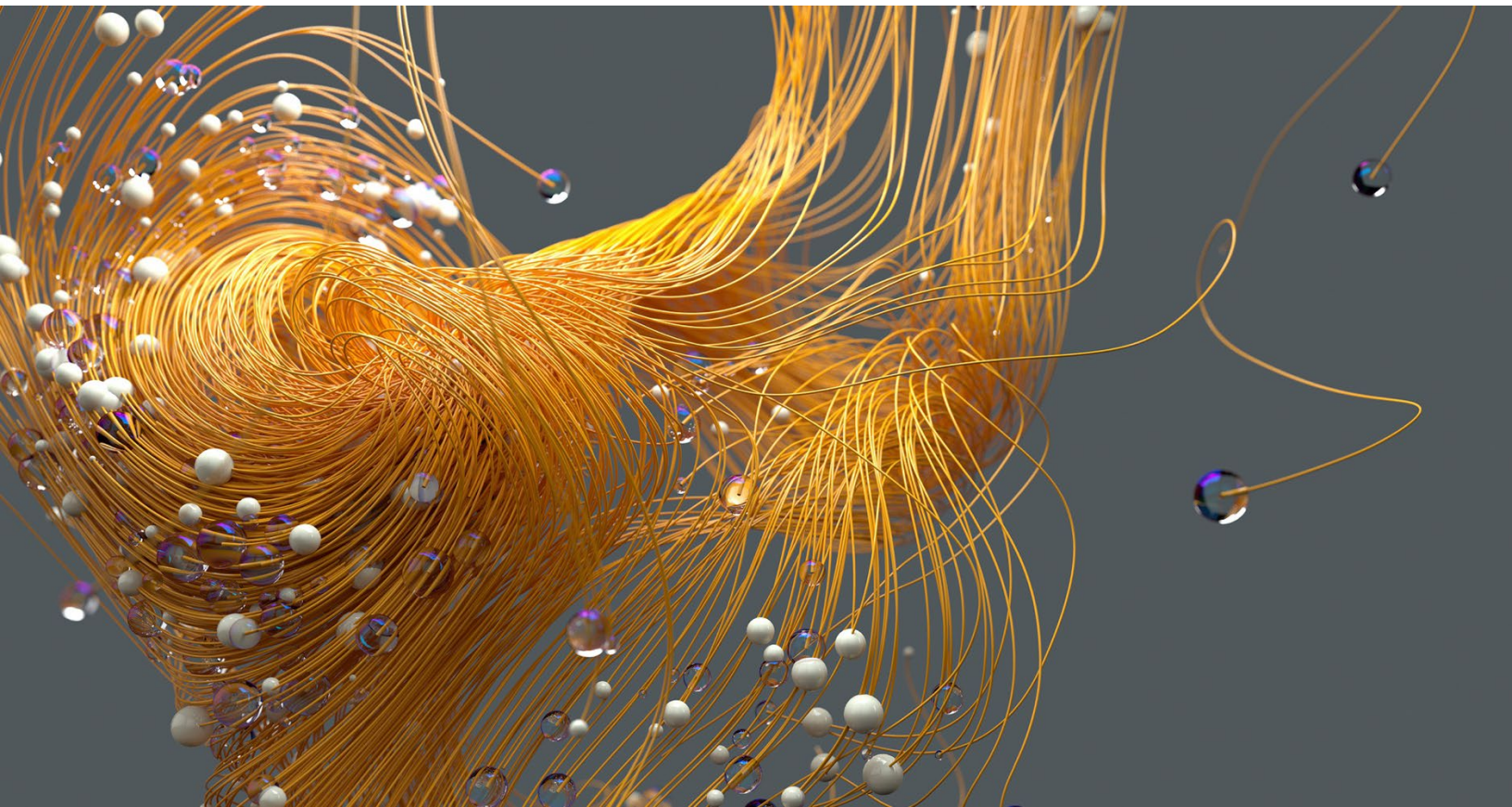


November 2, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

**Observations from the Sidelines of Provider Services:
Continued Focus on Outsourcing**

Industry Insights

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Observations from the Sidelines of Provider Services: Continued Focus on Outsourcing

Commentary by Andy Goldberg

Over the past two-plus years, we've seen considerable degradation in provider operating margins, which have only just recently turned marginally positive.

According to Kauffman Hall's September 2023 *National Hospital Flash Report*, as of August 2023 hospital operating margins stand at a whopping 1.1% after being (1.2%) as recently as November of last year. This margin pressure has caused extreme strain across provider operations and have led these organizations to make tough decisions to partner or outright sell non-core assets and accelerate outsourcing of non-core services.

As we do at Cain Brothers, we continue to have deeply imbedded dialogue with core healthcare constituents across the provider ecosystem, including private equity that is focused on the end market, highlighted by our conferences throughout the year. From our Health Systems and Private Equity Collaboration Conference to the Cain Brothers Private Company Conference, I have been reflecting on my conversations had, presentations seen, and panels hosted. My major takeaway has been the continued acceleration and interest in outsourced services across the care continuum. From core diagnostic services to distribution and supply chain solutions to workforce management, providers are looking for ways to become nimbler, focused on outcomes, while driving a distinct return on investment.

The serious operating issues across the provider landscape present a meaningful opportunity for companies and investors alike. Those that take a forward-leaning approach to these opportunities and invest behind the solutions that drive cost savings, improve outcomes and even workforce culture, will stand to reap benefits, both financially and otherwise, for years to come.

Cain Brothers continues to play a material role in the sweeping changes across the provider landscape. We recently advised [TPG Growth](#) in their partnership with Novant Health to create a national imaging center management company. We continue to be a resource to hospitals and health systems in optimizing capital structures to operating assets exemplified by advising [USA Health](#) in their acquisition of Providence Health System from Ascension. Outside of Cain Brothers, we've seen a continued interest in locum tenens staffing solutions with [AMN Healthcare](#)'s recent acquisition of MSDR to expand the Company's footprint deeper into physician staffing as hospitals continue to struggle with their workforce. These transactions are just a few of the many examples we have seen and the insights we have shared with our clients to help navigate these choppy waters and identify opportunities that meet provider needs, accelerate growth and innovation but most importantly, improve health outcomes.

As we close the books on 2023 and look forward to opportunities in 2024, I continue to believe that this is an exciting time for healthcare services. As Albert Einstein said, "In the middle of difficulty lies opportunity." While far from perfect, our ever-changing healthcare system will continue to evolve through this market and create opportunities in healthcare services that will meet the key market themes that I've been tracking.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
10/27/2023	Ascend Plastic Surgery Partners	Sheridan Capital Partners	NA	NA	NA	Plastic surgery physician practice management company
10/26/2023	Cantata Health Solutions	TT Capital Partners	NA	NA	NA	Provider of healthcare technology solutions for providers of behavioral health, human services, acute care, and post-acute care
10/25/2023	ConcentricLife (Stagwell)	Accenture (NYSE: ACN)	NA	NA	NA	Healthcare marketing agency with expertise in helping life sciences brands
10/24/2023	Precipart	KKR	NA	NA	NA	Contract manufacturer of precision components for the medical device and aerospace industries
10/23/2023	FastMed's North Carolina Locations	Blue Cross and Blue Shield of North Carolina	NA	NA	NA	Provider of preventive, telehealth, occupational health, primary, and urgent care
10/23/2023	Institutes of Health	Latticework Capital Management	NA	NA	NA	Multi-disciplinary workers' compensation treatment provider focused on patients suffering from complex and chronic conditions
10/23/2023	MSDR	AMN Healthcare (NYSE: AMN)	\$300	1.9x	NA	Consists of two healthcare staffing companies that specialize in locum tenens and advanced practices
10/19/2023	ACU-Serve	Lovell Minnick Partners	NA	NA	NA	Provider of end-to-end revenue cycle management
10/18/2023	Brown's Medical Imaging	Atlantic Street Capital	NA	NA	NA	Medical imaging service and solutions provider in the Midwest
10/18/2023	Prendio and BioProcure	Primus Capital	NA	NA	NA	Provider of cloud-based eProcurement software and procure-to-pay support services for biotech
10/17/2023	Hallmark Health Care Solutions	Summit Partners (majority) and Enhanced Healthcare Partner (minority)	NA	NA	NA	Healthcare technology company specializing in workforce management solutions
10/17/2023	Hightop Health	JLL Partners and SV Health Investors	NA	NA	NA	Outpatient mental health platform focused on an integrative, evidence-based approach
10/12/2023	Corridor (HealthEdge Investment Partners)	WellSky (TPG, Leonard Green)	NA	NA	NA	Tech-enabled services platform for the post-acute care industry
10/11/2023	Healthmark Industries	Getinge	\$320	\$3	\$17	Provider of instrument care and infection control consumables
10/11/2023	Healthware Group	EVERSANA (JLL and Water Street Healthcare Partners)	NA	NA	NA	Full-service agency and innovation consultancy
10/10/2023	SurgNet Health Partners	Fulcrum Equity, Leavitt Equity and Harpeth Capital	NA	NA	NA	Ambulatory surgery center development and management company

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
10/18/2023	Waymark	Lux Capital (lead), CVS Health Ventures, Andreessen Horowitz and New Enterprise Associates	Undisclosed	\$42	Medicaid provider enablement company
10/16/2023	BondVet	Warburg Pincus and Talisman Capital Partners	Growth	\$50	Urgent and primary care provider for pets
10/11/2023	Capital Rx	Atlantic Health System, Banner Health, Hawai'i Pacific Health, Inova Health System, Lehigh Valley Health Network, Memorial Hermann Health System, Nebraska Medicine, Novant Health, Ochsner Health, WellSpan Health and Transformation Capital	Strategic	\$50	Full-service pharmacy benefit manager and pharmacy benefit administrator
10/5/2023	Connections Health Solutions	Town Hall Ventures (lead), Heritage Group	Growth	\$28	Provider of immediate-access behavioral health crisis care
10/5/2023	Diana Health	Norwest Venture Partners (lead), 406 Ventures, LRVHealth and AlleyCorp	Series B	\$34	Network of women's health practices that partner with hospitals
10/3/2023	Cortica	CVS Health Ventures (lead), LRVHealth, Ascension Investment Management and the University of Wisconsin Foundation	Series D Extension	\$40	Physician-led, whole-child, value-based autism services company
9/27/2023	Midi Health	GV (lead), Felicis, Semper Virens, Icon, 25M and Operator Collective	Series A	\$25	Virtual care clinic focused exclusively on women navigating midlife hormonal transition
9/26/2023	Cartwheel	Menlo Ventures (lead), Reach Capital, General Catalyst, BoxGroup and Able Partners	Series A	\$20	Evidence-based pediatric telehealth services
9/20/2023	Vivante Health	Mercato Partners (lead), Health Catalyst Capital, 7wireVentures, Intermountain Ventures, Distributed Ventures, Human Capital, and SemperVirens	Series B	\$31	Provider of digital healthcare for digestive health
9/20/2023	Inbound Health	HealthQuest Capital (lead), Flare Capital Partners and McKesson Ventures	Series B	\$20	Solutions that enable health systems and health plans to offer hospital and skilled nursing facility-level care in the home
9/19/2023	Equip	General Catalyst	Undisclosed	\$20	Telehealth provider focused on eating disorders
9/18/2023	EverService	Audax Strategic Capital and Sunstone Partners	Undisclosed	Undisclosed	Specialized, vertically focused, end to-end provider of customer acquisition and engagement services

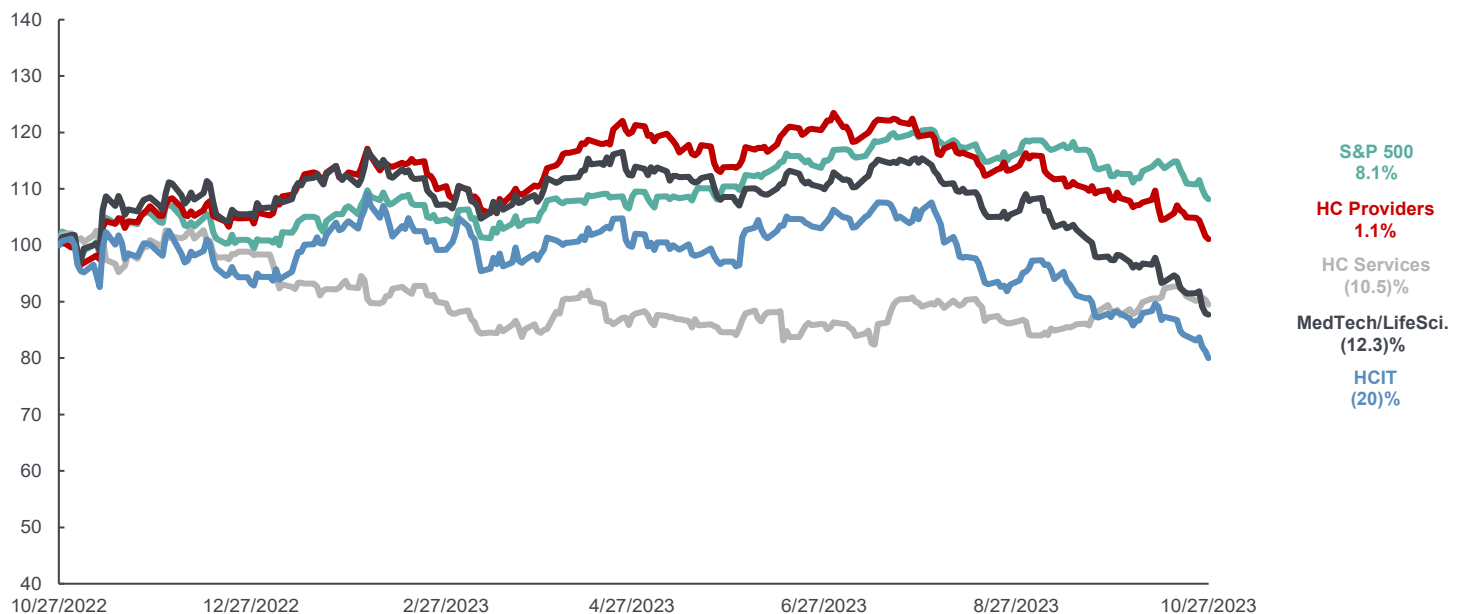
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of October 27, 2023

