health systems JPM has supported over the last ten years seems to be losing steam. While the pressure on NFP health systems is as pronounced as ever, it would appear the utility of presenting at JPM is waning. Not completely surprising given the predominance of public and private equity investors, the significance of life sciences companies and the cost. While our experience would suggest more collaboration between NFP health systems and other constituents is, and will be happening, the format of JPM is not conducive to productive activities for NFPs.

Finally, there is a sense of optimism as we enter the new year, particularly related to deal activity. While the bar in 2023 was set particularly low, consensus is dealmaking will be up. Presidential elections generated mixed opinions as to its impact on deal activity, with some suggesting little impact to those arguing to get out ahead of November. Healthcare continues

## continued...

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to be low on the decibel meter within campaign rhetoric but that will likely change over the next few years. Unsustainable Federal budget deficits and the rising debt balance, as well as increasing entitlement spending due to aging demographics will soon become front and center topics. Issues many have been highlighting for years will soon become empirical and not theoretical, with economics driving the discussion rather than politics.

The other topic discussed at JPM was San Francisco. Whether it's low expectations or the inference a few pictures has on one's perception of the whole, most out-of-towners leaned positive with many (but not all) saying it was better than expected. The city has challenges, but JPM appears committed to SF and the city committed to continuing to host this important healthcare conference. See you next year!

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
1/11/2024	Doylestown Health	The University of Pennsylvania Health System	LOI	NA	NA	Not-for-profit, clinically integrated network of care based in Pennsylvania
1/11/2024	Key-Whitman Eye Center*	Surgery Partners (NASDAQ: SGRY)	NA	NA	NA	Texas based ophthalmology group with nine clinics and two ASCs
1/10/2024	Pulse Technologies	Integer Holdings (NYSE:ITGR)	\$140	3.3x	12.7x	Technology, engineering and contract manufacturing company focused on complex micro machining of medical device components
1/10/2024	Senior Care Therapy	Madison River Capital	NA	NA	NA	Provider of patient-centered psychology and mental health services to the geriatric population in sub-acute, long-term care, and assisted living communities
1/10/2024	United Medco	Medline Industries (Blackstone, Carlyle, Hellman & Friedman)	NA	NA	NA	Provider and partner of supplemental benefits and member engagement solutions
1/9/2024	Christie Campus Health	Uwill	NA	NA	NA	Provider of counseling and mental health and wellness support to 750,000 students from more than 100 colleges.
1/9/2024	ClarisHealth (Powered Health and Bengal Health Ventures)	Pamlico Capital	NA	NA	NA	Provider of enterprise payment integrity technology for health plans
1/8/2024	ClearPoint Health	Stone Point Capital	NA	NA	NA	Medical stop-loss captive platform for small and mid-sized employers
1/4/2024	EHOB	RoundTable Healthcare Partners	NA	NA	NA	Manufactures, markets, and distributes pressure injury prevention and safe patient handling products used in the acute care setting
1/4/2024	Paragon Healthcare	Elevance Health (NYSE: ELV)	NA	NA	NA	Provider of infusion services to patients through its omnichannel model of ambulatory infusion centers, home infusion pharmacies, and other specialty pharmacy services
1/3/2024	Behavioral Framework*	Renovus Capital	NA	NA	NA	Provider of applied behavior analysis therapy for children diagnosed with autism spectrum disorder
1/3/2024	TIDI Products (Roundtable Healthcare Partners)	The Jordan Company*	NA	NA	NA	Manufacturer, marketer and distributor of a diversified portfolio of medical products focused on supporting caregivers and protecting patients
12/15/2023	Advent Health Partners	Trend Health Partners (Lone View Capital)	NA	NA	NA	Designs and develops a platform to provide medical record review solutions
12/14/2023	Ametros Financial (Long Ridge Equity Partners and Clarion Capital Partners)	Webster Bank	\$350	NA	NA	Provider of professional administration of Medicare Set-Asides and other medical custodial accounts
12/13/2023	Bio X Cell	Windjammer Capital Investors	NA	NA	NA	Producer of monoclonal antibodies (mAbs) for use in both in vivo and in vitro pre-clinical research applications

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
1/11/2024	Artisight	Undisclosed strategic and client health system investors	Series B	\$42	Smart Hospital Platform and solutions for virtual care, quality improvement, and care coordination
1/11/2024	Doc.com	Silver Rock Group	Equity	\$300	Decentralized telehealth platform providing free basic healthcare and health education to people worldwide
1/11/2024	Harbor Health	General Catalyst (lead), Alta Partners, 8VC, Health 2047 Capital Partners, Lemhi Ventures and Martin Ventures	Undisclosed	\$96	Primary and specialty clinic group based in Texas
1/9/2024	Vita Health	LFE Capital, Athyrium Capital Management, Flare Capital Partners, CVS Health Ventures and CU Healthcare Innovation Fund	Series A	\$23	Provider of clinically validated suicide prevention through innovative care management
1/7/2024	WellBe Senior Medical (Chicago Pacific Founders)	CVS Health Ventures	Undisclosed	Undisclosed	In-home value-based care provider to the Medicare Advantage population
12/13/2023	Twin Health	Temasek Holdings (lead), oak XV Partners, Sofina Société Anonyme, ICONIQ Growth and Helena Group Foundation	Undisclosed	Undisclosed	Precision health platform for doctors to normalize blood sugar, stop medicines, and reverse diabetes and chronic diseases
11/27/2023	RepeatMD	Centana Growth Partners and Full In Partners (co-leads), PROOF	Series A	\$50	SaaS company leveraging inbound revenue to increase sales for aesthetic and wellness practices
11/9/2023	Vida Health	General Atlantic, Ally Bridge, Canvas Ventures, Hercules Capital	Undisclosed	\$29	Virtual care company, designs and develops an application to prevent, manage, and reverse chronic conditions
11/8/2023	Eleos Health	Menlo Ventures (lead), -Prime Capital, Eight Roads, Arkin Digital Health, SamsungNEXT and ION	Series B	\$40	Behavioral health AI
11/1/2023	Covera Health	Insight Partners (lead)	Series C (Additional)	\$50	AI-enabled diagnostic technology company focused on radiology performance measurement
11/1/2023	Free Market Health	Questa Capital (lead), Alta Partners, Highmark Ventures, and 653 Investment Partners	Series B	\$20	Specialty pharmacy care-driven marketplace platform
10/26/2023	Abridge	Spark Capital (lead), Bessemer Venture Partners, CVS Health Ventures, Kaiser Permanente Ventures, Lifepoint Health, Mayo Clinic, SCAN Group, UC Investments and the American College of Cardiology	Series B	\$30	Generative AI for clinical documentation
10/24/2023	HealthEC	HLM Venture Partners and the Labcorp Venture Fund	Undisclosed	Undisclosed	Provider of population health management solutions and health digital transformation
10/19/2023	Petfolk	Movendo Capital (lead), White Star Capital and Idea Farm Ventures	Series B	\$40	Veterinary provider with ~11 locations in the Southeast

# Equity Capital Markets

## Market Overview

- ECM activity is building momentum early in the new year, including the first IPO of 2024 (Smith Douglas Homes)
  - Last week: 1 IPO; 4 follow-ons; 1 convert
- IPO filing activity (7 YTD) has proved relatively robust early in 2024. We would expect filing activity to pick up after mid-February when issuers have fully audited 2023 financials to present to investors
- The follow-on market will be navigating the upcoming earnings season over the next few weeks which could impact fundraising

## ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	162	1	3%	154	1	5%
CONV	715	2	15%	1,000	1	35%
FO	4,050	17	82%	1,664	6	59%
<b>Total</b>	<b>4,927</b>	<b>20</b>	<b>100%</b>	<b>2,818</b>	<b>8</b>	<b>100%</b>

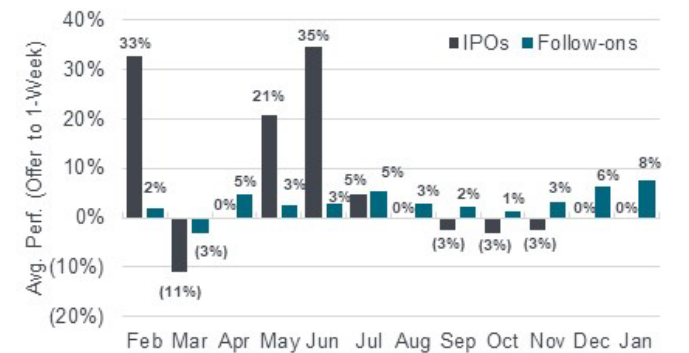
  

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	162	1	4%	154	1	6%
CONV	715	2	17%	1,000	1	37%
FO	3,213	12	79%	1,578	5	58%
<b>Total</b>	<b>4,089</b>	<b>15</b>	<b>100%</b>	<b>2,732</b>	<b>7</b>	<b>100%</b>

