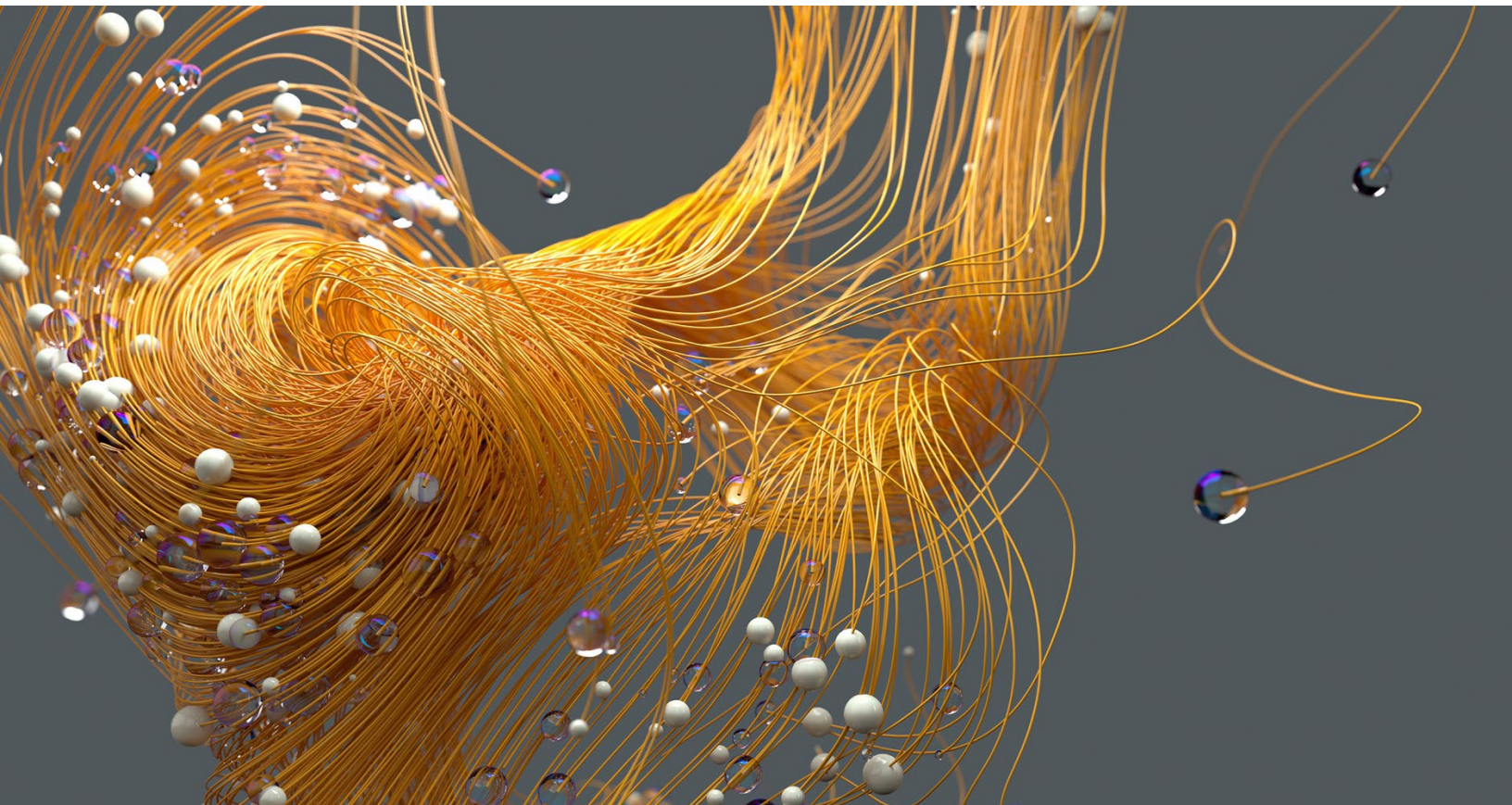


October 04, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



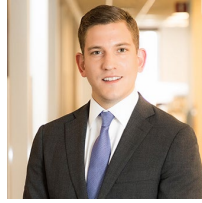
This week's banker commentary:

Rising Trend of Retail Healthcare Disruptors in America and the Implications for Health Systems