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	33,127	32,418	1.2%	(2.1%)
S&P 500	4,224	4,117	8.1%	(2.5%)
NASDAQ	12,984	12,643	17.1%	(2.6%)
Russell 2000	1,681	1,637	(9.4%)	(2.6%)
NYSE Healthcare	22,850	22,023	(2.4%)	(3.6%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	(1.5%)	(7.0%)
Alternate Site Services	(1.2%)	(3.2%)
Diagnostics	(0.6%)	(1.1%)
Distribution	5.1%	(1.2%)
Healthcare IT	(20.0%)	(4.6%)
Healthcare REITs	6.8%	(1.8%)
Managed Care	(8.0%)	(1.4%)
Medical Technology	(11.9%)	(4.3%)
Outsourced Services	(28.2%)	(0.7%)
Pharma Services	(15.5%)	(2.3%)
Pharmacy	(32.2%)	(3.4%)
Primary Care	(26.3%)	(6.8%)
Post-Acute Care	10.6%	(3.3%)

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

Tax-Exempt Debt Information as of October 27, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.37%	5.33%	5.74%
AA Tax-Exempt Hospital Bonds (30-Yr)	5.22%	5.18%	5.49%
SIFMA (Variable Rate Demand Notes)	4.09%	4.19%	2.37%
Revenue Bond Index	4.47%	4.47%	4.15%
SIFMA/1 Month SOFR	76.82%	78.58%	65.34%
RBI/30 Yr Treasury (%)	89.14%	88.07%	95.84%
30-Year Fixed Pay Swap (79% SOFR)	3.56%	3.61%	3.05%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.37%	5.33%	5.74%
AA Tax-Exempt Hospital Bonds (30-Yr)	5.22%	5.18%	5.49%
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RBI/30 Yr Treasury (%)	89.14%	88.07%	95.84%
30-Year Fixed Pay Swap (79% SOFR)	3.56%	3.61%	3.05%

1. Bloomberg, Capital IQ

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

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Vanderbilt University Medical Center	\$145.145	TN	NR / A / A	2033	NC	5.00%	N/A	4.37%	3.59%
Ararat Home of Los Angeles Project ^(a)	\$10.915	CA	NR / AA- / NR	2043	2030 (C)	5.00%	5.07%	5.03%	4.33%
	\$156.060								

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

(a) CA Mortgage Insured Revenue Bonds, Series 2023

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

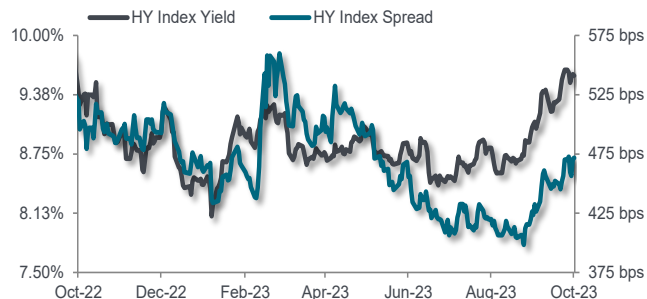
High Yield

- The high yield primary market remained quiet as volatility persisted in the secondary market, with only one issuer tapping the market raising \$700.0 million; this comes as Treasury rates continue to rise, with the 10-year Treasury currently sitting near the highest levels since 2007

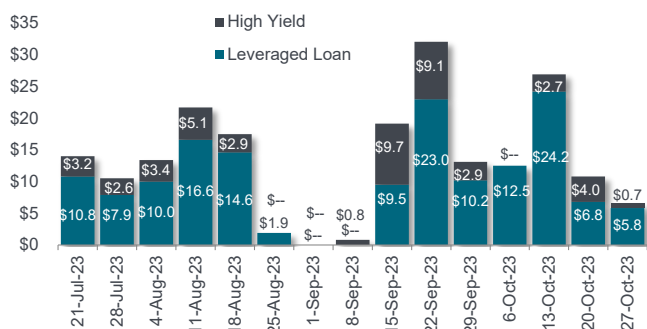
Term Loan B Market

- Issuance has been heavily weighted towards refinancings to address near-term maturities, but some M&A and dividend transactions made their way through market over previous months

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q23	3Q23	30-Day Rolling Average
	10/27/23		
Ba1	S+294 / 8.6%	S+244 / 7.87%	S+225 / 7.7%
Ba2	S+265 / 7.9%	S+243 / 7.78%	S+265 / 8.0%
Ba3	S+314 / 8.6%	S+307 / 8.6%	S+300 / 8.5%
Single-B Issuers	2Q23	3Q23	30-Day Rolling Average
	10/27/23		
B1	S+356 / 9.0%	S+358 / 9.2%	S+379 / 9.6%
B2	S+448 / 10.2%	S+426 / 10.1%	S+436 / 10.2%
B3	S+489 / 10.7%	S+470 / 10.2%	S+465 / 10.4%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
9/7/2023	Gilead Sciences Inc	Sr Notes	\$1,000	A3 / BBB+ / NR	5.250%	10/15/2033	+100	25 bps
9/7/2023	Gilead Sciences Inc	Sr Notes	\$1,000	A3 / BBB+ / NR	5.550%	10/15/2053	+120	25 bps
8/7/2023	Thermo Fisher Scientific Inc	Sr Notes	\$600	A3 / A- / BBB+	4.953%	8/10/2026	+50	20 bps
8/7/2023	Thermo Fisher Scientific Inc	Sr Notes	\$750	A3 / A- / BBB+	4.977%	8/10/2030	+85	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
10/13/2023	Gentiva	CD&R	B3 / B	Acquisition	\$570	SOFR+525, 0.50% @ 98	11.085%
10/11/2023	Better Health Group	Kinderhook Industries	B2 / B+	Corp Purpose	\$150	SOFR+550, 0.50% @ 95	12.082%
9/29/2023	LifePoint Health	Apollo Management	B3 / B	Refinancing	\$1,850	SOFR+550, 0.00% @ 97	11.569%

Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
9/13/2023	Ventas	Public	Baa1/BBB+	Refinancing	\$200mm TLA	Ratings-based Grid SOFR+CSA+72.5-160 CSA: 10	Min. Fixed Charge Coverage Ratio: 1.5x
9/5/2023	Biogen	Public	Baa2/BBB+	Acquisition	\$1,500mm TLA	Ratings-based Grid SOFR+CSA+125-162.5 CSA: 10	Max. Consolidated Net Leverage Ratio: 3.50x

Healthcare News

Converting Facilities From Skilled Nursing To Behavioral Health May Save Money, Time¹

Behavioral Health Business | October 27, 2023

When it comes to creating new behavioral health facilities, buying used may be a better bet than building new. Adaptive reuse conversions involve transforming buildings previously used for another purpose into behavioral health facilities. An increasing portion of the facilities adapted to behavioral health uses are skilled nursing facilities (SNF) or assisted living facilities. If done correctly, opting for an adaptive reuse conversion can save time and money. Sabra Healthcare REIT (Nasdaq: SBRA) has 13 facilities that have been, or are in the process of being, converted to a SUD facility for another use. Most of these have been converted from skilled nursing facilities.

In New Order On AI, Biden Is Scrambling To Catch Up To Emerging Risks In Health Care²

Stat News | October 30, 2023

President Biden ordered the nation's leading health agencies on Monday to develop a plan for regulating artificial intelligence tools already widely in use within hospitals, insurance companies, and other health-related businesses. The order directs the Department of Health and Human Services to establish a safety program to receive reports of AI-related harms and unsafe practices — and take actions to remedy them. The directive was part of a broader order issued by the White House to create standards for the use of AI across the government. Within health care, as in other sectors, Biden's order seeks to strike a balance between controlling the risks of AI while also encouraging innovation that may benefit consumers. While it calls for efforts to fight discrimination and harmful practices, it also directs agencies to provide grants and other funding for research to support the use of AI in drug discovery and other domains.

Paying For Cancer Care Differently: A Look Into The Future³

AJMC | October 18, 2023

Changes are coming fast in community oncology: Medicare's Enhancing Oncology Model (EOM) is now more than 3 months old, but multiple commercial models operate alongside it. Payers are buying up primary care practices, disrupting referral relationships that took years to build. Employers see cancer care as a big-ticket item that must be brought under control. Technology offers opportunities for patients to report symptoms such as rashes or fevers before they lead to a hospital stay, but these systems cost money. And today, quality reporting now includes addressing social determinants of health (SDOH). This puts practices on the spot when a patient with cancer says they don't have food or a place to stay. If an independent practice had to manage all this alone, it might be overwhelming. Members in The US Oncology Network (The Network) had a chance to look into the future and gain skills they will need to thrive during the 2023 Payer Transformation Summit, held September 27-29 at the OMNI Hotel & Resort in Atlanta, Georgia

Healthcare News

More Patients Are Accessing Their Online Medical Records, With App Users Leading The Charge¹

Fierce Healthcare | October 27, 2023

More patients are accessing their medical records online via patient portals or apps and are doing so more often than in years past, according to the Office of the National Coordinator for Health IT (ONC). From 2020 to 2022, the portion of U.S. adults who reported being offered access to their medical records by a provider or insurer increased 24% to about 3 in 5, the office wrote in a recent data brief. The percentage who said they were offered access and used it jumped 50% during the same period, from 38% to 57%, according to ONC. “Together these findings demonstrate increased patient demand for and use of online health information by individuals in recent years,” the office wrote in the brief, citing data from the 6,252-respondent 2022 Health Information National Trends Survey. Patients who were offered access to their online medical records also used them more frequently—54% reported accessing their records at least three times during 2022, compared to 38% in 2020 and 26% in 2017.

Investors Foresee Cost Of Care Attribution, Payer Landscape As Thorniest Issues For Behavioral Health Value-Based Care²

Behavioral Health Business | October 24, 2023

Value-based care has been a buzzword for decades in behavioral health, but the bulk of providers have yet to make the leap from fee-for-service to a risk-bearing or even cost-savings model. This could be changing as payers begin to prioritize value-based care contracts. In turn, this could reshape dynamics between providers and their investor partners. While some investors are ready to dip their toes into the value-based care market, many question the evolving payer landscape and how behavioral health providers get credit for physical health outcomes.

Amazon Considers Offering Veterinary Telehealth As It Looks To Compete With Walmart³

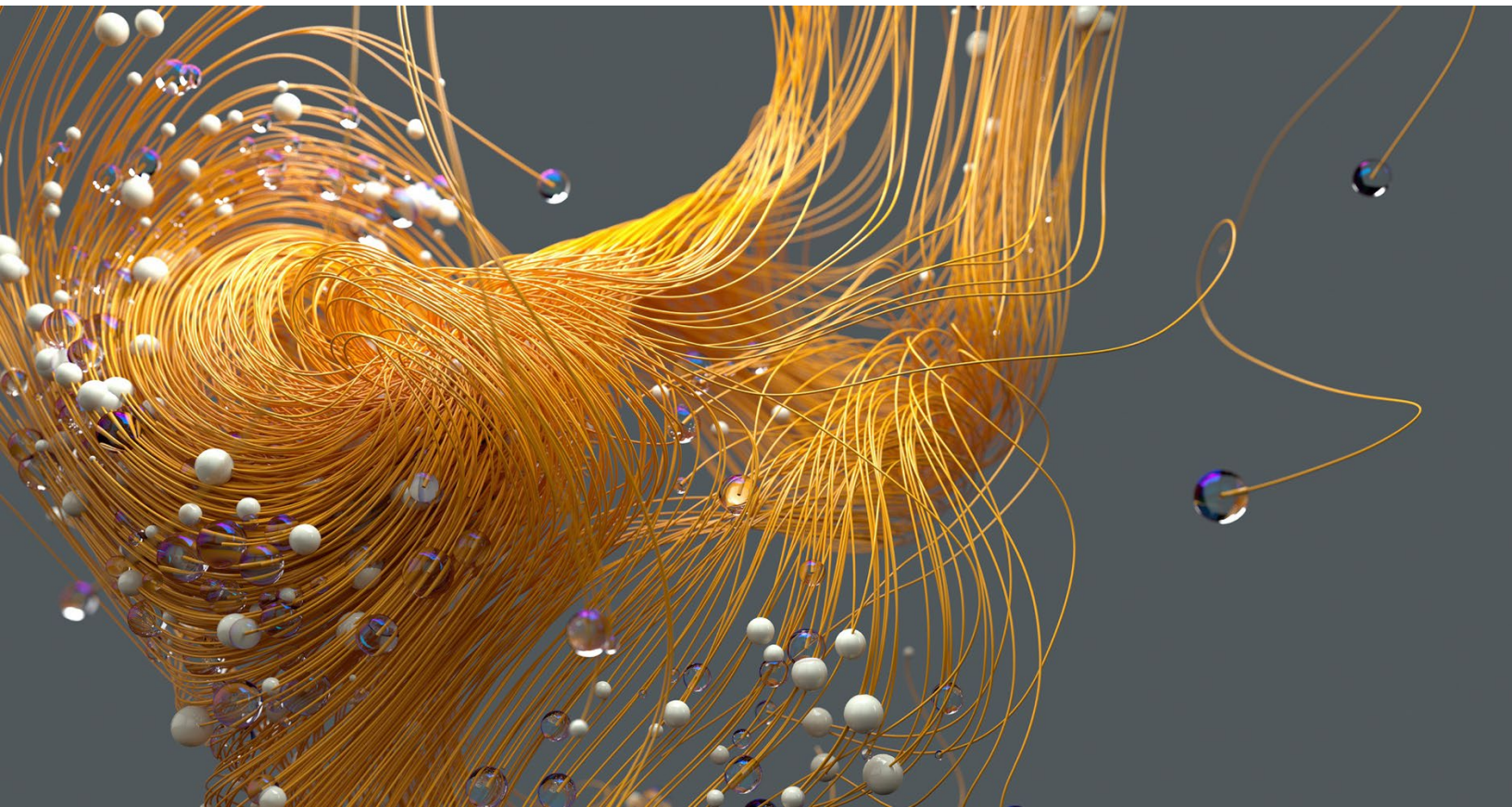
CNBC | October 24, 2023

Amazon is considering an expansion into veterinary telehealth in its latest bid to compete with Walmart, which began offering the service to Walmart+ subscribers earlier this year, people familiar with the matter told CNBC. The e-commerce giant, which has already expanded into human health with its acquisition of One Medical, is a dominant player in pet food and supplies. But it has not so far meaningfully invested in pet health, which is expected to drive growth in the \$137 billion pet market. The people who discussed Amazon’s consideration of the vet service declined to be named because the discussions are private. Veterinary telehealth allows pet parents to have virtual appointments with veterinarians and veterinary technicians. The service is similar to human telemedicine.