## U.S. ECM Offerings (LTM; IPOs, Follow-ons & Converts)



## IPO & Follow-on 1-Week Performance (LTM)



## Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
5/5/2022	Bausch & Lomb	Medical Products	BLCO	\$711.9	\$6,300.0	11.3%	0.0%	\$18.00	\$21.00 - \$24.00	11.1%	(2.9%)
10/28/2021	AirSculpt Technologies	Services	AIRS	\$88.6	\$612.0	14.5%	27.0%	\$11.00	\$11.00 - \$12.00	44.5%	30.3%
10/28/2021	Sonendo	Medical Products	SONX	\$93.6	\$315.4	29.7%	100.0%	\$12.00	\$15.00 - \$17.00	(23.3%)	(22.6%)
10/21/2021	Minerva Surgical	Medical Products	UTRS	\$75.0	\$342.8	21.9%	100.0%	\$12.00	\$15.00 - \$17.00	(25.0%)	(25.6%)
10/14/2021	Paragon 28	Medical Products	FNA	\$143.8	\$1,203.2	12.0%	87.0%	\$16.00	\$15.00 - \$17.00	16.9%	17.9%

## Most Recent Healthcare Follow-on Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance	
Pricing Date	Company	Sector	Deal Type	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Discount to File	1-Day	1-Week
12/14/2023	Surgery Partners	Facilities & Services	Bought	SGRY	\$270.0	\$4,475.3	6.0%	0.0%	(4.6%)	(3.9%)	(2.0%)
11/8/2023	Myriad Genetics	Medical Products	Marketed	MYGN	\$109.9	\$1,586.3	6.9%	100.0%	(5.0%)	(4.2%)	2.5%
10/24/2023	Alphatec Holdings	Medical Products	Marketed	ATEC	\$150.2	\$1,725.8	8.7%	100.0%	(18.1%)	(3.8%)	(12.6%)
9/6/2023	Natera	Medical Products	Marketed	NTRA	\$250.3	\$6,910.8	3.6%	100.0%	(5.2%)	0.5%	0.9%
8/3/2023	Amerisource Bergen	Distribution	Bought	ABC	\$1,989.2	\$38,688.2	5.1%	0.0%	(1.0%)	(2.2%)	(1.3%)

## Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
12/6/2023	Merit Medical Systems	Medical Products	MMSI	\$747.5	\$3,784.4	19.8%	3.00%	32.50%
12/5/2023	Evolent Health	Healthcare Technology	EVH	\$402.5	\$3,066.0	13.1%	3.50%	42.50%
10/20/2023	Enovis Corp	Medical Products	ENOV	\$460.0	\$2,446.6	18.8%	3.88%	30.00%
8/10/2023	Shockwave Medical	Medical Products	SWAV	\$750.0	\$8,171.5	9.2%	1.00%	30.00%
8/7/2023	Envista Holdings	Medical Products	NVST	\$500.3	\$5,758.1	8.7%	1.75%	32.50%

Sources: Bloomberg, Capital IQ, Dealogic, and Press Releases  
 Note: Transactions include IPOs, follow-ons (including bought deals) and convertible offerings of \$25mm or more priced on a U.S.-based exchange; Price performance includes both marketed and bought deal follow-ons

# Public Equity Market Activity & Indices

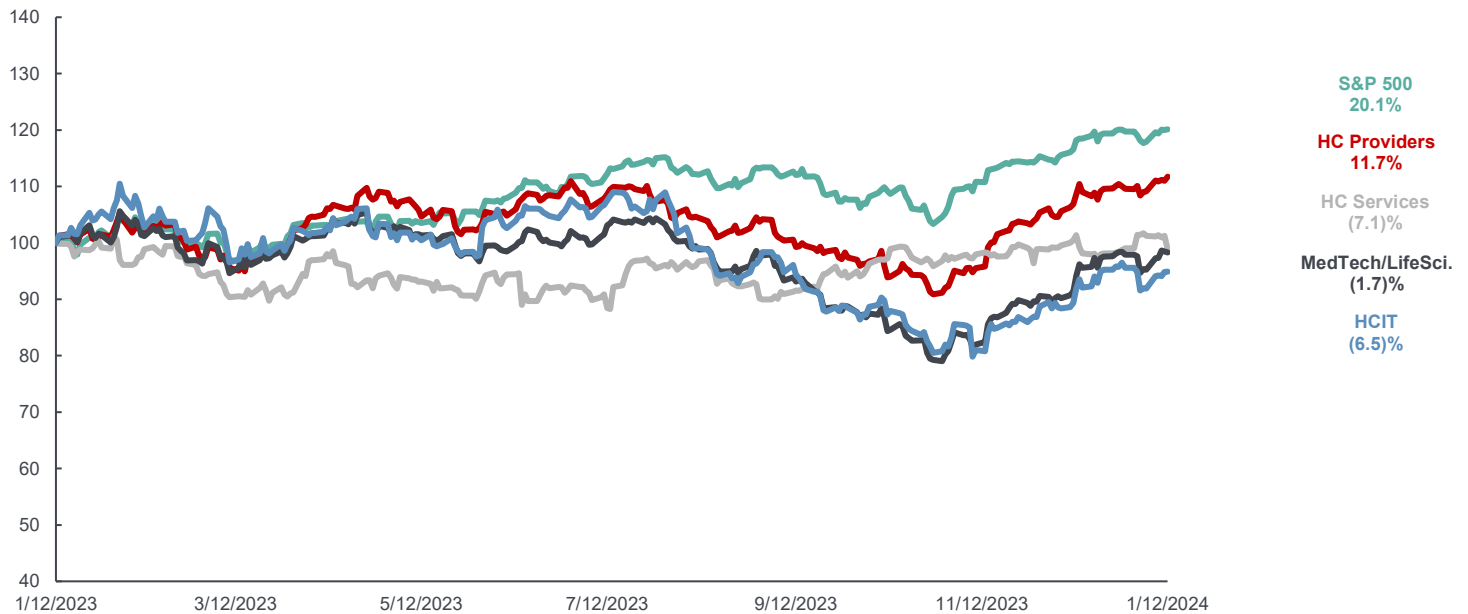
## Equity Indices (as of January 12, 2023)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	37,466	37,593	10.0%	0.3%
S&P 500	4,697	4,784	20.1%	1.8%
NASDAQ	14,524	14,973	36.1%	3.1%
Russell 2000	1,951	1,951	4.0%	(0.0%)
NYSE Healthcare	24,675	24,902	6.6%	0.9%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	7.2%	2.8%
Alternate Site Services	12.9%	2.3%
Diagnostics	5.5%	1.1%
Distribution	14.7%	1.0%
Healthcare IT	(5.1%)	3.3%
Healthcare REITs	7.9%	3.1%
Managed Care	1.0%	(2.3%)
Medical Technology	(1.4%)	3.8%
Outsourced Services	(17.0%)	0.9%
Pharma Services	(3.9%)	(0.6%)
Pharmacy	(20.3%)	(6.1%)
Primary Care	(64.6%)	(13.5%)
Post-Acute Care	17.2%	0.9%

Source: Cain Brothers, Bloomberg and Capital IQ.

## Cain Brothers Healthcare Indices (1YR Performance)



# High Grade, High Yield & Leveraged Loan Market

## Market Overview

Attractive all-in IG yields relative to 2023 has brought 74 issuers to the market in the first two weeks of 2024, raising \$102.4BN across 130 tranches

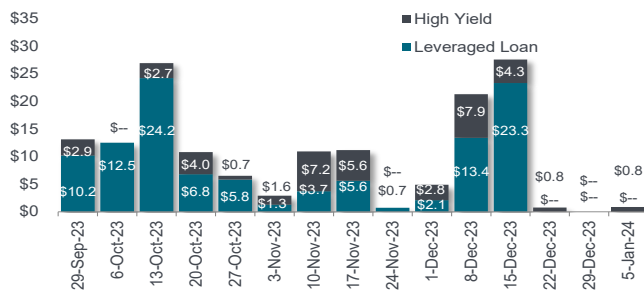
### High Yield

The high yield primary market picked up pace in the second week of 2024 with nine issuers tapping the market to raise \$5.4 billion

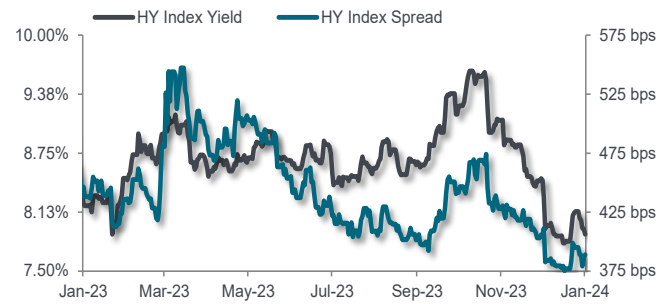
### Term Loan B Market

Volume throughout 2023 has been heavily weighted towards refinancings to address near term maturities and other opportunistic transactions with M&A / LBO issuance well below historical averages

## Weekly New Issue Volume (\$B)



## HY Index Yield & Spread (YTD)



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

Double-B Issuers	3Q23	4Q23	30-Day Rolling Average 01/16/24
Ba1	S+244 / 7.9%	S+230 / 7.8%	S+275 / 8.2%
Ba2	S+243 / 7.8%	S+243 / 7.9%	S+220 / 7.6%
Ba3	S+307 / 8.6%	S+283 / 8.4%	S+263 / 8.1%
Single-B Issuers	3Q23	4Q23	30-Day Rolling Average 01/16/24
B1	S+358 / 9.2%	S+371 / 9.4%	S+325 / 8.6%
B2	S+426 / 10.1%	S+436 / 10.1%	S+404 / 9.9%
B3	S+470 / 10.2%	S+457 / 10.4%	S+480 / 10.6%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
12/5/2023	Stryker Corp	Sr Notes	\$600	Baa1/BBB+/-	4.850%	12/8/2028	+73	27 bps
11/28/2023	Thermo Fisher Scientific Inc*	Sr Notes	\$1,000	A3/A-/A-	5.000%	12/5/2026	+52	23 bps
11/28/2023	Thermo Fisher Scientific Inc*	Sr Notes	\$1,000	A3/A-/A-	5.000%	1/31/2029	+72	18 bps
11/28/2023	Thermo Fisher Scientific Inc*	Sr Notes	\$500	A3/A-/A-	5.200%	1/31/2034	+87	23 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
12/11/2023	CHS/Community Health	Sr. Sec. Notes	\$1,000	Caa1/B-/B+	10.875%	1/15/2032	664 bps	11.00% area
9/29/2023	LifePoint Health Inc	Sr. Sec. Notes	\$1,100	B2/B/NR	11.000%	10/15/2030	639 bps	11.0%
9/19/2023	Syneos Health	Sr. Sec. Notes	\$1,000	B1/B/BB	9.000%	10/1/2030	465 bps	9.25%-9.50%

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

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
1/10/2024	Zelis Healthcare Corp	Parthenon Capital	B1 / B+	Refinancing	\$1,978	SOFR+275, 0% @ 99.5	8.209%
12/22/2023	Aspen Dental Management	Leonard Green	B3 / B-	Refinancing	\$780	SOFR+575, 0% @ 95	12.355%
12/15/2023	Catalent Inc	Not Sponsored	Ba2 / BB-	Refinancing	\$600	SOFR+300, 0.50% @ 99.25	8.543%
12/14/2023	R1 RCM	Not Sponsored	Ba3 / B+	Acquisition	\$575	SOFR+300, 0.50% @ 98.79	8.661%
12/14/2023	Forefront Dermatology SC	Partners Group	B2 / B	Refinancing	\$110	SOFR+550, 0.50% @ 97.5	11.483%

## Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
12/7/2023	Option Care Health	Public	Ba3/BB-	Refinancing	\$400mm Revolver	Leverage-based Grid SOFR+CSA+125-225 CSA: ARRC	Max. Total Net Leverage Ratio: 4.5x Min. Fixed Charge Coverage Ratio: 1.5x
11/3/2023	Apollo Medical Holdings	Public	NR / NR	Refinancing	\$300mm TLA	Leverage-based Grid SOFR+CSA+125-275 CSA: 10	Max. Total Net Leverage Ratio: 3.75x w/ step-up to 4.00x Min. Interest Coverage Ratio: 3.25x

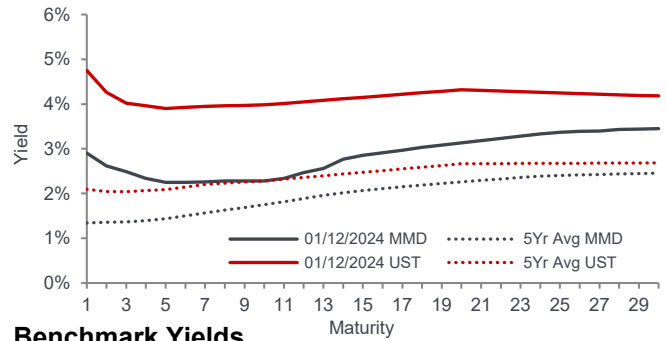


# Public Finance Market

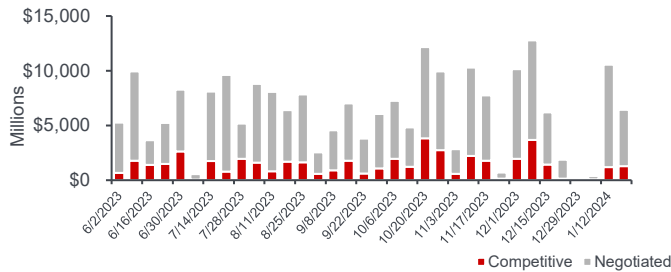
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased nine basis points week-over-week, closing at 3.96% on Friday. The 10-year MMD was unchanged week over week
- Healthcare Public Issuance has outpaced 2023. January issuance is up 29% in 2024 vs 2023
- Both muni bond funds (~\$39 million) and high yield muni bond funds (~\$346 million) reported inflows

## MMD & UST Yield Curve



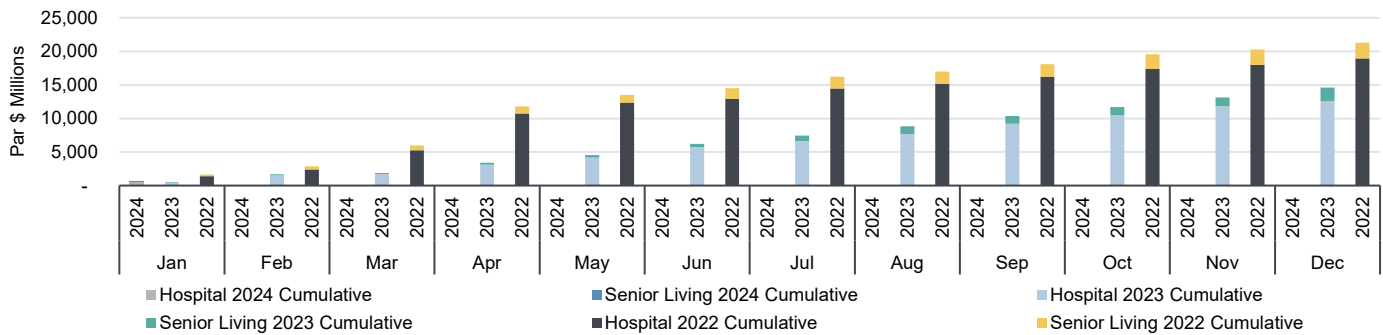
## Weekly New Issue Volume (\$M)



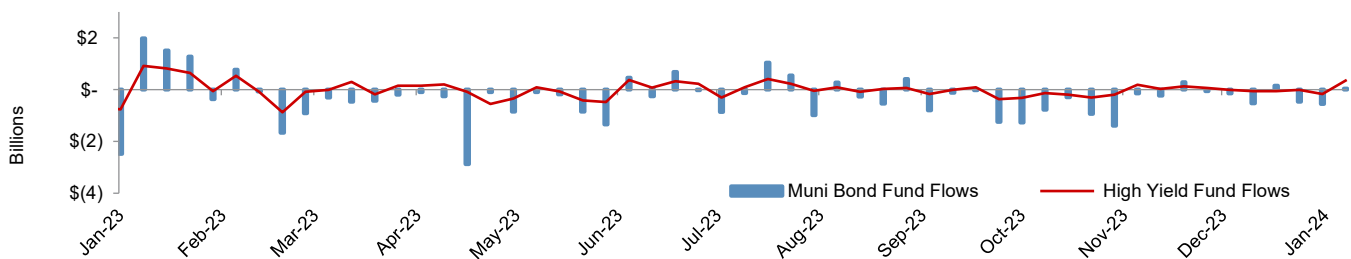
## Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.14%	(26 bps)	2	2.62%	15 bps	63%
10	3.96%	(9 bps)	10	2.28%	0 bps	58%
30	4.20%	(1 bps)	30	3.45%	2 bps	82%