November 8, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

Continuation Vehicles in Healthcare: Short-term Blip or Long-term Recalibration?

Industry Insights

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Continuation Vehicles in Healthcare: Short-term Blip or Long-term Recalibration?

Commentary by Daniel Huyler

Over the last several years, private equity sponsors have increasingly elected to pursue alternative exit routes for their portfolio companies. While a sale process or an IPO following a three-to-five-year hold period has been the status quo playbook in the private equity community for decades, sponsors are increasingly using General Partner (GP) led continuation vehicles (CVs) as an outlet to extend the life of select assets that may not be ready for a full exit.

At a very basic level, CVs allow a sponsor to move one asset (single-asset) or a bucket of assets (multi-asset) into a newly formed vehicle that extends their hold period for another three to five years. Current Limited Partners (LPs) that are invested in the legacy fund(s) are given the opportunity to roll their stake into the new vehicle or elect for liquidity at a “market” price. The CV price is generally determined in a secondary auction by new secondary investors. Continuation vehicles led by GPs initially appeared in 2012, accounting for only 7% of total secondary transaction value⁽¹⁾. Slow but steady growth quickly ballooned at the height of the pandemic following complications in many M&A processes. In 2016, GP-led CV deal volume was a mere \$9B – but the evolution and popularity has driven growth at a 34% CAGR to \$52B in 2022⁽¹⁾.

Despite the recent influx of capital into GP-led secondaries, there are several complicating factors that are creating question marks around the long-term trajectory of CVs. In CV processes a GP essentially sells an asset to themselves, which inherently creates a conflict of interest that can come at the expense of existing LPs. Additionally, exiting LPs have experienced frustrations with the CV timeline. Once a lead investor is selected in a CV process and price is set, LPs are given 20 business days to determine whether to take liquidity or roll their stake into the CV. The short timeline is not enough time to re-underwrite the asset for many pension funds and other institutional investors that comprise an LP base, leading to a forced sale. The most troubling aspect of CVs may be pricing relative to what might be achieved in an outright sales process. In sell-side M&A, the eventual buyer is in many cases a sponsor with expertise willing to pay a premium multiple or a strategic acquirer with the ability to underwrite significant synergies. Conversely, in CV processes LPs strapped for liquidity are often forced to be a price taker and liquidate their stakes at pricing levels much lower than they would otherwise get in an outright sale. The evidence speaks for itself – LP liquidations during a CV process are widely believed to average around 85% across the industry. Further concerns for CVs include the process to collect bids, level of economic incentives for the GP, and treatment of GP carried interest.

The proliferation of CVs continues to be a hot-button issue within the finance community, but most notably within the healthcare sector. Recent estimates suggest that 20% - 30% of CV opportunities have meaningful healthcare exposure⁽²⁾. Healthcare generally checks many of the boxes that industry agnostic secondaries buyers are looking for – strong downside protection and meaningful

Industry Insights

upside potential, as well as high fragmentation and significant potential for technological disruption and innovation. Recent high-profile healthcare CVs straddle both single- and multi-asset deal types.

Multi-Asset

BPOC moved five healthcare services assets from two different 2013 vintage funds into a continuation vehicle in a deal valued at \$425M. The transaction was completed in April 2023 and will provide more time and, in certain cases, additional capital to assist each portfolio company in further accelerating their full growth potential.

Single-Asset

Audax closed a single-asset deal in April 2022 that placed Aspen Surgical into a CV. Audax initially invested in Aspen in 2019 and completed the CV deal to support additional investments into growth.

The rise of CVs has been a boon for many leading sponsors, but LP's concerns are becoming more pronounced and have the potential to prevent the extension of recent outsized growth. While it will be an interesting story to follow in the coming years, M&A will always be the backbone of high-value, fiduciary-focused platform exits for sponsors.

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- (1) Pitchbook, The Evolution of Private Market Secondaries (April 2023)
 - (2) Private Equity International, Healthcare Front of Mind for Secondaries Buyers (July 2023)

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
11/2/2023	Comprehensive Rehab Consultants	York Private Equity	NA	NA	NA	Provider of physiatry, chronic care management, and behavioral health services to skilled nursing facilities
11/2/2023	Halo Pharma (Cambrex)	Noramco (SK Capital Partners)	NA	NA	NA	Provider of pharmaceutical contract development and manufacturing services
11/1/2023	Cook Medical Reproductive Healthcare Assets	CooperCompanies (Nasdaq: COO)	\$300	NA	NA	Medical products for obstetrics, doppler monitoring, and gynecology surgery markets
11/1/2023	MDX Hawaii (agilon health (NYSE: AGL))	Undisclosed buyer	NA	NA	NA	Provider network supporting approximately 600 physicians with fully-delegated risk contracts and management services organization capabilities
11/1/2023	ProMedica's Home Health, Palliative, and Hospice Business	Gentiva	NA	NA	NA	Provider of hospice, palliative care, and home care services
10/31/2023	Paragon Medical (American Securities)	AMETEK (NYSE: AME)	\$1,900	\$4	NA	Provider of highly engineered medical components and instruments
10/30/2023	Physicians Realty Trust (NYSE: DOC)	Healthpeak Properties (NYSE: PEAK)	Merger \$21,000	NA	NA	Real estate platform dedicated to healthcare with a 52 million square foot portfolio, including 40 million square feet of outpatient medical properties
10/27/2023	Ascend Plastic Surgery Partners	Sheridan Capital Partners	NA	NA	NA	Plastic surgery physician practice management company
10/26/2023	Cantata Health Solutions	TT Capital Partners	NA	NA	NA	Provider of healthcare technology solutions for providers of behavioral health, human services, acute care, and post-acute care
10/25/2023	ConcentricLife (Stagwell)	Accenture (NYSE: ACN)	NA	NA	NA	Healthcare marketing agency with expertise in helping life sciences brands
10/24/2023	Precipart	KKR	NA	NA	NA	Contract manufacturer of precision components for the medical device and aerospace industries
10/23/2023	FastMed's North Carolina Locations	Blue Cross and Blue Shield of North Carolina	NA	NA	NA	Provider of preventive, telehealth, occupational health, primary, and urgent care
10/23/2023	Institutes of Health	Latticework Capital Management	NA	NA	NA	Multi-disciplinary workers' compensation treatment provider focused on patients suffering from complex and chronic conditions
10/23/2023	MSDR	AMN Healthcare (NYSE: AMN)	\$300	1.9x	NA	Consists of two healthcare staffing companies that specialize in locum tenens and advanced practices
10/19/2023	ACU-Serve	Lovell Minnick Partners	NA	NA	NA	Provider of end-to-end revenue cycle management
10/18/2023	Brown's Medical Imaging	Atlantic Street Capital	NA	NA	NA	Medical imaging service and solutions provider in the Midwest

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

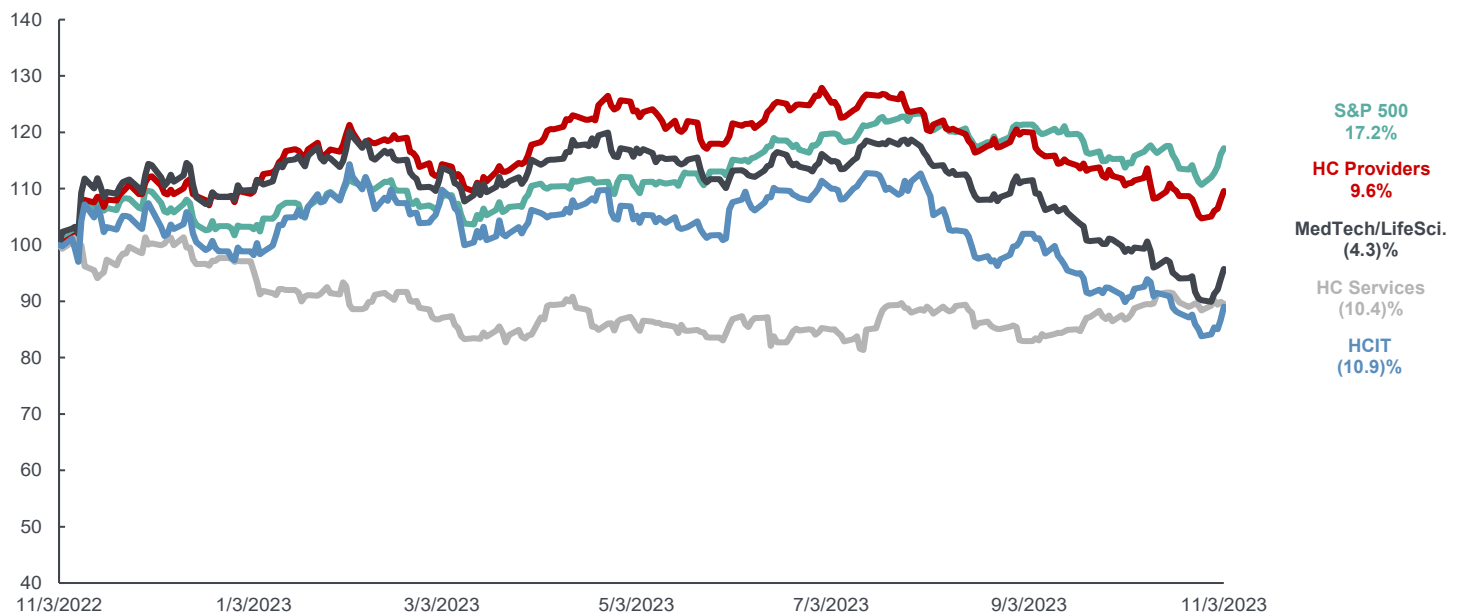
Date	Company	Investor(s)	Type	Amount	Description
11/1/2023	Covera Health	Insight Partners (lead)	Series C (Additional)	\$50	AI-enabled diagnostic technology company focused on radiology performance measurement
11/1/2023	Free Market Health	Questa Capital (lead), Alta Partners, Highmark Ventures, and 653 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
10/18/2023	Waymark	Lux Capital (lead), CVS Health Ventures, Andreessen Horowitz and New Enterprise Associates	Undisclosed	\$42	Medicaid provider enablement company
10/16/2023	BondVet	Warburg Pincus and Talisman Capital Partners	Growth	\$50	Urgent and primary care provider for pets
10/11/2023	Capital Rx	Atlantic Health System, Banner Health, Hawai'i Pacific Health, Inova Health System, Lehigh Valley Health Network, Memorial Hermann Health System, Nebraska Medicine, Novant Health, Ochsner Health, WellSpan Health and Transformation Capital	Strategic	\$50	Full-service pharmacy benefit manager and pharmacy benefit administrator
10/5/2023	Connections Health Solutions	Town Hall Ventures (lead), Heritage Group	Growth	\$28	Provider of immediate-access behavioral health crisis care
10/5/2023	Diana Health	Norwest Venture Partners (lead), .406 Ventures, LRVHealth and AlleyCorp	Series B	\$34	Network of women's health practices that partner with hospitals
10/3/2023	Cortica	CVS Health Ventures (lead), LRVHealth, Ascension Investment Management and the University of Wisconsin Foundation	Series D Extension	\$40	Physician-led, whole-child, value-based autism services company
9/27/2023	Midi Health	GV (lead), Felicis, Semper Virens, Icon, 25M and Operator Collective	Series A	\$25	Virtual care clinic focused exclusively on women navigating midlife hormonal transition
9/26/2023	Cartwheel	Menlo Ventures (lead), Reach Capital, General Catalyst, BoxGroup and Able Partners	Series A	\$20	Evidence-based pediatric telehealth services
9/20/2023	Vivante Health	Mercato Partners (lead), Health Catalyst Capital, 7wireVentures, Intermountain Ventures, Distributed Ventures, Human Capital, and SemperVirens	Series B	\$31	Provider of digital healthcare for digestive health
9/20/2023	Inbound Health	HealthQuest Capital (lead), Flare Capital Partners and McKesson Ventures	Series B	\$20	Solutions that enable health systems and health plans to offer hospital and skilled nursing facility-level care in the home