## Healthcare Public Issuance



## Flow of Funds



## Recent Healthcare Public Issuance

Borrower/Enhancement	Par (\$000s)	State	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
<b>Recent Pricings, Week of 1/8</b>									
HealthPartners Obligated Group	500,000	MN	TE	A2 / A / NR	2054	2034 (C)	5.25%	4.17%	4.71%
<b>Exp. Pricings, Week of 1/15</b>									
Episcopal Communities*	107,740	CA	TE	NR / NR / A-	-	-	-	-	-
Scripps Health	532,415	CA	TE	NR / AA- / AA	-	-	-	-	-
Scripps Health	270,030	CA	TE	NR / AA- / AA	-	-	-	-	-
Mass General Brigham	309,130	MA	TE	Aa3 / AA- / NR	-	-	-	-	-
Baylor College of Medicine	100,000	TX	TE	NR / A / NR	-	-	-	-	-

## Relevant News

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### Medicare Advantage analysis sparks infighting at MedPAC meeting<sup>1</sup>

*Fierce Healthcare | January 12, 2024*

A MedPAC meeting on the status of Medicare Advantage held Friday began with numbers on enrollment and insights into coding diagnoses before devolving into contentious debate over the quality of the report and whether the program is a good development for healthcare in the country. Brian Miller, an assistant professor of medicine at John's Hopkins University, was at the center of complaints toward the status report compiled by policy analysts, arguing that the report only highlighted the negatives of the program and that past suggestions of his have not been taken into consideration. Because Miller believed the report was decidedly anti-Medicare Advantage, he challenged the analysts to name three positive things about the program, calling into question the objectivity of the report. They responded that they strive for balance, and the commission, which is a nonpartisan independent agency that advises Congress on Medicare, has a long history of supporting private plans in the Medicare program.

### ACA Enrollment Hits 20.4m – And Counting<sup>2</sup>

*HealthLeaders Media | January 15 2024*

Affordable Care Act (ACA) signups have blown up since open enrollment began on December 15th, marking the third year of increasing sign ups for ACA under the Biden Administration. Signups have already surpassed last year's numbers by 4 million and more are expected as the January 16th deadline approaches. Some states have also extended the open enrollment deadline through the end of January. Roughly 3.7 million of these signups, representing about one-fifth of the total, are new members. KFF Health News surmised that much of this high enrollment comes from the disenrollment of many consumers from Medicaid programs. During the COVID-19 pandemic, states were not allowed to disenroll people from Medicaid, but since April 2023, disenrollments have been allowed to resume. As a result, over 14 million people were disenrolled from their Medicaid plan last year.

### How Urgent Care Centers Can Position Themselves For Continued Growth After COVID-19<sup>3</sup>

*Marwood Group | January 3, 2024*

When experiencing an urgent medical issue, consumers are increasingly likely to go to urgent care compared to an emergency room or primary care provider (PCP) due to cost dynamics, wait times, and the relative convenience of locations. Following the COVID-19 pandemic, consumers have been more aware of and comfortable with urgent care centers as an alternative to emergency rooms and PCPs. Heightened utilization during COVID increased consumer awareness of urgent care as a convenient access point with much shorter wait times than PCP offices. Insurance coverage/cost and distance to the consumer are the leading factors that play a role in a consumer's selection process, followed by factors such as wait times, ancillary services, the ability to see a physician versus alternative practitioners, and clinical reputation. While total consumer costs per visit vary based on employer, payor product, and network status, urgent care co-pays generally range up to \$100 and have deductibles waived while ER co-pays are up to \$500 in addition to deductible costs.

## continued...

### Rural Hospitals Are Caught In An Aging-Infrastructure Conundrum<sup>1</sup>

*HealthLeaders Media | January 12, 2024*

Kevin Stansbury, the CEO of Lincoln Community Hospital in the 800-person town of Hugo, Colorado, is facing a classic Catch-22: He could boost his rural hospital's revenues by offering hip replacements and shoulder surgeries, but the 64-year-old hospital needs more money to be able to expand its operating room to do those procedures. "I've got a surgeon that's willing to do it. My facility isn't big enough," Stansbury said. "And urgent services like obstetrics I can't do in my hospital, because my facility won't meet code." Besides securing additional revenue for the hospital, such an expansion could keep locals from having to drive the 100 miles to Denver for orthopedic surgeries or to deliver babies.

### HHS To Improve Maternal Health Outcomes With New CMS Care Model That Expands Access CMS.gov | December 15, 2023

Today, the U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), announced innovative actions to improve maternal health and birth outcomes for pregnant and postpartum women and their infants through the new Transforming Maternal Health (TMAH) Model. This 10-year payment and care-delivery model will support participating state Medicaid agencies (SMAs) in developing and implementing a whole-person approach to pregnancy, childbirth, and postpartum care for women with Medicaid and Children's Health Insurance Program (CHIP) coverage. This model supports the White House Blueprint for Addressing the Maternal Health Crisis and the CMS Maternity Care Action Plan. "The maternal health crisis in our country is unacceptable. The Biden-Harris Administration is committed to addressing this urgent issue and using all available means to eliminate disparities in our health care system," said HHS Secretary Xavier Becerra. "This data-driven approach by CMS will help ensure we are improving outcomes for birthing parents and newborns. Expanding access to proven maternal health care best practices and initiatives will help moms and their children thrive."

### Staffing Could Continue To Be A Thorn In Dentistry's Side<sup>3</sup>

*Becker's Dental + DSO Review | January 10, 2024*

The dental workforce emerged as one of the biggest issues in the industry during 2023, and there doesn't seem to be a light at the end of the tunnel coming anytime soon. Consulting firm McKinsey & Co. projects that the U.S. will be short more than 36,000 dental professionals by 2031. There is already a shortage of more than 10,000 dentists in the country, according to the Health Resources and Services Administration. Dental practices that have been looking to fill dental hygienist and dental assistant positions have not found much luck recently, as only two-thirds of practices feel they have an adequate number of hygienists and assistants on staff, according to the American Dental Association. Recruiting has been very difficult for dentists trying to find hygienists and assistants, but there are some strategies that have fared better than others. Online recruitment websites and word of mouth are the only two methods by which owner dentists have experienced at least a 50% hire success rate, the ADA revealed in a recent poll.

1. <https://www.healthleadersmedia.com/strategy/rural-hospitals-are-caught-aging-infrastructure-conundrum>

2. <https://www.cms.gov/newsroom/press-releases/hhs-improve-maternal-health-outcomes-new-cms-care-model-expands-access-services-other-proven>

3. <https://www.beckersdental.com/staffing-issues/42721-staffing-may-continue-to-be-a-thorn-in-dentistrys-side.html>

January 31, 2024

# Cain Brothers Industry Insights

## Healthcare Market Report



Banker commentary:

### **New Initiatives from CMS to Improve Access to Behavioral Health Services**

# Banker Commentary

## Contents

- Banker Commentary
- M&A Activity
- Private Placements
- Public Equity
- High Grade, High Yield & Leveraged Loans
- Tax-Exempt Debt
- Relevant News
- Recent Cain Brothers Transactions



## New Initiatives from CMS to Improve Access to Behavioral Health Services

Commentary by Erika Haanpaa

The Centers for Medicare and Medicaid Services (CMS) covers a significant portion of the population with mental illness and substance use disorders (SUD): ~25% of individuals enrolled in Medicare experience mental illness, and 40% of adults enrolled in Medicaid experience a mental illness or SUD, compared to ~20% of adults across the nation. With the disproportionately high incidence across Medicare and Medicaid populations, CMS plays a critical role in improving access to behavioral health services. CMS has recently made several announcements related to improving the access to mental health services for covered populations.

**Expanding Access for Medicare Recipients:** On January 1<sup>st</sup>, several new policies went into effect that were designed to improve access to care for Medicare recipients, broadening the workforce eligible to provide service under Medicare, expanding covered services, and increasing reimbursement rates. Notably, Marriage and Family Therapists (MFTs) and Mental Health Counselors, who had previously been excluded, are now eligible to enroll as Medicare providers. CMS is also expanding coverage to include peer support specialists through its Community Health Integration and Principal Illness Navigation Services. In addition to expanding reimbursement to cover a broader field of clinical staff, CMS is expanding Medicare coverage to include Intensive Outpatient (IOP) services, plus continuing to offer coverage for psychiatric hospitalization, partial hospitalization (PHP), and outpatient services. Regarding rates, CMS is increasing rates for crisis services provided outside of a clinical setting to 150% of the usual fee schedule rate, as well as increasing payments for psychotherapy and substance use disorder treatment services.

**Integration of Care through the Innovation in Behavioral Health Model:** On January 18<sup>th</sup>, CMS announced the Innovation in Behavioral Health Model, which is focused on improving physical and behavioral health outcomes for covered populations with moderate to severe mental health concerns and/or substance use disorders. The model will work to improve care through four initiatives: care integration, care management, health equity, and health information technology. The model will leverage community-based behavioral health practices to form interprofessional care teams, conduct screenings and assessments, provide referrals to other healthcare professionals, and monitor ongoing treatment. The model will launch in Fall 2024 and begin with Medicaid agencies in up to eight states and is expected to run for eight years, with years 1-3 allocated for pre-implementation where states and providers will receive funding to develop and implement the model.

**New York's Waiver Amendment:** On January 9<sup>th</sup>, CMS approved an amendment to New York's section 1115 demonstration waiver that will significantly expand the state's Medicaid program, deploying \$7.5 billion in just over three years. With the approval, the state will establish programs to integrate physical, behavioral, and social care services as well as facilitate access to comprehensive substance use disorder treatment services.

It's been an active start to 2024 for behavioral health services from CMS with the implementation of expansion of coverage for the Medicare population, the announcement of a new integrated care initiative, and the approval of New York's waiver amendment. Though it will take time for some of these innovations to deliver results, it is encouraging to see multiple broad-based initiatives to expand access to behavioral health services.

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
1/26/2024	ObjectiveHealth (Frist Cresey)	Vitruvian Partners*	NA	NA	NA	Integrated specialty research network and technology company
1/26/2024	Otolaryngology/Head and Neck Surgery Assets (Cook Medical)	C2Dx and Shore Capital Partners	NA	NA	NA	Minimally invasive procedures for ENT surgeons
1/25/2024	OneroRx	Cyprium Partners	NA	NA	NA	Integrated pharmacy services and medical supplies to patients in underserved rural counties and urban areas across the Midwest
1/25/2024	OnPoint Healthcare Partners	Peloton Equity	NA	NA	NA	AI-enabled technology services provider that offers a suite of solutions to hospitals and medical groups
1/23/2024	Compass Surgical Partners	TPG	NA	NA	NA	Independent full-service ambulatory surgery center development and management partner
1/22/2024	Archway Dental Partners	Martis Capital and Din Ventures	NA	NA	NA	Multi-specialty dental provider in New England and the Northeast
1/22/2024	Delta Care Rx	StateServ (WindRose Health Investors)	NA	NA	NA	National pharmaceutical care provider
1/11/2024	Doylestown Health	The University of Pennsylvania Health System	LOI	NA	NA	Not-for-profit, clinically integrated network of care based in Pennsylvania
1/11/2024	Key-Whitman Eye Center*	Surgery Partners (NASDAQ: SGRY)	NA	NA	NA	Texas based ophthalmology group with nine clinics and two ASCs
1/10/2024	Pulse Technologies	Integer Holdings (NYSE:ITGR)	\$140	3.3x	12.7x	Technology, engineering and contract manufacturing company focused on complex micro machining of medical device components
1/10/2024	Senior Care Therapy	Madison River Capital	NA	NA	NA	Provider of patient-centered psychology and mental health services to the geriatric population in sub-acute, long-term care, and assisted living communities
1/10/2024	United Medco	Medline Industries (Blackstone, Carlyle, Hellman & Friedman)	NA	NA	NA	Provider and partner of supplemental benefits and member engagement solutions
1/9/2024	Christie Campus Health	Uwill	NA	NA	NA	Provider of counseling and mental health and wellness support to 750,000 students from more than 100 colleges.
1/9/2024	ClarisHealth (Powered Health and Bengal Health Ventures)	Pamlico Capital	NA	NA	NA	Provider of enterprise payment integrity technology for health plans
1/8/2024	ClearPoint Health	Stone Point Capital	NA	NA	NA	Medical stop-loss captive platform for small and mid-sized employers
1/4/2024	EHOB	RoundTable Healthcare Partners	NA	NA	NA	Manufactures, markets, and distributes pressure injury prevention and safe patient handling products used in the acute care setting

Sources: Capital IQ, Mergermarket, and press releases

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
1/24/2024	MY DR NOW	Kain Capital	Follow-On Investment	\$60	Provider of primary and specialty care with multiple locations in Arizona
1/23/2024	Turquoise Health	Adams Street Partners (lead), Yosemite, Andreessen Horowitz and BoxGroup	Series B	\$30	End-to-end healthcare pricing platform
1/11/2024	Artisight	Undisclosed strategic and client health system investors	Series B	\$42	Smart Hospital Platform and solutions for virtual care, quality improvement, and care coordination
1/11/2024	Doc.com	Silver Rock Group	Equity	\$300	Decentralized telehealth platform providing free basic healthcare and health education to people worldwide
1/11/2024	Harbor Health	General Catalyst (lead), Alta Partners, 8VC, Health 2047 Capital Partners, Lemhi Ventures and Martin Ventures	Undisclosed	\$96	Primary and specialty clinic group based in Texas
1/9/2024	Vita Health	LFE Capital, Athyrium Capital Management, Flare Capital Partners, CVS Health Ventures and CU Healthcare Innovation Fund	Series A	\$23	Provider of clinically validated suicide prevention through innovative care management
1/7/2024	WellBe Senior Medical (Chicago Pacific Founders)	CVS Health Ventures	Undisclosed	Undisclosed	In-home value-based care provider to the Medicare Advantage population
12/13/2023	Twin Health	Temasek Holdings (lead), oak XV Partners, Sofina Société Anonyme, ICONIQ Growth and Helena Group Foundation	Undisclosed	Undisclosed	Precision health platform for doctors to normalize blood sugar, stop medicines, and reverse diabetes and chronic diseases
11/27/2023	RepeatMD	Centana Growth Partners and Full In Partners (co-leads), PROOF	Series A	\$50	SaaS company leveraging inbound revenue to increase sales for aesthetic and wellness practices
11/9/2023	Vida Health	General Atlantic, Ally Bridge, Canvas Ventures, Hercules Capital	Undisclosed	\$29	Virtual care company, designs and develops an application to prevent, manage, and reverse chronic conditions
11/8/2023	Eleos Health	Menlo Ventures (lead), -Prime Capital, Eight Roads, Arkin Digital Health, SamsungNEXT and ION	Series B	\$40	Behavioral health AI
11/1/2023	Covera Health	Insight Partners (lead)	Series C (Additional)	\$50	AI-enabled diagnostic technology company focused on radiology performance measurement
11/1/2023	Free Market Health	Questa Capital (lead), Alta Partners, Highmark Ventures, and 653 Investment Partners	Series B	\$20	Specialty pharmacy care-driven marketplace platform
10/26/2023	Abridge	Spark Capital (lead), Bessemer Venture Partners, CVS Health Ventures, Kaiser Permanente Ventures, Lifepoint Health, Mayo Clinic, SCAN Group, UC Investments and the American College of Cardiology	Series B	\$30	Generative AI for clinical documentation
10/24/2023	HealthEC	HLM Venture Partners and the Labcorp Venture Fund	Undisclosed	Undisclosed	Provider of population health management solutions and health digital transformation

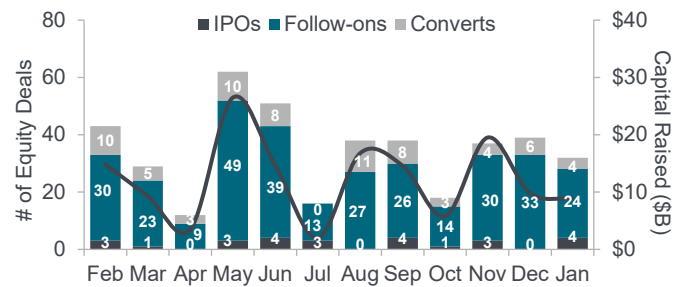
Sources: Capital IQ, Mergermarket, and press releases

# Equity Capital Markets

## Market Summary

- Last week was a busy week for the new issue market
  - 3 IPOs; 4 follow-ons; 1 convert
- BrightSpring Health Services successfully priced its IPO, but the pricing and post-deal performance of the offering highlights IPO investors' limited appetite to write equity checks for highly leveraged sponsor-backed companies
- The next two weeks could see ECM activity curbed and overshadowed by corporate earnings as 86 S&P 500 companies report their Q4 earnings this week and 89 next week. Also impacting the calendar is a 2/12 financial statement staleness deadline