Public Equity Capital Markets Activity & Indices

Equity Indices Information as of November 3, 2023

Index	Wk Open	Wk Close	Returns		Cain Brothers Indicies	Returns	
			52 Week	Weekly		52 Week	Weekly
DJIA	32,418	34,061	6.4%	5.1%	Acute Care	4.8%	2.8%
S&P 500	4,117	4,358	17.2%	5.9%	Alternate Site Services	13.7%	4.2%
NASDAQ	12,643	13,478	30.3%	6.6%	Diagnostics	9.1%	6.3%
Russell 2000	1,637	1,761	(1.1%)	7.6%	Distribution	6.7%	2.2%
NYSE Healthcare	22,023	22,698	2.2%	3.1%	Healthcare IT	(10.9%)	6.3%
					Healthcare REITs	17.5%	7.9%
					Managed Care	(8.1%)	0.7%
					Medical Technology	(4.1%)	6.1%
					Outsourced Services	(27.4%)	(1.1%)
					Pharma Services	(5.5%)	6.6%
					Pharmacy	(31.3%)	5.9%
					Primary Care	(36.6%)	(17.6%)
					Post-Acute Care	19.1%	6.6%

Cain Brothers Core Healthcare Indices (1YR Performance)



Sources: Cain Brothers, Bloomberg, Capital IQ

Tax-Exempt Debt Market

Tax-Exempt Debt Information as of November 3, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.13%	5.37%	5.89%
AA Tax-Exempt Hospital Bonds (30-Yr)	4.98%	5.22%	5.64%
SIFMA (Variable Rate Demand Notes)	3.85%	4.09%	2.24%
Revenue Bond Index	4.45%	4.47%	4.44%
SIFMA/1 Month SOFR	72.34%	76.82%	59.57%
RBI/30 Yr Treasury (%)	93.36%	89.14%	106.99%
30-Year Fixed Pay Swap (79% SOFR)	3.36%	3.56%	2.90%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Summit Pacific Medical Center	\$74.715	WA	NR / BB+ / NR	2053	2033 (C)	6.88%	7.04%	6.97%	4.45%
Masonic Villages Project	\$26.920	PA	NR / A / NR	2038	2033 (C)	5.13%	5.40%	5.32%	3.95%
\$101.635									

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

(a) Series 2023; Cain Brothers Sole-Managed Pricing

(b) Series 2023, Health Center Revenue Refunding Bonds

1. Bloomberg, Capital IQ

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

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Summit Pacific Medical Center	\$74.715	WA	NR / BB+ / NR	2053	2033 (C)	6.88%	7.04%	6.97%	4.45%
Masonic Villages Project	\$26.920	PA	NR / A / NR	2038	2033 (C)	5.13%	5.40%	5.32%	3.95%
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(a) Series 2023; Cain Brothers Sole-Managed Pricing

(b) Series 2023, Health Center Revenue Refunding Bonds

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

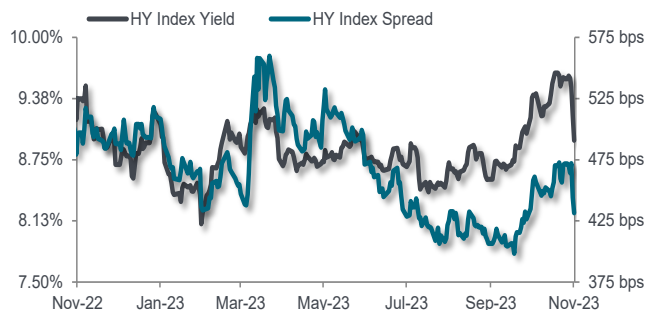
High Yield

- High yield primary market activity was limited last week, with three issuers tapping the market to raise \$1.6 billion; this came as Treasury rates began to fall at a rapid rate, with the 10-year plummeting over 40 bps from a 16-year high of over 5.00% just two weeks ago, to 4.57% at the end of last week

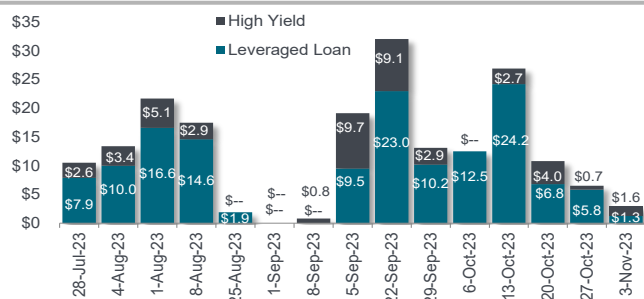
Term Loan B Market

- After a slow October, the recent snapback in early November has set the tone for a potential strong end to the year with several new money issuances coming to market across various credit profiles

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

Issuer	2Q23	3Q23	30-Day Rolling Average
			11/03/23
Double-B Issuers			
Ba1	S+294 / 8.6%	S+244 / 7.87%	S+192 / 7.4%
Ba2	S+265 / 7.9%	S+243 / 7.78%	S+275 / 8.2%
Ba3	S+314 / 8.6%	S+307 / 8.6%	S+292 / 8.5%
Single-B Issuers			
B1	S+356 / 9.0%	S+358 / 9.2%	S+413 / 10.2%
B2	S+448 / 10.2%	S+426 / 10.1%	S+441 / 10.3%
B3	S+489 / 10.7%	S+470 / 10.2%	S+485 / 10.7%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
11/2/2023	Humana Inc	Sr Notes	\$500	Baa2 / BBB+ / BBB	5.750%	12/1/2028	+115	20 bps
11/2/2023	Humana Inc	Sr Notes	\$850	Baa2 / BBB+ / BBB	5.950%	3/15/2034	+147	23 bps
10/30/2023	Quest Diagnostics Inc	Sr Notes	\$750	Baa2 / BBB+ / BBB	6.400%	11/30/2033	+153	27 bps
10/30/2023	Bristol-Myers Squibb Co	Sr Notes	\$1,000	A2 / A+	5.750%	2/1/2031	+90	20 bps
10/30/2023	Bristol-Myers Squibb Co	Sr Notes	\$1,000	A2 / A+	5.900%	11/15/2033	+105	20 bps
10/30/2023	Bristol-Myers Squibb Co	Sr Notes	\$1,250	A2 / A+	6.250%	11/15/2053	+122	23 bps
10/30/2023	Bristol-Myers Squibb Co	Sr Notes	\$1,250	A2 / A+	6.400%	11/15/2063	+135	28 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
10/13/2023	Gentiva	CD&R	B3 / B	Acquisition	\$570	SOFR+525, 0.50% @ 98	11.085%
10/11/2023	Better Health Group	Kinderhook Industries	B2 / B+	Corp Purpose	\$150	SOFR+550, 0.50% @ 95	12.082%
9/29/2023	Lifepoint Health	Apollo Management	B3 / B	Refinancing	\$1,850	SOFR+550, 0.00% @ 97	11.569%

Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
9/13/2023	Ventas	Public	Baa1/BBB+	Refinancing	\$200mm TLA	Ratings-based Grid SOFR+CSA+72.5-160 CSA: 10	Min. Fixed Charge Coverage Ratio: 1.5x
9/5/2023	Biogen	Public	Baa2/BBB+	Acquisition	\$1,500mm TLA	Ratings-based Grid SOFR+CSA+125-162.5 CSA: 10	Max. Consolidated Net Leverage Ratio: 3.50x

Healthcare News

CMS Sets Hospital Outpatient, ASC Pay Raises For 2024¹

Modern Healthcare | November 3, 2023

Hospital outpatient departments and ambulatory surgical centers will receive 3.1% increases in Medicare reimbursements under a final rule the Centers for Medicare and Medicaid Services published Thursday. These providers are set for larger pay raises next year than under the proposed rule CMS published in July, which would have hiked fees 2.8%. The American Hospital Association characterized the outpatient prospective payment system final rule for calendar 2024 as insufficient. "The AHA is concerned that CMS has again finalized an inadequate update to hospital payments. Today's increase for outpatient hospitals of only 3.1% comes in spite of persistent financial headwinds facing the field," Executive Vice President Stacey Hughes said in a news release. "Hospitals' and health systems' ability to continue caring for patients and providing essential services for their communities may be in jeopardy, which is why the AHA is urging Congress for additional support by the end of the year."

Artificial Intelligence Is Redefining Life Sciences, But How Can We Get There Faster?²

Definitive Healthcare | November 2023

To say that artificial intelligence (AI) will be a game changer for the life sciences industry is an understatement. Biopharma and medical device companies are using AI and machine learning (ML) to create more effective drugs, make robot-assisted surgeries possible, identify treatment-ready patients, save lives, and so much more. While life sciences companies have used AI for years, the explosive arrival of generative AI tools like ChatGPT and Midjourney in 2023 ignited conversations about how the technology is used. There are some potential risks with AI, including privacy and security, the quality of the data, and the impact these tools will have on the workforce.

Physician Groups Decry Finalized Medicare Payment Cuts For 2024 As Expenses Rise³

Fierce Healthcare | November 2, 2023

The Biden administration Thursday finalized policy changes for Medicare reimbursements in 2024 that will cut payments to physicians by 1.25% compared to 2023. The 2024 Medicare Physician Fee Schedule rule includes a 3.34% decrease to the fee schedule's conversion factor, which is used to calculate Medicare payouts to docs. CMS set the conversion factor at \$32.74, a decrease of \$1.15, or 3.4%, from 2023. The Centers for Medicare and Medicaid Services also is finalizing increases in payment for visits for many services, such as primary care and longitudinal care. These increases require cuts elsewhere to achieve budget neutrality, CMS said. Beginning January 1, 2024, CMS is finalizing implementation of a separate add-on payment for healthcare common procedure coding system (HCPCS) code G2211. This add-on code will better recognize the resource costs associated with evaluation and management visits for primary care and longitudinal care, according to a CMS fact sheet. Generally, it will be applicable for outpatient and office visits as an additional payment, recognizing the inherent costs involved when clinicians are the continuing focal point for all needed services, or are part of ongoing care related to a patient's single, serious condition or a complex condition.

Healthcare News

'It's A Courtship': Behavioral Health JVs Require Intensive Work But Offer Major Upside¹

Behavioral Health Business | October 30, 2023

Demand for behavioral health services has skyrocketed in recent years, driving the need for providers and health systems to expand their geographic footprints. In the process, some are finding great success with joint venture partnerships. JV deals have become a key method to meet the rising need for behavioral health services, and hospital systems are now actively pursuing JV deals as a method of growth. The extensive process of building a JV requires patience and persistence, industry insiders said at the Behavioral Health Business 2024 INVEST conference. Health care companies like Acadia Healthcare (Nasdaq: ACHC) and US HealthVest have made JVs a crucial part of their portfolios.

Consumer Behaviors Are Starting To Manifest In Patient Decision Making²

Trilliant Health | October 29, 2023

As large retailers like Amazon, CVS, Walgreens and Walmart expand primary care services, patient choices increasingly reveal a preference for on-demand care outside of traditional care pathways. In 2022, more than half of Americans (58%) reported seeking non-emergent care from a retail pharmacy, with younger patient cohorts exhibiting a greater preference for this type of care, and a growing number of Americans cite websites as their most trusted source for health advice. Although overall telehealth utilization has declined, the utilization of telehealth for behavioral health increased from 41.8% to 62.8% between Q1 2020 and Q4 2022, suggesting that consumers view telehealth as an appropriate substitute for low-acuity in-person behavioral health care, if little else.

Value-Based Reimbursement Grows As Providers Take On More Risk³

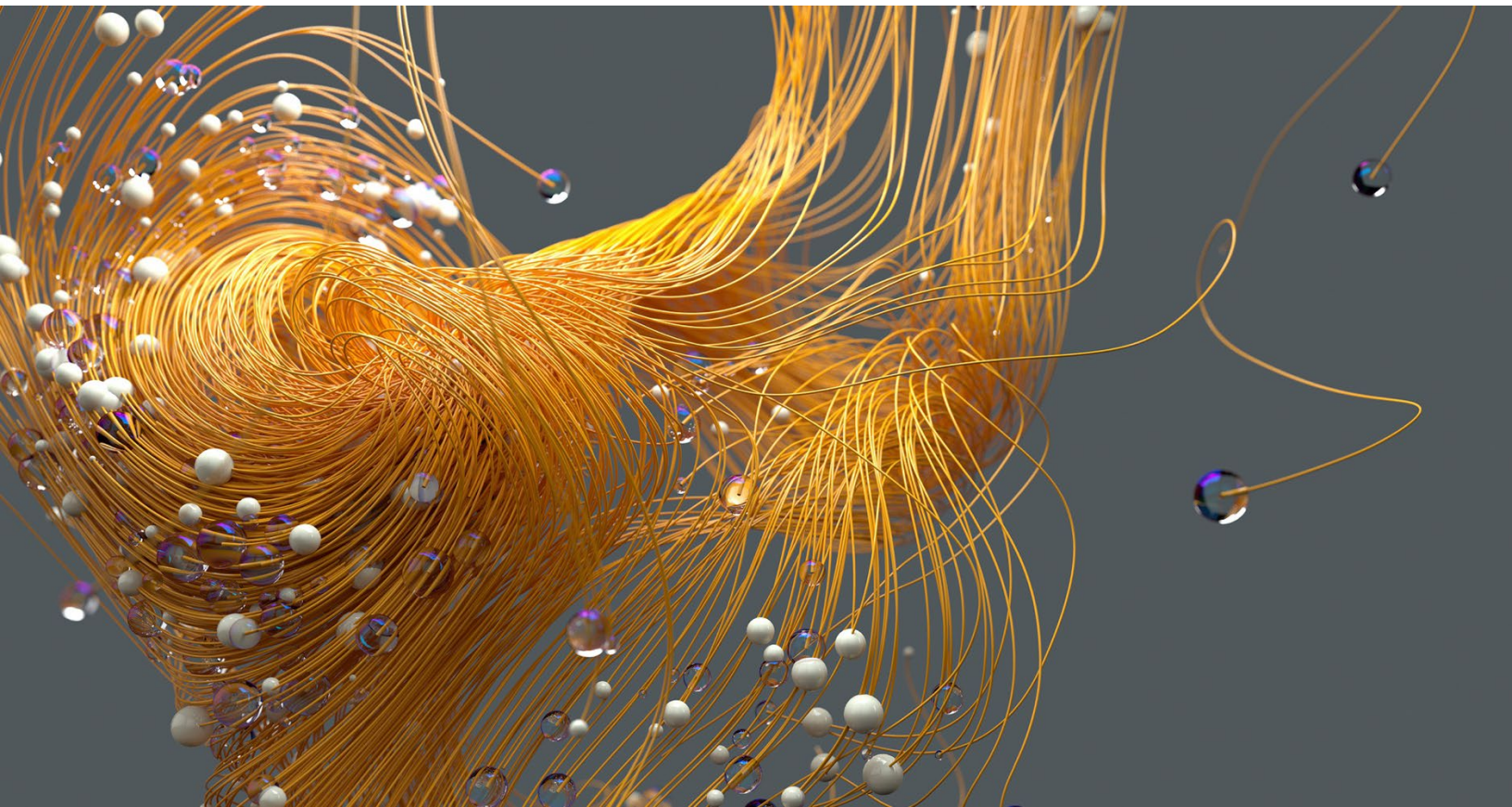
Revcycle Intelligence | October 30, 2023