## U.S. ECM Offerings (LTM; IPOs, Follow-ons & Converts)



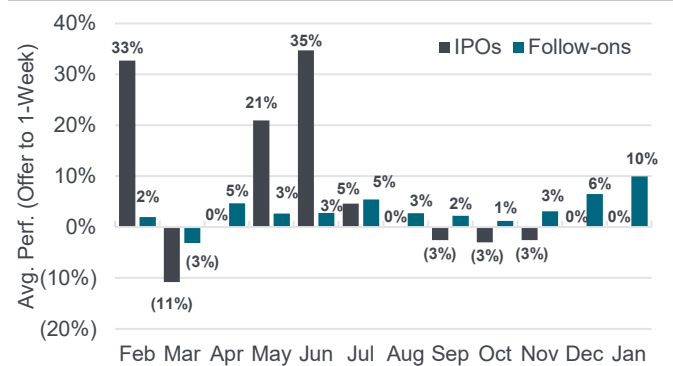
## ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,434	4	16%	269	2	6%
CONV	1,465	4	17%	1,075	2	22%
FO	5,957	24	67%	3,441	17	72%
<b>Total</b>	<b>8,856</b>	<b>32</b>	<b>100%</b>	<b>4,785</b>	<b>21</b>	<b>100%</b>

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,434	4	16%	269	2	6%
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FO	5,957	24	67%	3,441	17	72%
<b>Total</b>	<b>8,856</b>	<b>32</b>	<b>100%</b>	<b>4,785</b>	<b>21</b>	<b>100%</b>

## IPO & Follow-on 1-Week Performance (LTM)



## Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
1/25/2024	BrightSpring Health Services	Services	BTSB	\$693.3	\$2,225.5	31.2%	100.0%	\$13.00	\$15.00 - \$18.00	(15.4%)	-
5/5/2022	Bausch & Lomb	Medical Products	BLCO	\$711.9	\$6,300.0	11.3%	0.0%	\$18.00	\$21.00 - \$24.00	11.1%	(2.9%)
10/28/2021	AirSculpt Technologies	Services	AIRS	\$88.6	\$612.0	14.5%	27.0%	\$11.00	\$11.00 - \$12.00	44.5%	30.3%
10/28/2021	Sonendo	Medical Products	SONX	\$93.6	\$315.4	29.7%	100.0%	\$12.00	\$15.00 - \$17.00	(23.3%)	(22.6%)
10/21/2021	Minerva Surgical	Medical Products	UTRS	\$75.0	\$342.8	21.9%	100.0%	\$12.00	\$15.00 - \$17.00	(25.0%)	(25.6%)

## Most Recent Healthcare Follow-on Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance	
Pricing Date	Company	Sector	Deal Type	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Discount to File	1-Day	1-Week
12/14/2023	Surgery Partners	Facilities & Services	Bought	SGRY	\$270.0	\$4,475.3	6.0%	0.0%	(4.6%)	(3.9%)	(2.0%)
11/8/2023	Myriad Genetics	Medical Products	Marketed	MYGN	\$109.9	\$1,586.3	6.9%	100.0%	(5.0%)	(4.2%)	2.5%
10/24/2023	Alphatec Holdings	Medical Products	Marketed	ATEC	\$150.2	\$1,725.8	8.7%	100.0%	(18.1%)	(3.8%)	(12.6%)
9/6/2023	Natera	Medical Products	Marketed	NTRA	\$250.3	\$6,910.8	3.6%	100.0%	(5.2%)	0.5%	0.9%
8/3/2023	Amerisource Bergen	Distribution	Bought	ABC	\$1,989.2	\$38,688.2	5.1%	0.0%	(1.0%)	(2.2%)	(1.3%)

## Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
12/6/2023	Merit Medical Systems	Medical Products	MMSI	\$747.5	\$3,784.4	19.8%	3.00%	32.50%
12/5/2023	Evolent Health	Healthcare Technology	EVH	\$402.5	\$3,066.0	13.1%	3.50%	42.50%
10/20/2023	Enovis Corp	Medical Products	ENOV	\$460.0	\$2,446.6	18.8%	3.88%	30.00%
8/10/2023	Shockwave Medical	Medical Products	SWAV	\$750.0	\$8,171.5	9.2%	1.00%	30.00%
8/7/2023	Envista Holdings	Medical Products	NVST	\$500.3	\$5,758.1	8.7%	1.75%	32.50%

Sources: Bloomberg, Capital IQ, Dealogic, and Press Releases



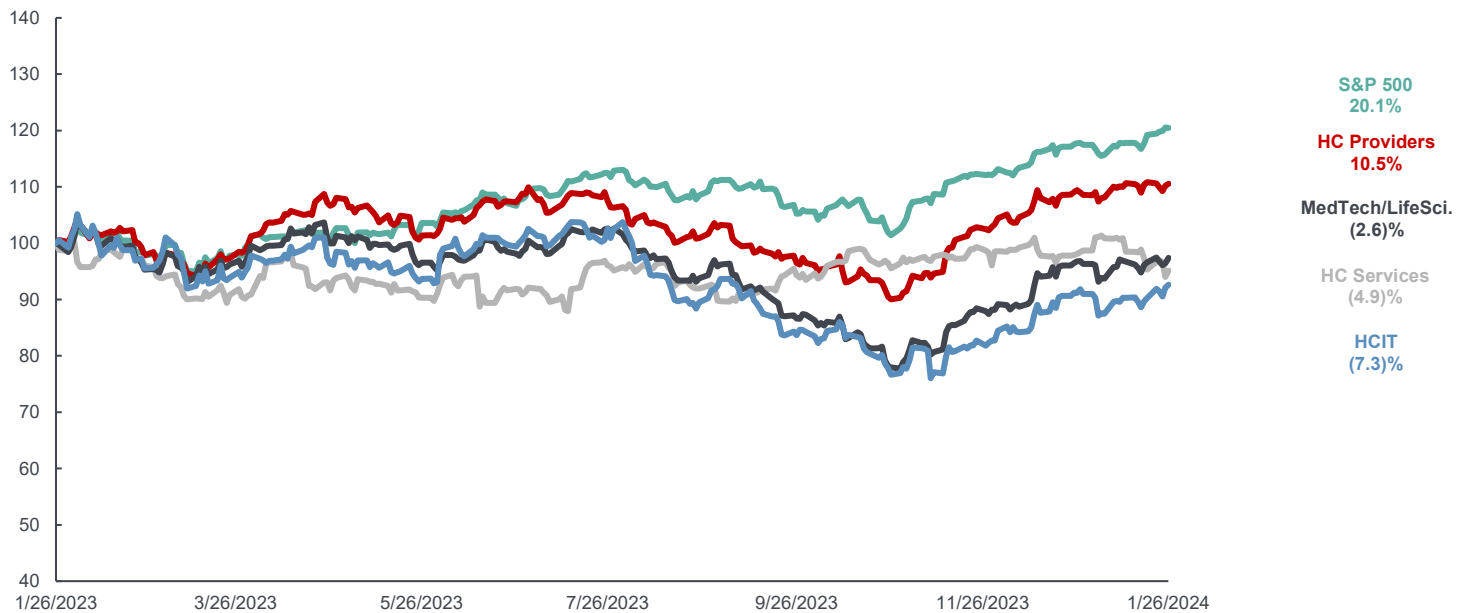
# Public Equity Market Activity & Indices

## Equity Indices (as of January 26, 2023)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	37,864	38,109	12.3%	0.6%
S&P 500	4,840	4,891	20.5%	1.1%
NASDAQ	15,311	15,455	34.2%	0.9%
Russell 2000	1,944	1,978	4.0%	1.7%
NYSE Healthcare	24,902	24,694	7.8%	(0.8%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	7.8%	(1.1%)
Alternate Site Services	11.0%	1.0%
Diagnostics	3.3%	(0.6%)
Distribution	12.4%	0.3%
Healthcare IT	(7.4%)	2.6%
Healthcare REITs	1.3%	(1.9%)
Managed Care	(3.4%)	(0.4%)
Medical Technology	(2.4%)	0.1%
Outsourced Services	(15.3%)	1.7%
Pharma Services	(4.0%)	6.0%
Pharmacy	(22.5%)	0.4%
Primary Care	(72.4%)	(6.7%)
Post-Acute Care	15.7%	(0.5%)

## Cain Brothers Healthcare Indices (1YR Performance)



# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- The 2024 IG market is off to the fastest start in history; January's month-to-date total of \$174.4BN is the busiest January on record the 8th busiest month in history

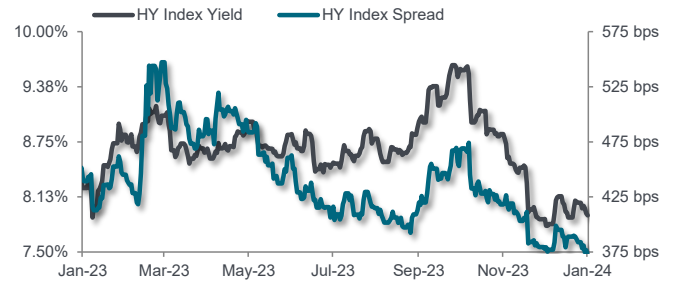
### High Yield

- The HY primary market continued at a brisk pace this past week as spreads have tightened to the lowest levels in nearly two years and economic data continues to surprise to the upside

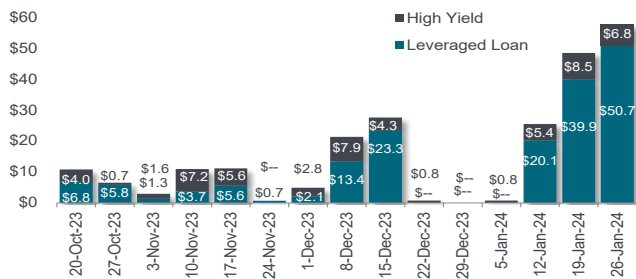
### Term Loan B Market

- Volume throughout 2023 has been heavily weighted towards refinancings to address near term maturities and other opportunistic transactions with M&A / LBO issuance well below historical averages

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$B)



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

Double-B Issuers	3Q23	4Q23	30-Day Rolling Average	
			01/26/24	
Ba1	S+244 / 7.9%	S+230 / 7.8%	S+258 / 8.0%	
Ba2	S+243 / 7.8%	S+243 / 7.9%	S+221 / 7.6%	
Ba3	S+307 / 8.6%	S+283 / 8.4%	S+277 / 8.2%	
Single-B Issuers	3Q23	4Q23	30-Day Rolling Average	
			01/26/24	
B1	S+358 / 9.2%	S+371 / 9.4%	S+322 / 8.6%	
B2	S+426 / 10.1%	S+436 / 10.1%	S+379 / 9.1%	
B3	S+470 / 10.2%	S+457 / 10.4%	S+383 / 9.3%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
12/5/2023	Stryker Corp	Sr Notes	\$600	Baa1/BBB+/-	4.850%	12/8/2028	+73	27 bps
11/28/2023	Thermo Fisher Scientific Inc*	Sr Notes	\$1,000	A3/A-/A-	5.000%	12/5/2026	+52	23 bps
11/28/2023	Thermo Fisher Scientific Inc*	Sr Notes	\$1,000	A3/A-/A-	5.000%	1/31/2029	+72	18 bps
11/28/2023	Thermo Fisher Scientific Inc*	Sr Notes	\$500	A3/A-/A-	5.200%	1/31/2034	+87	23 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
12/11/2023	CHS/Community Health	Sr. Sec. Notes	\$1,000	Caa1/B-/B+	10.875%	1/15/2032	664 bps	11.00% area
9/29/2023	LifePoint Health Inc	Sr. Sec. Notes	\$1,100	B2/B/NR	11.000%	10/15/2030	639 bps	11.0%
9/19/2023	Syneos Health	Sr. Sec. Notes	\$1,000	B1/B/BB	9.000%	10/1/2030	465 bps	9.25%-9.50%

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

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
1/26/2024	Help At Home LLC	Centerbridge Partners	B2 / B-	Refinancing	\$150	SOFR+CSA+500, 1% @ 99.5	10.561%
1/25/2024	TEAM Services Group	Alpine Investors	B3 / B-	Acquisition	\$150	SOFR+CSA+500, 1% @ 99.5	10.576%
1/23/2024	PCI Pharma Services	Kohlberg & Co.	B3 / B-	Refinancing	\$440	SOFR+CSA+350, 0.75% @ 99.5	9.075%
1/19/2024	Ensemble Health Partners	Berkshire Partners	B2 / B	Refinancing	\$1,700	SOFR+300, 0% @ 99.5	8.461%
1/19/2024	Insulet	Not Sponsored	Ba2 / B+	Refinancing	\$488	SOFR+300, 0% @ 100	8.336%
1/18/2024	Jazz Pharmaceuticals Plc	Not Sponsored	Ba3 / BB-	Refinancing	\$2,723	SOFR+CSA+300, 0.50% @ 100	8.451%

## Most Recent Healthcare Pro Rata Issuances (\$MM)

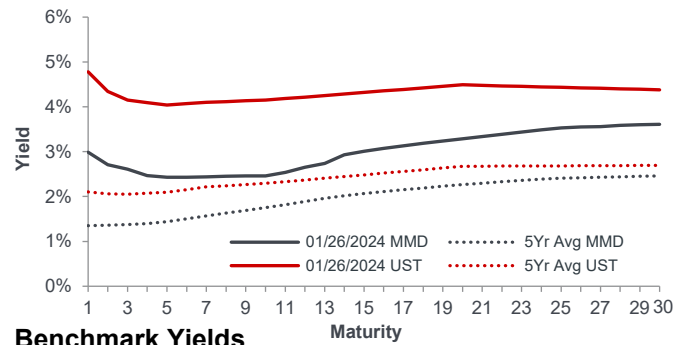
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
1/22/2024	Acadia Healthcare	Private	Ba2 / BB-	GCP	\$350mm add-on TLA	Leverage-based Grid SOFR+CSA+138-225 CSA: 10	Unknown
12/7/2023	Option Care Health	Public	Ba3/BB-	Refinancing	\$400mm Revolver	Leverage-based Grid SOFR+CSA+125-225 CSA: ARRC	Max. Total Net Leverage Ratio: 4.5x Min. Fixed Charge Coverage Ratio: 1.5x

# Public Finance Market

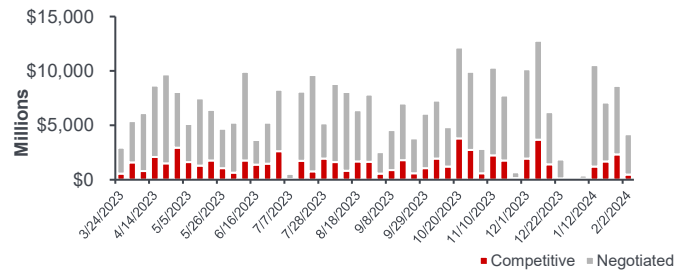
## Market Summary

- The yield on the benchmark 10-year U.S. Treasury Note held week-over-week, closing at 4.15% on Friday. Similarly, 10-year MMD was unchanged week over week.
- Healthcare Public Issuance has outpaced 2023. January issuance is up 4x in 2024 vs 2023
- Both Muni Bond (~\$211MM) and High Yield Muni Bond (~\$179MM) funds reported inflows

## MMD & UST Yield Curve



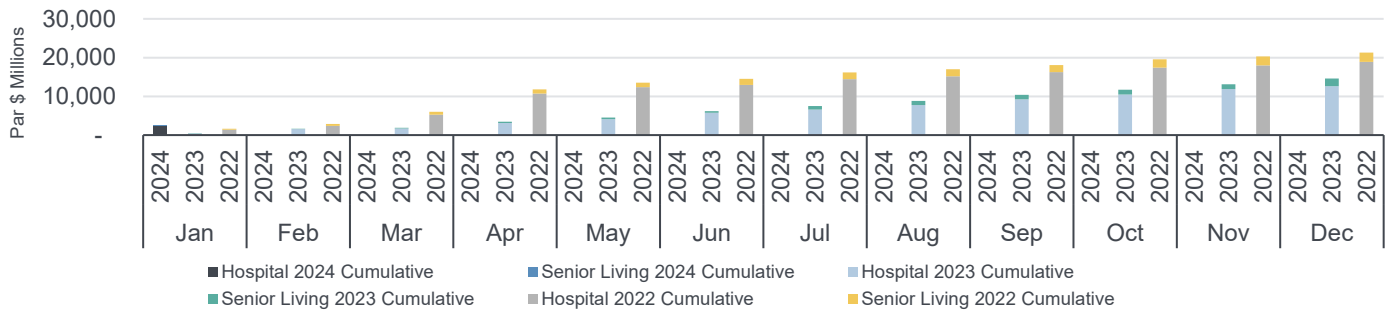
## Weekly New Issue Volume (\$M)