Over half of healthcare payments last year were made through value-based reimbursement models, with most of those payments tied to some degree of financial risk, according to the latest data from the Health Care Payment & Learning Action Network (LAN). This year's "APM Measurement Effort" found that just 40.6 percent of payments across public and private payers were strictly fee-for-service. Meanwhile, 18.1 percent of payments had some link to quality and value. Slightly more payments this year were tied to more meaningful value-based reimbursement efforts, with 31.7 percent of payments from alternative payment models (APMs) with upside-only or upside and downside financial risk for appropriate care and 9.6 percent from population-based payment arrangements, such as condition-specific and comprehensive population-based payments, as well as payments from integrated finance and delivery systems.

November 15, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

2023 Debt Capital Markets Impact on Senior Living Asset Valuation

Industry Insights

Contents

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



2023 Debt Capital Markets Impact on Senior Living Asset Valuation

Commentary by Matthew Goldreich

2023 has been a challenging year in the capital markets, as nearly everyone whose work is related to the capital markets or who is impacted by the capital markets (i.e., just about every adult!!) has felt the impact of steadily increasing interest rates in the debt markets and significant volatility in the equity markets. On the debt capital markets side, most attention has been paid to the inflation rate during 2022 and 2023 and the Federal Reserve Bank's efforts to reduce the inflation rate to what it considers a long-term economically sustainable level. This message is nothing new to anyone reading this column, so what I would like to consider today are two of the component pieces of the interest rate increases in 2023 and the contribution of those rate increases to the decline in senior living facility asset valuations. I will focus on senior living asset valuations, because we have several concrete examples of how valuations have changed in 2023, although I suspect that similar impacts have been felt among other healthcare asset classes.

Interest Rate Increase

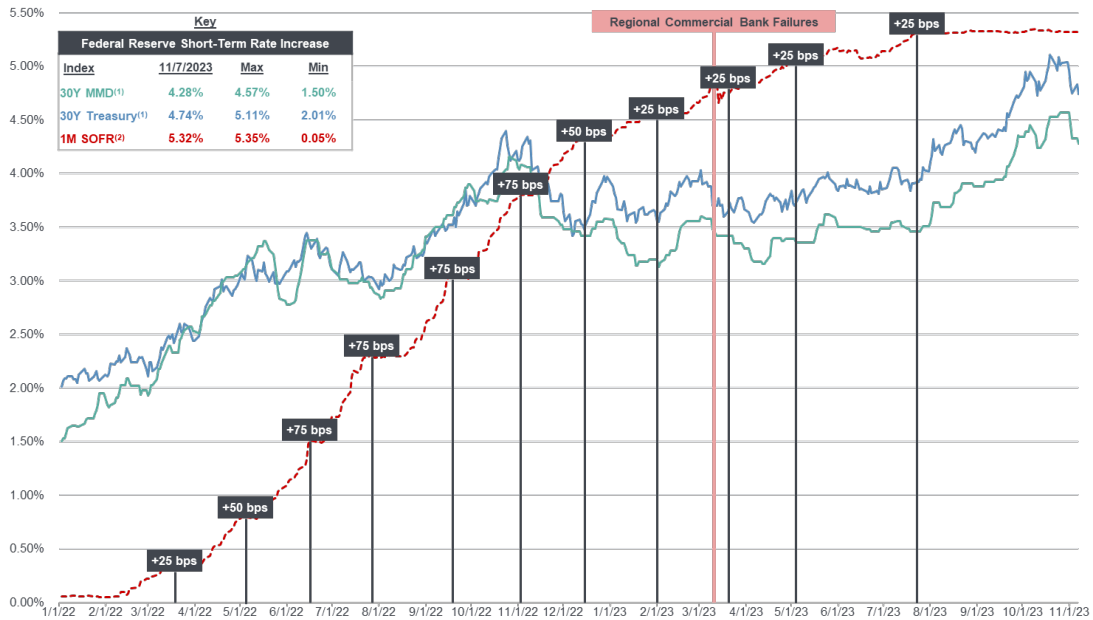
We have all seen how interest rates have increased significantly throughout 2022 and 2023. Relative to debt capital being available to healthcare providers, I have seen two primary components to this increase, which I suggest have been cumulative in their impact on the overall interest rate levels we have today: 1) commercial bank capital availability and cost; and 2) general market trends.

Commercial Bank Availability and Cost: A significant portion of the purchase activity of senior living assets is funded by proceeds from commercial bank loans and, prior to early 2023, the high availability and reasonable cost of these loans contributed to favorable asset valuations and an increasing volume of successful sale transactions. Then within 2 days in mid-March, both Silicon Valley Bank and Signature Bank failed, and these failures sent shockwaves through the commercial banking industry. Other banks teetered on the precipice of failure, and investors feared for more bank failures, all of which contributed to a substantial decline (30%-50%) of commercial bank stock prices, mostly felt by regional banks. The consequence of this was a significant decline in capital availability from the banks as they sought to shore up their balance sheets and a massive increase in the interest rate and security terms for any loans that were made available. For senior living facility asset buyers, a major source of capital was both diminished and/or made far more expensive. Yikes!!

Federal Reserve Bank's Inflation Fight: We all know and have seen the Fed increase short-term interest rates as its primary monetary policy tool to attempt to stop and reduce the U.S. inflation rate. During 2022 and 2023, the Fed increased the benchmark lending rate 11 times for a total of 525 basis points. Most debt market analysts, and for better commentary on this I refer you to my colleague Matt O'Grady's (head of our healthcare underwriting desk) weekly column, believe that the Fed has reached or is nearing the end of the rate increase cycle, confirmed by the lack of a rate increase after its most recent FOMC meeting. But the impact on overall rate levels has been dramatic as all interest rates are much higher now than they were at the beginning of 2022: short-term, long-term, taxable, tax-exempt and everything in-between!

Industry Insights

I suggest these two sets of events, commercial bank loan availability/cost and Fed monetary policy, have had a cumulative impact towards increasing interest rates throughout 2023. Always believing that a picture is worth a thousand words (in which I case this column should have maybe just been this graph!!), the graph below presents 3 major interest rate indices from January 2022 to the present. Identified on the graph is when the initial commercial bank failures occurred and each Federal Reserve rate increase. The graph shows the steady increase in rates during the past five-plus months and highlights the sizable increase since just this past mid-July. Not a pretty picture...



2023 Senior Living Facility Asset Valuation Movement

The impact of 2023's higher interest rates on senior living asset valuations doesn't take a knowledge of rocket science to figure out. Anyone who has considered taking out a loan to fund the purchase of a house or a car (or in my case, a boat!!) knows that as interest rates increase, the sustainable loan amount supported by the asset being financed decreases. In 2023, senior living facility asset buyers have been faced with both the decline in availability of commercial bank loans, on any terms, and higher interest rates on any available loans. The higher interest rates have increased the projected operating costs of any acquired facility, and the main way to offset that increased cost is through a lower purchase price. This is exactly what we have seen in 2023: a substantial decline in senior living asset valuations. For your consideration, take a gander at the table below that summarizes selective senior living asset valuations before and after the beginning of the commercial bank failures in March 2023.

Industry Insights

Comparative Valuations: Prior to Regional Commercial Bank Failures

Closed Deal Profile		Closed Deal Profile		Pending Deal Profile		Pending Deal Profile	
Closing Date:	Dec. '21	Closing Date:	March '22	Indication Date:	Dec. '22	Indication Date:	Dec. '22
Asset Type:	SNF / AL	Asset Type:	SNF	Asset Type:	SNF	Asset Type:	SNF
Geography:	Toledo, OH	Geography:	Springfield, OH	Geography:	KY	Geography:	NY
# of Beds:	85 SNF/ 40 AL	# of Beds:	81	# of Beds:	122	# of Beds:	455
Valuation:	\$10 million	Valuation:	~\$6.7 million	Valuation:	\$10.37 million	Valuation:	\$45.5 million
Price-per-Bed:	\$80,000	Price-per-Bed:	\$83,000	Price-per-Bed:	\$85,000	Price-per-Bed:	\$95,000

Comparative Valuations: Post Regional Commercial Bank Failures

Closed Deal Profile		Pending Deal Profile		Pending (Updated) Deal Profile		Pending (Updated) Deal Profile	
Closing Date:	Oct. '23	Indication Date:	Sept. '23	Indication Date:	Aug. '23	Indication Date:	Aug. '23
Asset Type:	SNF / AL	Asset Type:	SNF	Asset Type:	SNF	Asset Type:	SNF
Geography:	Cincinnati, OH	Geography:	CT	Geography:	KY	Geography:	NY
# of Beds:	99 SNF/ 35 AL	# of Beds:	128	# of Beds:	122	# of Beds:	455
Valuation:	\$7.2 million	Valuation:	\$10.9 million*	Valuation:	\$7.5 million	Valuation:	\$22.75 million*
Price-per-Bed:	~\$53,730	Price-per-Bed:	\$85,000*	Price-per-Bed:	~\$61,500	Price-per-Bed:	\$50,000*
		<small>*Comprised of \$8.7 million in cash and \$2.18 million seller's note</small>				<small>*Verbal indication</small>	

For the sell-side engagements for our clients, as well as the transaction details we have for other 2023 senior living facility sales, there has been a 20%-30% reduction in valuation since the beginning of 2023. This is best observed in the table above by looking at the two transactions on the right, where we have valuation data both before and after the beginning of the commercial banking industry pull-back. Also contributing to these declining valuations are the continuing post-Pandemic operating challenges faced by senior living providers, especially the continued high cost of employed and contract labor. But it is clear that the higher interest rate environment has had a meaningful negative impact on asset valuations.

Conclusion

This is not all doom and gloom. While interest rates are up and loan availability is tighter and operating headwinds still exist, there remains an open market for senior living facility asset sales, just at lower valuation levels. We are still getting asset sales completed for our clients, and we are seeing other sales completed in the market. With the right expectations and marketing approach, selling a senior living asset at a fair price can still be accomplished. If there was a compelling reason to consider selling, or buying, a senior living facility early in 2023, I suggest you still pursue that strategy, albeit with a different valuation expectation. And I suspect that this conclusion relative to senior living assets carries over to many other health care assets you all may be considering selling or buying.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
11/9/2023	MedSpa Partners	Persistence Capital Partners	NA	NA	NA	Acquirer and operator of medical aesthetics clinics in North America
11/9/2023	Seisa Medical	TekniPlex Healthcare	NA	NA	NA	Full-service contract manufacturer of Class II and Class III medical devices and specialty components
11/8/2023	Innovative Consulting Group	SV Health Investors	NA	NA	NA	Provider of healthcare IT consulting support for the implementation and ongoing maintenance of EHR systems
11/8/2023	IntegriChain (Accel-KKR)	Nordic Capital	NA	NA	NA	Provider of pharmaceutical technology, data, consulting, and outsourcing solutions
11/7/2023	Community Family Care Medical Group IPA	Apollo Medical (NASDAQ: AMEH)	\$202	\$1	\$8	Provider group with 350 primary care physicians and 500 specialists on platform, manages the healthcare of over 200,000 members in the Los Angeles
11/6/2023	Parkview Dental Partners	Cathay Capital	NA	NA	NA	DSO that currently manages 22 dental practices that provide both general dentistry and specialty dental services based in Florida
11/2/2023	Comprehensive Rehab Consultants	York Private Equity	NA	NA	NA	Provider of physiatry, chronic care management, and behavioral health services to skilled nursing facilities
11/2/2023	Halo Pharma (Cambrex)	Noramco (SK Capital Partners)	NA	NA	NA	Provider of pharmaceutical contract development and manufacturing services
11/1/2023	Cook Medical Reproductive Healthcare Assets	CooperCompanies (Nasdaq: COO)	\$300	NA	NA	Medical products for obstetrics, doppler monitoring, and gynecology surgery markets
11/1/2023	MDX Hawaii (agilon health (NYSE: AGL))	Undisclosed buyer	NA	NA	NA	Provider network supporting approximately 600 physicians with fully-delegated risk contracts and management services organization capabilities
11/1/2023	ProMedica's Home Health, Palliative, and Hospice Business	Gentiva	NA	NA	NA	Provider of hospice, palliative care, and home care services
10/31/2023	Paragon Medical (American Securities)	AMETEK (NYSE: AME)	\$1,900	\$4	NA	Provider of highly engineered medical components and instruments
10/30/2023	Physicians Realty Trust (NYSE: DOC)	Healthpeak Properties (NYSE: PEAK)	Merger \$21,000	NA	NA	Real estate platform dedicated to healthcare with a 52 million square foot portfolio, including 40 million square feet of outpatient medical properties
10/27/2023	Ascend Plastic Surgery Partners	Sheridan Capital Partners	NA	NA	NA	Plastic surgery physician practice management company
10/26/2023	Cantata Health Solutions	TT Capital Partners	NA	NA	NA	Provider of healthcare technology solutions for providers of behavioral health, human services, acute care, and post-acute care
10/25/2023	ConcentricLife (Stagwell)	Accenture (NYSE: ACN)	NA	NA	NA	Healthcare marketing agency with expertise in helping life sciences brands

Sources: Capital IQ, Mergermarket, and press releases

* Denotes Cain Brothers/KeyBanc Capital Markets participation

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
10/18/2023	Waymark	Lux Capital (lead), CVS Health Ventures, Andreessen Horowitz and New Enterprise Associates	Undisclosed	\$42	Medicaid provider enablement company
10/16/2023	BondVet	Warburg Pincus and Talisman Capital Partners	Growth	\$50	Urgent and primary care provider for pets
10/11/2023	Capital Rx	Atlantic Health System, Banner Health, Hawai'i Pacific Health, Inova Health System, Lehigh Valley Health Network, Memorial Hermann Health System, Nebraska Medicine, Novant Health, Ochsner Health, WellSpan Health and Transformation Capital	Strategic	\$50	Full-service pharmacy benefit manager and pharmacy benefit administrator
10/5/2023	Connections Health Solutions	Town Hall Ventures (lead), Heritage Group	Growth	\$28	Provider of immediate-access behavioral health crisis care
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Sources: Capital IQ, Mergermarket, and press releases

* Denotes Cain Brothers/KeyBanc Capital Markets participation

■ = Transaction occurred the past week

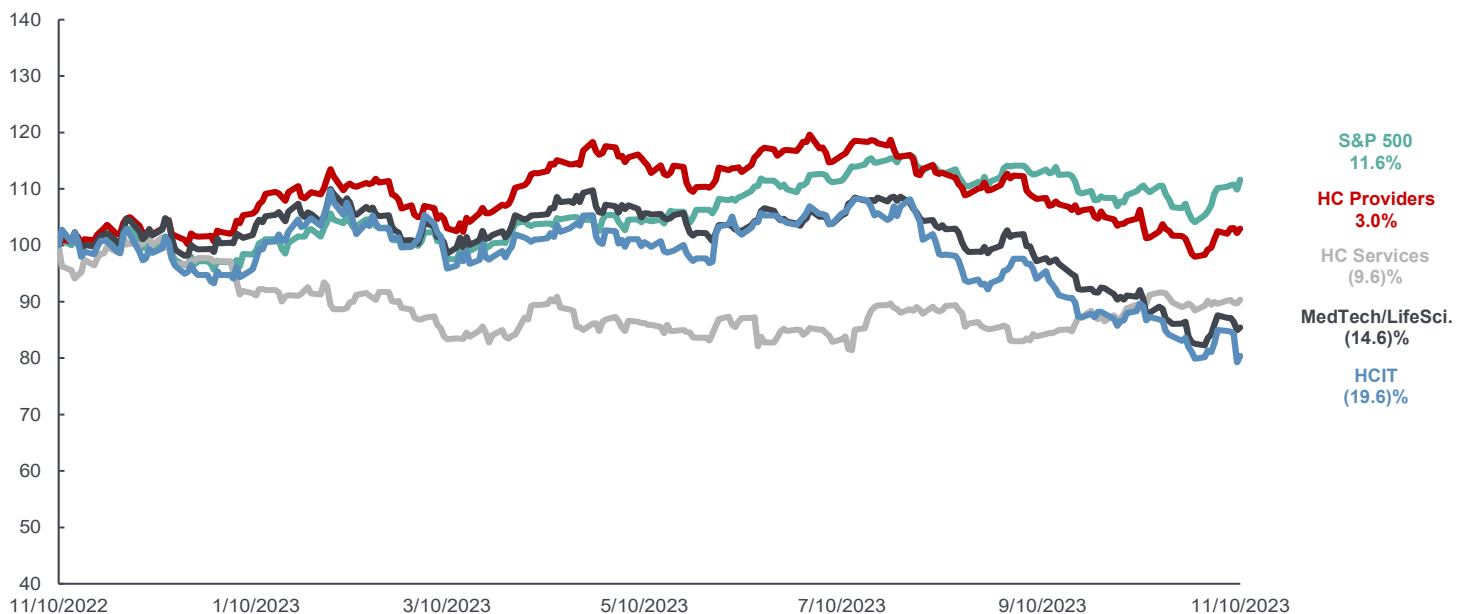
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of November 10, 2023

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	34,061	34,283	1.7%	0.7%
S&P 500	4,358	4,415	11.6%	1.3%
NASDAQ	13,478	13,798	24.1%	2.4%
Russell 2000	1,761	1,705	(8.7%)	(3.1%)
NYSE Healthcare	22,698	22,601	0.3%	(0.4%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	0.5%	0.5%
Alternate Site Services	8.6%	1.1%
Diagnostics	(4.7%)	(0.8%)
Distribution	11.9%	2.9%
Healthcare IT	(19.6%)	(5.4%)
Healthcare REITs	1.8%	(2.1%)
Managed Care	(6.4%)	1.3%
Medical Technology	(14.6%)	(2.7%)
Outsourced Services	(32.8%)	(2.2%)
Pharma Services	(14.1%)	(0.8%)
Pharmacy	(36.2%)	(4.1%)
Primary Care	(46.8%)	(22.8%)
Post-Acute Care	18.7%	3.1%

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

Tax-Exempt Debt Information as of November 10, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.02%	5.13%	5.63%
AA Tax-Exempt Hospital Bonds (30-Yr)	4.87%	4.98%	5.38%
SIFMA (Variable Rate Demand Notes)	3.13%	3.85%	2.19%
Revenue Bond Index	4.21%	4.45%	4.30%
SIFMA/1 Month SOFR	58.81%	72.34%	57.47%
RBI/30 Yr Treasury (%)	88.41%	93.36%	106.70%
30-Year Fixed Pay Swap (79% SOFR)	3.38%	3.36%	2.76%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Westchester Medical Center	\$286.950	NY	NR / BBB- / NR	2053	2033 (C)	5.75%	5.13%	5.43%	4.22%
Pullman Regional Hospital	\$27.500	WA	A1 / NR / NR	2053	2033 (C)	5.00%	5.32%	5.16%	4.22%
	\$314.450								

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

(a) Westchester Medical Center Obligated Group Project, 2052 Maturity AGM Insured, Revenue Bonds Series 2023

(b) Public Hospital District No. 1-A, Unlimited Tax General Obligation Bonds 2023

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Maine Health & Higher Educational Facilities Authority ^(a) Revenue Bonds, Series 2023B Insured By: Assured Guaranty Municipal Corp.	11/15/2023	\$124,720	NR / AA / NR
Jefferson Healthcare Medical Center Public Hospital District No. 2, Jefferson County, Washington Hospital Revenue and Refunding Bonds, 2023A	11/16/2023	\$67,185	NR / NR / NR

(a) Bond proceeds will be loaned to Houlton Regional Hospital, MaineHealth, Mount Desert Island Hospital, North Yarmouth Academy, and Hometown Health Center

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

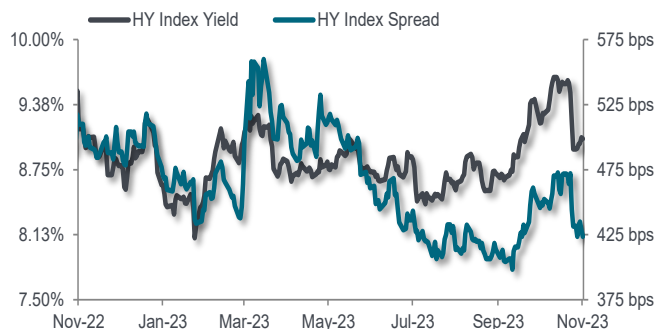
High Yield

- The technical picture on the high yield market has greatly improved over the past week amidst a rapid drop in Treasuries where the 10-year plummeted over 40 bps intra-week but settled down just over 20 bps at 4.65%

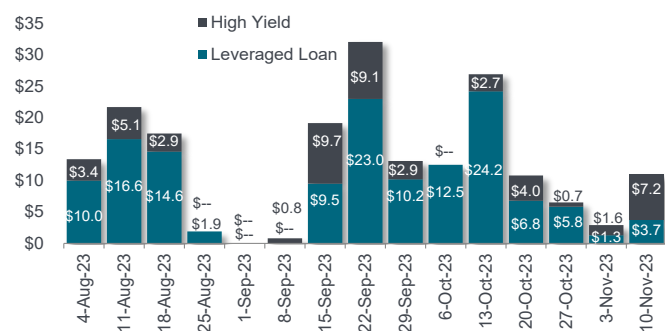
Term Loan B Market

- 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 Yields¹ (\$MM)

Double-B Issuers	2Q23	3Q23	30-Day Rolling Average	
			11/10/23	
Ba1	S+294 / 8.6%	S+244 / 7.87%	S+200 / 7.5%	
Ba2	S+265 / 7.9%	S+243 / 7.78%	S+325 / 8.8%	
Ba3	S+314 / 8.6%	S+307 / 8.6%	S+325 / 9.0%	

Single-B Issuers	2Q23	3Q23	30-Day Rolling Average	
			11/10/23	
B1	S+356 / 9.0%	S+358 / 9.2%	S+392 / 10.1%	
B2	S+448 / 10.2%	S+426 / 10.1%	S+468 / 10.7%	
B3	S+489 / 10.7%	S+470 / 10.2%	S+490 / 10.8%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
11/6/2023	Roche Holdings Inc	Sr Notes	\$1,100	Aa2 / AA / AA-	5.265%	11/13/2026	+55	23 bps
11/6/2023	Roche Holdings Inc	Sr Notes	\$300	Aa2 / AA / AA-	FRN	11/13/2026	SOFR+74	23 bps
11/6/2023	Roche Holdings Inc	Sr Notes	\$1,250	Aa2 / AA / AA-	5.338%	11/13/2028	+75	23 bps
11/6/2023	Roche Holdings Inc	Sr Notes	\$1,250	Aa2 / AA / AA-	5.489%	11/13/2030	+85	23 bps
11/6/2023	Roche Holdings Inc	Sr Notes	\$1,600	Aa2 / AA / AA-	5.593%	11/13/2033	+95	23 bps
11/2/2023	Humana Inc	Sr Notes	\$500	Baa2 / BBB+ / BBB	5.750%	12/1/2028	+115	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
11/7/2023	Amneal Pharmaceuticals	Not Sponsored	B2 / B	Refinancing	\$2,350	SOFR+550, 0.50% @ 95	12.072%
10/13/2023	Gentiva	CD&R	B3 / B	Acquisition	\$570	SOFR+525, 0.50% @ 98	11.085%

Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
11/3/2023	Apollo Medical Holdings	Public	NR / NR	Refinancing	\$300mm TLA	Leverage-based Grid SOFR+CSA+150-275 CSA: 10	Max. Total Net Leverage Ratio: 3.75x w/ step-up to 4.00x Min. Interest Coverage Ratio: 3.25x
9/13/2023	Ventas	Public	Baa1/BBB+	Refinancing	\$200mm TLA	Ratings-based Grid SOFR+CSA+72.5-160 CSA: 10	Min. Fixed Charge Coverage Ratio: 1.5x

Healthcare News

Report: High Wait Times, Poor Reimbursement Drive Autism Diagnosis Delays¹

Fierce Healthcare | November 10, 2023

Nearly two-thirds of specialty centers that conduct autism evaluations have wait times longer than four months, according to a new report. About 1 in 36 children have autism in the U.S. Though the majority of children with autism studied in 2020 had concerns about their development documented in their records before the age of 3, fewer than half received an evaluation by that age. Autism can in some cases be detected at 18 months of age or younger. Early intervention is critical to prevent worse downstream outcomes. Nonwhite children, females and those from rural areas or lower socioeconomic backgrounds are often diagnosed even later or missed altogether. Early interventions improve lifelong outcomes for kids, whereas lack of or delayed treatment increase the likelihood of lifelong, comorbid mental health conditions. Medical costs are twice as high for kids with a longer time to diagnosis than a shorter time to diagnosis.

Senate Votes To Reform PBMs Again, Stop \$16B In Hospital Cuts²

Fierce Healthcare | November 10, 2023

The legislative spotlight was put back on pharmacy benefit manager reform and mental health in a comprehensive draft package presented by the Senate Finance Committee, which was passed Wednesday, November 8, 26-0. The act, called the Better Mental Health Care, Lower-Cost Drugs, and Extenders Act, when included with provisions from the Modernizing and Ensuring PBM Accountability (MEPA) Act from earlier this year, would introduce more transparency and regulation surrounding PBMs. Pharmacies would be required to report costs for medications. Under the committee's proposal, the \$8 billion in cuts to hospitals through the Medicaid disproportionate share hospital payments will be eliminated, saving providers \$16 billion over the next two years, according to the mark (PDF) released earlier this week.