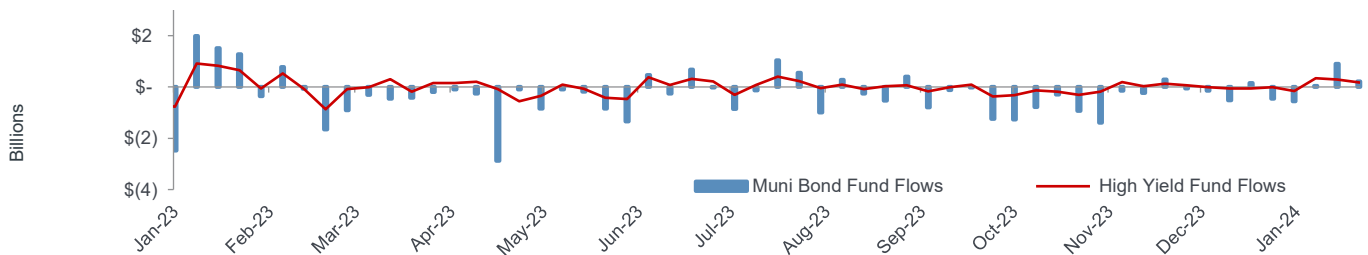
## Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.34%	(5 bps)	2	2.71%	(2 bps)	62%
10	4.15%	0 bps	10	2.46%	0 bps	59%
30	4.38%	2 bps	30	3.61%	2 bps	82%

## Healthcare Public Issuance



## Flow of Funds



## Recent Healthcare Public Issuance

Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
<b>Recent Pricings, Week of 1/22</b>										
Tampa General Hospital Project	208,265	FL	FDFC	TE	NR / A- / A	2055	2032 (C)	5.25%	4.44%	4.91%
Tampa General Hospital Project	75,000	FL	FDFC	TE	NR / A- / A	2056	2031 (P)	5.00%	3.38%	4.37%
Bowling Green-Warren County	150,000	KY	CWK	TE	NR / AA- / AA-	2054	2034 (C)	5.25%	4.19%	4.71%
Advocate Aurora Health	45,760	WI	WHEFA	TE	Aa3 / AA / AA	2054	2029 (P)	5.00%	2.97%	4.40%
Advocate Aurora Health	44,130	WI	WHEFA	TE	Aa3 / AA / AA	2054	2029 (P)	5.00%	2.97%	4.40%
Skagit Regional Health	72,455	WA	PHDSC	TE	Baa3 / NR / NR	2054	2033 (C)	5.50%	5.12%	5.31%
<b>Exp. Pricings, Week of 1/29</b>										
The Children's Hospital	442,355	MA	MDFA	TE	Aa2 / AA / NR	-	-	-	-	-
Lifespan Obligated Group	300,000	RI	RIHEBC	TE	NR / BBB+ / BBB+	-	-	-	-	-

## Relevant News

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### Experts Weigh In On How To Tackle Growing Teen Mental Health Crisis

*Fierce Healthcare | January 29, 2024*

To turn the tide around on the growing teen mental health crisis, the U.S. needs to overhaul the current behavioral health system, experts argued on a virtual panel, sponsored by Big Health, last week. Among the suspected drivers of the worsening crisis are social media and COVID-era isolation, which have led to a lack of socialization and coping mechanisms in young children and teens, mental health experts said during the panel. “We have had a mental health crisis for adults and youth probably as long as there’s any historical record,” Big Health’s chief medical officer Jenna Carl, Ph.D., said. “It’s just that we’ve become better at actually acknowledging and diagnosing.” Many teens also identify gun violence and climate change as significant sources of stress. “While we all live in an uncertain world, I think that adolescents and children these days live not just in an uncertain present, but a very uncertain future,” Vaile Wright, Ph.D., the American Psychological Association’s senior director of healthcare innovation, said. That leads to a lack of agency and, in some cases, hopelessness.

### Why Hospice Utilization Rates Have Fallen<sup>2</sup>

*Hospice News | January 25, 2024*

National hospice utilization rates have fallen since 2020, though the total number of patients served remains consistent. About 47.3% of all Medicare decedents received one day or more of hospice care and were enrolled in hospice at the time of death during calendar year 2021, the most recent year for which data are available, according to Alix Ware, director of health policy for the National Hospice and Palliative Care Organization (NHPCO). This utilization rate is similar to what was seen in calendar year 2020. Mathematically, the percentage declined in part because of continually changing demographics. “The aging population continues to increase, so even as the percentage of patients served decreases, the total number of patients served increases,” Ware told Hospice News. In 2021, 1.71 million Medicare beneficiaries were enrolled in hospice care for one day or more, compared to 1.72 million Medicare beneficiaries in 2020. NHPCO publishes utilization and other data annually in its Facts and Figures report.

### CMS Seeks Input On Improving Transparency In Medicare Advantage<sup>3</sup>

*Fierce Healthcare | January 25, 2024*

The Centers for Medicare & Medicaid Services is seeking feedback on how to increase transparency around Medicare Advantage and improve data capabilities. The request for information (PDF) is the latest MA-focused action the agency has taken this month. Last week, the agency finalized a rule that gives stricter limits on when insurers must respond to prior authorization requests. Information gained from the public through the request will “ensure MA plans appropriately use taxpayer funds” as well as bolster competition, according to a release. CMS said it is looking for input regarding all aspects of MA including provider networks, prior authorization, supplemental benefits, marketing, care quality and outcomes, value-based care arrangements and equity and vertical integration. Other areas CMS is interested in learning more is prescription drug plans, individuals dually eligible for Medicare and Medicaid, people with end stage renal disease (ESRD) and MA marketing practices.

1. <https://www.fiercehealthcare.com/providers/experts-weigh-how-take-tackle-growing-teen-mental-health-crisis>

2. <https://hospicenews.com/2024/01/25/why-hospice-utilization-rates-have-fallen/>

3. <https://www.fiercehealthcare.com/payers/cms-opens-comment-period-medicare-advantage-marketplace>

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## Senators Reintroduce Bill To Boost Telemental Healthcare<sup>1</sup>

*Healthcare Dive | January 25, 2024*

The Telemental Health Care Access Act comes as a number of Medicare telehealth flexibilities that first went into effect during the COVID-19 pandemic are set to expire at the end of the year without congressional action. Lawmakers have previously shown bipartisan support for making some of these changes permanent, arguing they improve access to care, particularly in rural areas where travel times to healthcare facilities can be long. Legislators and witnesses at a Senate subcommittee hearing in November warned Congress should act quickly to address the temporary accommodations, as regulatory uncertainty could push providers away from virtual care. Telehealth use soared during the COVID-19 pandemic as regulators implemented these flexibilities and providers quickly pivoted to virtual care to accommodate social distancing. Though utilization has fallen since its peak, telehealth is still more common than it was pre-pandemic.

## New Medscape Report Reveals Progress Among Physician Burnout, Depression<sup>2</sup>

*PR Newswire | January 24, 2024*

In a significant development, the latest annual survey on physician burnout and depression has reported uncommon declines in the rates among U.S. doctors. This could signal an encouraging shift in the overall mental well-being of physicians. Forty-nine percent of physicians told Medscape they feel burned out and 20% said they were depressed. In last year's report, the rates were 53% and 23%, respectively. The 2024 Medscape Physician Burnout & Depression Report: 'We Have Much Work to Do' was completed by 9,226 U.S. physicians representing more than 29 specialty areas. Respondents were invited to respond to the online survey. The margin of error for the survey was +/- 1.02% at a 95% confidence level.

## Bipartisan Support Means Substance Use Disorder Providers Are Immune To Election-Year Turmoil<sup>3</sup>

*Behavioral Health Business | January 25, 2024*

Election years can be a tumultuous time for behavioral health providers, with policy priorities set to change with the potential transition of power. The substance use disorder (SUD) treatment industry can not only expect to be exempt from this turmoil but also enjoy more robust support from federal and state governments this year. Election cycles can alter the makeup of the House and Senate and lame-duck periods can interrupt progress toward beneficial legislation. However, Peter Barbuto, vice president of business development at Recovery Centers of America, says he anticipates that the SUD industry will receive strong support from government bodies in 2024.

1. <https://www.healthcaredive.com/news/telehealth-mental-health-medicare-access-bill-reintroduced-senate/705634/>

2. <https://www.prnewswire.com/news-releases/new-medscape-report-reveals-progress-among-physician-burnout-depression-302043454.html>

3. <https://bhbusiness.com/2024/01/25/substance-use-disorder-providers-immune-to-election-year-turmoil-with-strong-bipartisan-support/>