MA Enrollees Have Fewer Hospitalizations, Harvard Study Finds³

Fierce Healthcare | November 7, 2023

Medicare Advantage (MA) beneficiaries have better quality of care and health outcomes than traditional fee-for-service counterparts, researchers from Harvard Medical School found. The recently released report found that MA enrollees experience 70% fewer readmissions than fee-for-service beneficiaries and 24% fewer preventable hospitalizations, primarily driven by 59% fewer preventable acute hospitalizations. The data also found that there was no statistically meaningful difference between MA and fee-for-service in regard to medication adherence but 21% lower rates of high-risk medication use under MA. The results come from a research collaboration from Inovalon and Harvard Medical School, building on previous studies. Those white papers revealed that traditional Medicare enrollees have more than 50% fewer inpatient hospital stays and 22% fewer emergency department visits and that MA beneficiaries often have less money and face greater environmental challenges than traditional Medicare beneficiaries.

Healthcare News

Untapped Opportunities For Health System Pharmacies¹

McKinsey | November 7, 2023

Health system pharmacy operations are strained by continually rising drug costs, labor and supply shortages, and intensifying margin pressures. Adding to these challenges, more patients are requiring more medications and complex therapies but often struggle to afford them.¹ Even so, pharmacies have remained a critical source of value for health systems, expanding beyond acute care into ambulatory-care settings and enabling commercial strategies such as expansion into specialty and retail pharmacy. McKinsey's latest surveys of pharmacy leaders within health systems reveal that organizations' focus on immediate challenges could be limiting their ability to explore more expansive cost-reduction and growth strategies and to provide cost-effective, accessible care to patients (see sidebar, "Research methodology").

Who Will Care For Older Adults? We've Plenty Of Know-How But Too Few Specialists²

KFF Health News | November 10, 2023

Despite the surging older population, there are fewer geriatricians now (just over 7,400) than in 2000 (10,270), he noted in a recent piece in JAMA. (In those two decades, the population 65 and older expanded by more than 60%.) Research suggests each geriatrician should care for no more than 700 patients; the current ratio of providers to older patients is 1 to 10,000. What's more, medical schools aren't required to teach students about geriatrics, and fewer than half mandate any geriatrics-specific skills training or clinical experience. And the pipeline of doctors who complete a one-year fellowship required for specialization in geriatrics is narrow. Of 411 geriatric fellowship positions available in 2022-23, 30% went unfilled.

Senate Finance Committee Advances Bill To Mitigate Radiologist Pay Cuts In Medicare³

Radiology Business | November 9, 2023

The U.S. Senate Finance Committee on Wednesday advanced a bill that would partially protect radiologists and other specialists from a planned Medicare pay cut in 2024. Lawmakers passed the Better Mental Health Care, Lower Drug Cost, and Extenders Act in a 26-0 vote, advancing it out of the committee. CMS issued the final 2024 physician fee schedule on Nov. 2, including a 3.4% reduction to the conversion factor used to translate RVUs into payment. The committee proposal would mitigate 1.25% of this cut, along with several other policy changes. "This package provides a one-year increase to Medicare physician payment. Our goal is to shore up Medicare's effort in 2024 to boost payment for primary care," Committee Chairman and Sen. Ron Wyden, D-Ore., said in prepared remarks delivered Nov. 8. "Next year, the Finance Committee will take a deeper look at Medicare physician payment as several provisions in current law need to be reexamined."

1. <https://www.mckinsey.com/industries/healthcare/our-insights/untapped-opportunities-for-health-system-pharmacies>

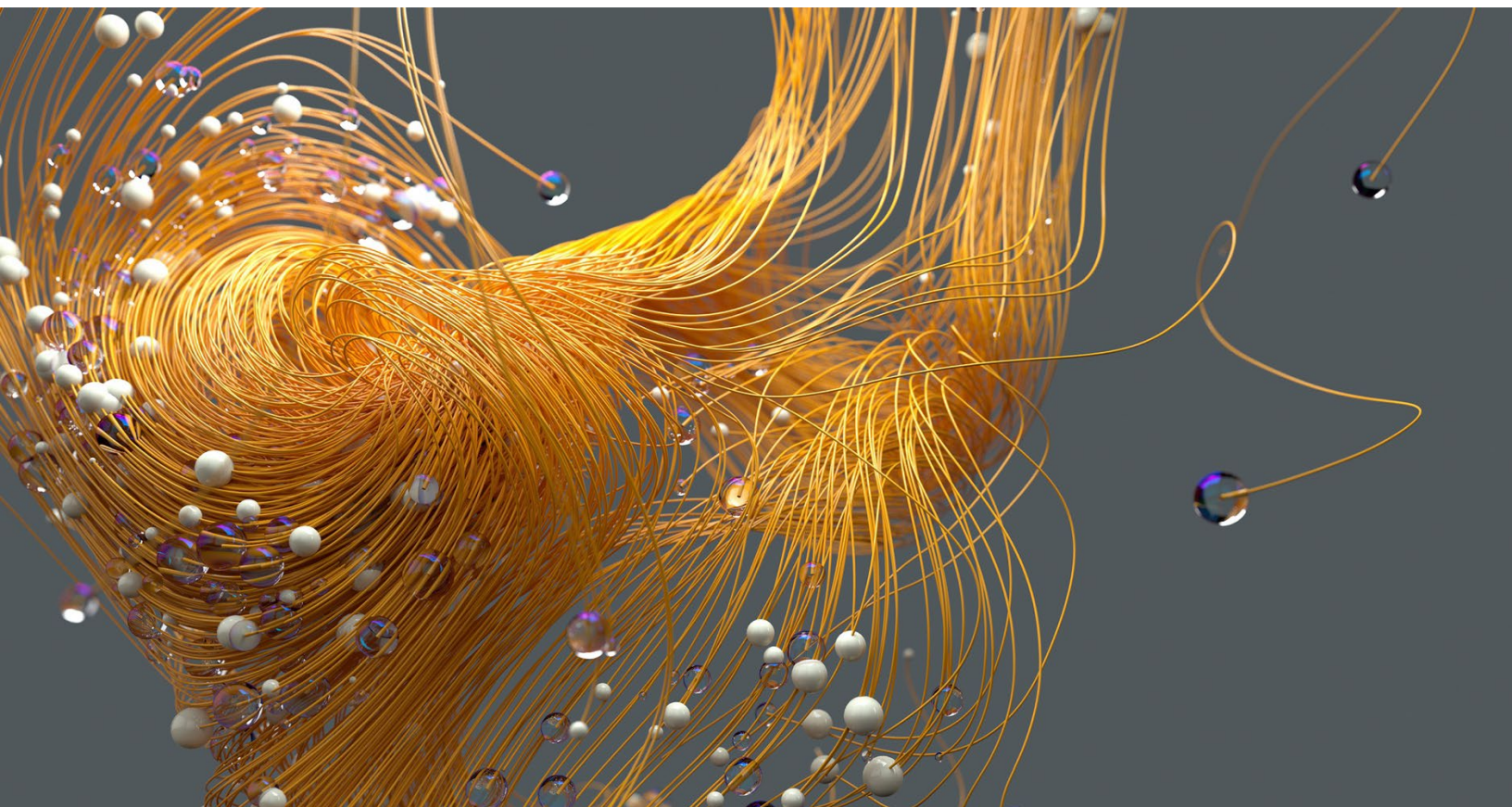
2. <https://kffhealthnews.org/news/article/who-will-care-for-older-adults-weve-plenty-of-know-how-but-too-few-specialists>

3. <https://radiologybusiness.com/topics/healthcare-management/healthcare-economics/senate-finance-committee-advances-bill-mitigate-radiologist-pay-cuts-medicare>

November 29, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

Outsourced Pharma Commercialization Platforms Offer Solutions to Complex Problems for Manufacturers of Rare and Orphan Drugs

Industry Insights

Contents

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



Outsourced Pharma Commercialization Platforms Offer Solutions to Complex Problems for Manufacturers of Rare and Orphan Drugs

Commentary by Kelly Torchia

The increasing prevalence of FDA approvals for rare and orphan drugs creates an interesting dilemma for the pharma companies that sell them – how to best market the therapies.

In the last few years, there has been an increase in the number of rare and orphan drug approvals by the FDA's Center for Drug Evaluation and Research (CDER). Rare and orphan drugs, which are defined by the FDA as drugs approved to treat diseases that affect fewer than 200,000 people in the U.S., have been a growing focus of pharmaceutical and biotech companies over the past few years. Major acquisitions in the rare disease space, such as Amgen's recent \$27.8 billion acquisition of Horizon Therapeutics, have demonstrated pharma's appetite for further investment in rare and orphan therapies. As a result, there has been a corresponding shift in the proportion of rare and orphan approvals relative to total approvals. In 2022, 54% or 20 of the 37 novel drug approvals were for orphan drugs¹. Similarly, rare and orphan drugs accounted for 52% of total approvals in 2021, compared to 32% of approvals only three years prior in 2018^{2,3}.

The pharmaceutical industry's growing investment in rare and orphan therapies is good news for patients but presents a new challenge to sponsors. There are approximately 7,000 different diseases known to exist today. While each rare/orphan disease is present in only a small number of patients, approximately 10% of the U.S. population is afflicted with a rare / orphan disease⁴. This means that for the new therapies to reach their target population and help patients, pharma sponsors need to find cost effective channels to market the drugs to the correct populations. This creates an opportunity for outsourced pharma commercialization service providers, particularly providers of medical communications.

The nature of rare and orphan drugs creates unique challenges when launching a new therapy. Because of the low prevalence of these diseases, traditional direct to consumer marketing methods (TV advertisements, billboards, print ads, and digital advertising on social media) are not effective or cost-efficient solutions. Instead, pharmaceutical companies need to find new, effective ways to reach these niche audiences. Providers of outsourced pharma commercialization services, especially medical education and medical communication

¹ U.S. Food and Drug Administration: "New Drug Therapy Approvals 2022"

² U.S. Food and Drug Administration: "New Drug Therapy Approvals 2021"

³ Pharmaceutical Technology: "Can the FDA keep the momentum going for rare disease drug approvals?"

⁴ Pharmaceutical Research and Manufacturers of America: "Progress in Fighting Rare Diseases"

Industry Insights

platforms that focus on healthcare provider (HCP) education, offer the most effective marketing solutions to pharma sponsors launching rare and orphan drugs. By engaging HCPs, commercialization service providers educate the healthcare professionals on the latest available therapies, therefore enabling them to prescribe the treatments to the target population and accelerating adoption of the drug.

As 2023 is expected to be a record year for FDA approvals, exceeding the 2018 record of 59 approvals⁵, the increased volume of rare and orphan approvals will continue to drive demand for outsourced commercialization services, particularly for platforms that provide new and innovative ways to engage with HCPs.

⁵ KBCM Analyst Report by Paul Knight: "Life Science Tech: Record Pace of 2023 FDA Approvals, Defies Investor Skepticism, Promises 2024 Normalcy"

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
11/21/2023	Therapeutic Research Center (Levine Leichtman Capital Partners)	Colibri Group (Gridiron Capital)	NA	NA	NA	Provider of independent, evidence-based continuing education and training for healthcare professionals and institutions
11/26/2023	Gessler Clinic	BayCare Health System	NA	NA	NA	Florida based multi-specialty clinic
11/20/2023	BioStat Laboratory	Principle Health System (Platform Partners)	NA	NA	NA	Texas based full-service laboratory
11/9/2023	MedSpa Partners	Persistence Capital Partners	NA	NA	NA	Acquirer and operator of medical aesthetics clinics in North America
11/9/2023	Seisa Medical	TekniPlex Healthcare	NA	NA	NA	Full-service contract manufacturer of Class II and Class III medical devices and specialty components
11/8/2023	Innovative Consulting Group	SV Health Investors	NA	NA	NA	Provider of healthcare IT consulting support for the implementation and ongoing maintenance of EHR systems
11/8/2023	IntegriChain (Accel-KKR)	Nordic Capital	NA	NA	NA	Provider of pharmaceutical technology, data, consulting, and outsourcing solutions
11/7/2023	Community Family Care Medical Group IPA	Apollo Medical (NASDAQ: AMEH)	\$202	\$1	\$8	Provider group with 350 primary care physicians and 500 specialists on platform, manages the healthcare of over 200,000 members in the Los Angeles
11/6/2023	Parkview Dental Partners	Cathay Capital	NA	NA	NA	DSO that currently manages 22 dental practices that provide both general dentistry and specialty dental services based in Florida
11/2/2023	Comprehensive Rehab Consultants	York Private Equity	NA	NA	NA	Provider of psychiatry, chronic care management, and behavioral health services to skilled nursing facilities
11/2/2023	Halo Pharma (Cambrex)	Noramco (SK Capital Partners)	NA	NA	NA	Provider of pharmaceutical contract development and manufacturing services
11/1/2023	Cook Medical Reproductive Healthcare Assets	CooperCompanies (Nasdaq: COO)	\$300	NA	NA	Medical products for obstetrics, doppler monitoring, and gynecology surgery markets
11/1/2023	MDX Hawaii (agilon health (NYSE: AGL))	Undisclosed buyer	NA	NA	NA	Provider network supporting approximately 600 physicians with fully-delegated risk contracts and management services organization capabilities
11/1/2023	ProMedica's Home Health, Palliative, and Hospice Business	Gentiva	NA	NA	NA	Provider of hospice, palliative care, and home care services
10/31/2023	Paragon Medical (American Securities)	AMETEK (NYSE: AME)	\$1,900	\$4	NA	Provider of highly engineered medical components and instruments
10/30/2023	Physicians Realty Trust (NYSE: DOC)	Healthpeak Properties (NYSE: PEAK)	Merger \$21,000	NA	NA	Real estate platform dedicated to healthcare with a 52 million square foot portfolio, including 40 million square feet of outpatient medical properties

Sources: Capital IQ, Mergermarket, and press releases
 * Denotes Cain Brothers/KeyBanc Capital Markets participation

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
10/18/2023	Waymark	Lux Capital (lead), CVS Health Ventures, Andreessen Horowitz and New Enterprise Associates	Undisclosed	\$42	Medicaid provider enablement company
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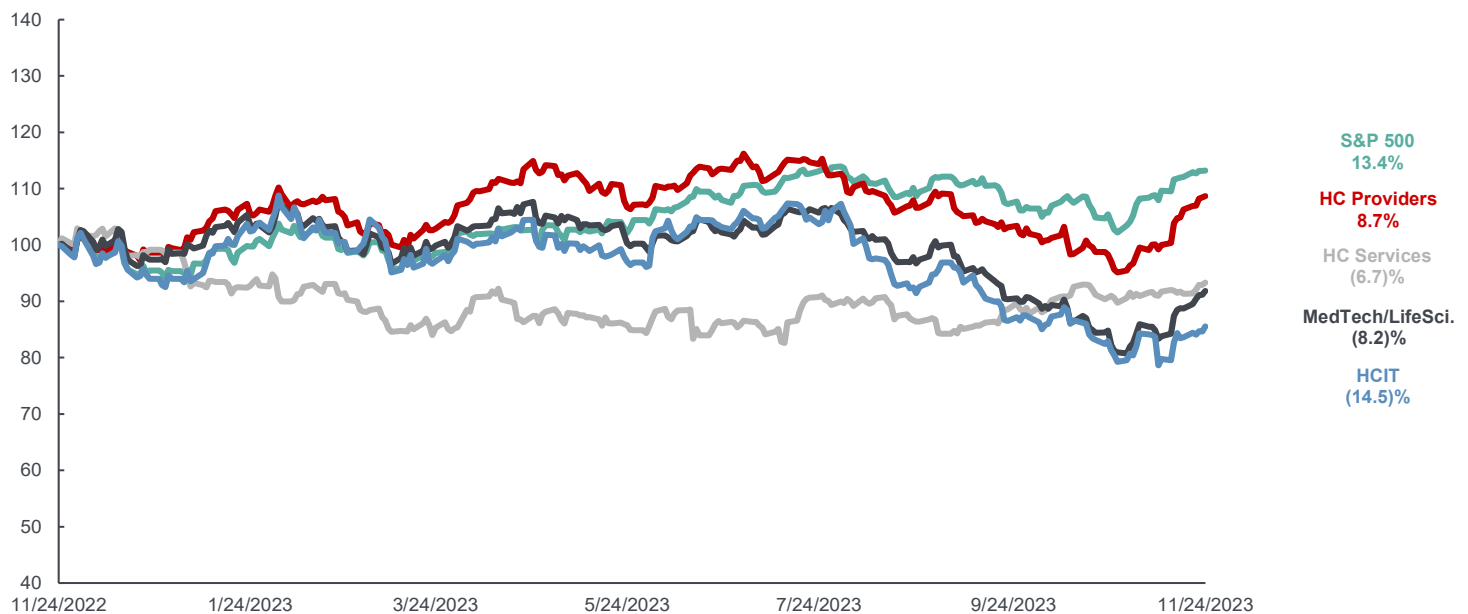
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NASDAQ	14,125	14,251	26.3%	0.9%
Russell 2000	1,798	1,808	(3.0%)	0.5%
NYSE Healthcare	22,942	23,501	0.8%	2.4%

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Managed Care	(2.2%)	2.4%
Medical Technology	(8.4%)	3.8%
Outsourced Services	(29.3%)	1.1%
Pharma Services	(6.7%)	1.5%
Pharmacy	(35.9%)	0.4%
Primary Care	(39.7%)	(1.6%)
Post-Acute Care	24.5%	2.0%

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

Tax-Exempt Debt Information as of November 24, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	4.80%	4.87%	5.09%
AA Tax-Exempt Hospital Bonds (30-Yr)	4.65%	4.72%	4.84%
SIFMA (Variable Rate Demand Notes)	3.60%	3.81%	1.90%
Revenue Bond Index	4.02%	4.11%	4.00%
SIFMA/1 Month SOFR	67.33%	71.45%	46.50%
RBI/30 Yr Treasury (%)	87.44%	89.92%	106.95%
30-Year Fixed Pay Swap (79% SOFR)	3.26%	3.24%	2.59%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
No Recent Pricings	-	-	-	-	-	-	-	-	-

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

1. Bloomberg, Capital IQ

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

Whats on Deck

Issuer	Date	Amount	Rating
Economic Development Authority of Isle of Wight County, Virginia Health System Revenue Bonds (Riverside Health System) Series 2023 Fixed Mode Insured By: Assured Guaranty Municipal Corp. ^(a) A Cain Brothers Sole-Managed Expected Pricing	11/29/2023	\$273,075	A1 / AA / NR
Massachusetts Development Finance Agency Revenue Bonds, Beth Israel Lahey Health Issue Series M (2023)	11/28/2023	\$400,000	A3 / A / NR
Ward 3, 4 and 10 Hospital Service District of The Parish of Union, State of Louisiana Hospital Revenue Bonds (Reeves Memorial Medical Center Project) Series 2023	Week of	\$28,000	NR / NR / NR

(a) Underlying Rating: NR / A- / NR; Insured Rating: A1 / AA / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

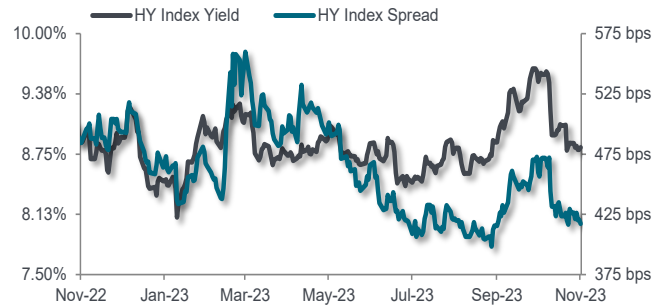
High Yield

The high-yield primary market stalled last week as no issuers attempted to get a deal done during the Thanksgiving holiday week

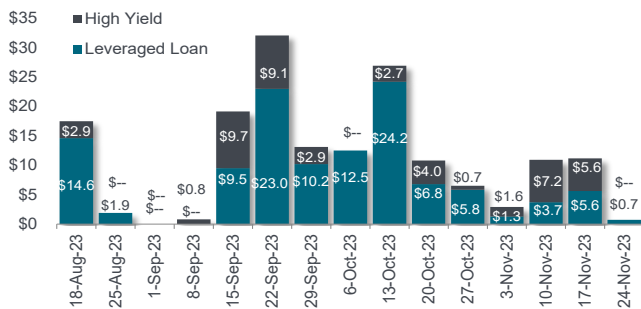
Term Loan B Market

After a slow October, the recent snapback in early November has set the tone for a potential strong end to the year with several new money issuances coming to market across various credit profiles

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$B)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q23	3Q23	30-Day Rolling Average
			11/24/23
Ba1	S+294 / 8.6%	S+244 / 7.87%	S+225 / 7.7%
Ba2	S+265 / 7.9%	S+243 / 7.78%	S+225 / 7.7%
Ba3	S+314 / 8.6%	S+307 / 8.6%	S+325 / 9.0%
Single-B Issuers	2Q23	3Q23	30-Day Rolling Average
			11/24/23
B1	S+356 / 9.0%	S+358 / 9.2%	S+388 / 9.8%
B2	S+448 / 10.2%	S+426 / 10.1%	S+429 / 9.9%
B3	S+489 / 10.7%	S+470 / 10.2%	S+466 / 10.6%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
11/16/2023	Bayer US Finance II	Sr Notes	\$1,000	Baa2 / BBB / BBB+	6.125%	11/21/2026	+155	38 bps
11/16/2023	Bayer US Finance II	Sr Notes	\$1,000	Baa2 / BBB / BBB+	6.250%	1/21/2029	+185	34 bps
11/16/2023	Bayer US Finance II	Sr Notes	\$1,250	Baa2 / BBB / BBB+	6.375%	11/21/2030	+200	32 bps
11/16/2023	Bayer US Finance II	Sr Notes	\$1,750	Baa2 / BBB / BBB+	6.500%	11/21/2033	+210	34 bps
11/16/2023	Bayer US Finance II	Sr Notes	\$750	Baa2 / BBB / BBB+	6.875%	11/21/2053	+225	44 bps
11/14/2023	IQVIA Inc	Sr Notes	\$1,250	Baa3 / BBB-	6.250%	2/1/2029	+185	35 bps
11/6/2023	Roche Holdings Inc	Sr Notes	\$1,100	Aa2 / AA / AA-	5.265%	11/13/2026	+55	23 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
11/20/2023	IQVIA	Not Sponsored	Ba1 / BB+	Refinancing	\$1,500	SOFR+200, 0.00% @ 100	7.335%
11/17/2023	Perrigo	Not Sponsored	Ba2 / BB	Refinancing	\$300	SOFR+225, 0.50% @ 99.5	7.708%
11/7/2023	Amneal Pharmaceuticals	Not Sponsored	B2 / B	Refinancing	\$2,350	SOFR+550, 0.50% @ 95	12.072%

Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
11/3/2023	Apollo Medical Holdings	Public	NR / NR	Refinancing	\$300mm TLA	Leverage-based Grid SOFR+CSA+150-275 CSA: 10	Max. Total Net Leverage Ratio: 3.75x w/ step-up to 4.00x Min. Interest Coverage Ratio: 3.25x
9/13/2023	Ventas	Public	Baa1/BBB+	Refinancing	\$200mm TLA	Ratings-based Grid SOFR+CSA+72.5-160 CSA: 10	Min. Fixed Charge Coverage Ratio: 1.5x

Healthcare News

Foot Locker, Teamsters Show Their Drug-Benefit Managers The Door¹

The Wall Street Journal | November 17, 2023

Employers and unions are getting fed up with the firms they have used for years to help control their spending on prescription drugs—because their costs keep soaring. Footwear retailer Foot Locker dropped UnitedHealth Group's OptumRx drug-benefit manager last year, while a Teamsters fund in Philadelphia recently reupped with its replacement for CVS Health's Caremark. Among their frustrations: They are being told to cover costlier drugs even when less-expensive options are available. The employers and unions express concern that they are getting stuck with higher-cost drugs because the drug-benefit managers can pocket some of the bigger rebates negotiated with the medicines' makers. The employers and unions say they can't know for sure because the drug-benefit managers aren't open about their fees and other sources of revenue.

No One's Promising You Can Keep Your Doctor Anymore²

Politico | November 26, 2023

President Barack Obama famously told Americans they could keep their doctors. At the rate things are going, it won't be long before many Americans don't have one in the first place — at least not the way they're used to. The math is simple: Medical schools just aren't churning out doctors fast enough to keep pace with the population. Affluent people will be able to retain a personal physician through exclusive "concierge medicine" services. But here's what others can expect: routine visits with a rotating cast of nurses and physician assistants with increasingly sparse and online checkups with doctors. That changing calculus has Congress and the Biden administration busy trying to devise a primary care system that can serve the average person before it becomes impossible to get an appointment.

More Americans Could Get Dental Coverage Under Biden Proposal³

Axios | November 21, 2023

Dental care could soon become more widely available to adults who buy health insurance on the Affordable Care Act marketplaces under a new federal proposal that aims to narrow a long-standing coverage gap in the 2010 health care law. Why it matters: Healthy teeth and gums are tied to a person's overall health — for instance, gum disease is linked to cardiovascular issues and diabetes — but dental services are often treated differently than medical care. The Biden administration proposal may especially benefit people of color and those with lower incomes, who are more likely to have poor oral health.

Healthcare News

Medicare ACOs' Approach To Mental Health Treatment Found Lacking¹

Behavioral Health Business | November 17, 2023

Accountable care organizations (ACOs) have become the “de facto” strategy for traditional Medicare. Their incentives for proactive care were designed to improve quality and access to care by aligning incentives among clinicians, hospitals and behavioral health providers. But a new Health Affairs study found that being enrolled in an ACO was not associated with any measurable improvements in patients' anxiety or depression. The study's authors say that this finding is “especially concerning in light of the lower rates of ambulatory mental health treatment in this new ACO enrollee group.”

'Deny, Deny, Deny': By Rejecting Claims, Medicare Advantage Plans Threaten Rural Hospitals And Patients, Say CEOs²

NBC News | October 31, 2023

Some 31 million Americans have Medicare Advantage plans, private-sector alternatives to Medicare introduced in 2003 by Congress to encourage greater efficiency in health care. Just over half of Americans on Medicare are enrolled in one of the plans offered by large insurance companies, including UnitedHealthcare and Humana. Problems are emerging with the plans, however. Last year, a federal audit from 2013 was released showing that 8 of the 10 largest plans had submitted inflated bills to Medicare. As for the quality of care, the Medicare Payment Advisory Commission, a non-partisan agency of Congress, said in a March report that it could not conclude Medicare Advantage plans “systematically provide better quality” over regular Medicare.

Average Per-worker Cost Of Health Benefits Rose By 5.2% In 2023: Survey³

Healthcare Dive | November 22, 2023

Employer-sponsored insurance is the single largest source of health benefits in the U.S. But premium costs for both workers and their employers have increased over the past two decades, which could make it more challenging for patients to pay for their care. Forty-three percent of working-age adults covered by their employers said it was difficult to afford healthcare in a recent survey by the Commonwealth Fund. Employers have also raised concerns about their health plans' ability to provide high-quality care, with most firms giving their plans “C” grades on overall quality, cost-effectiveness and value, according to a Leapfrog Group report from earlier this year.