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



Rising Trend of Retail Healthcare Disruptors in America and the Implications for Health Systems

Banker Commentary by Casey Wade

Healthcare expenditures increased to \$4.3 trillion in 2021, or 18.3% of the U.S. Gross Domestic Product¹. Personal spending in healthcare has increased and healthcare consumers are demanding more convenient and higher quality local care. This rise in healthcare consumerism is favorable, as engaged consumers are likely to drive better quality and lower costs, something that providers are particularly sensitive to today in light of economic pressures. These trends have fueled growth in outpatient and retail healthcare and we are seeing disruptors enter the space with major investments and unique partnerships that are reshaping the landscape of care. Retail healthcare is not new, and health clinics located in pharmacies, supermarkets, and big-box retailers have become more common in American cities. Over the last five years however, the use of retail clinics has increased 200%, according to a report released earlier this year by Definitive Healthcare. Retail healthcare providers are aiming to meet the demand of affordable care by leveraging their brand recognition and existing retail space. Retail clinics offer cost-effective care alternatives to that of emergency departments and doctors' offices and provide meaningful downstream savings to consumers in the form of affordable immunizations, diabetes treatment, and health screenings.

Primary care has been an active space for investments by healthcare disruptors. High-profile examples include Amazon's acquisition of One Medical and CVS Health's acquisition of Oak Street Health. Both deals expand retail healthcare beyond the periphery of the clinic space and into value-based primary care.

The big idea is access to quality primary care. The greater the access, the more the consumer can tap into affordable and preventative care. This in turn produces better health outcomes that drive down the cost of care. Amazon's acquisition of One Medical significantly increases access of services it offers patients and acts as a scalable platform for future expansion by linking One Medical's clinical expertise and relationships with health systems to Amazon's vast membership of e-commerce customers.

Just last month, Wal-Mart announced it is exploring a majority investment in ChenMed, a primary care clinic operator. ChenMed operates 125 primary care clinics in 15 states. ChenMed, a physician-led primary care provider, takes full risk on its patient panels, who are predominantly Medicare eligible seniors. ChenMed's value-based model has the potential to complement Wal-Mart Health's growing offerings in the retail healthcare space.

¹ CMS.gov

Industry Insights

Often, traditional providers struggle with the shift to value and at the same time, disruptors are making big bets. So, what are the implications for health systems? A recent Bain & Company study suggests that by 2030, roughly one-third of primary care provided in the United States could be provided by retail disruptors². Partnerships between health systems and retail healthcare providers can be beneficial to both parties by keeping primary care out of the acute-care setting while acting as an entry point into a system of tertiary and quaternary care should the consumer need access to a higher level of healthcare.

Health systems will need to get creative to compete in the retail healthcare space. We have already seen systems like Kaiser Permanente partner with Target stores across Southern California to offer integrated healthcare at select Target retail locations. We expect this trend to continue as convenient and affordable care is demanded by consumers close to home. As health systems navigate the evolving consumer-driven healthcare landscape, Cain Brothers can help your organization with unique partnership opportunities in this space.

² Bain & Company, Primary Care 2030: Innovative Models Transform the Landscape, July 2022.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
9/29/2023	Sodexo's Worldwide Home Care Division	The Halifax Group	NA	NA	NA	Provider of in-home care services across eight countries
9/27/2023	MDSave (Chagne Healthcare, Cambia Health Solutions and Windrose)	Tendo (Lux Capital and General Catalyst)	NA	NA	NA	Online medical service platform connecting providers, employers, and consumers
9/27/2023	Virgin Pulse (Marlin Equity Partners)	HealthComp (New Mountain Capital)	Merger	NA	NA	Technology and data powered health platform-as-a-service organization
9/25/2023	Metzger Comprehensive Care	Medical Specialists of the Palm Beaches (Ascend Capital Partners)	NA	NA	NA	Florida based concierge medicine practice
9/25/2023	Modis Dental Partners	Thurston Group	NA	NA	NA	Platform company focused on implant-oriented dental practices and growth through education and technology
9/21/2023	Monroe Biomedical Research	New Harbor Capital	NA	NA	NA	Clinical trial site business
9/19/2023	United Aesthetics Alliance	Varsity Healthcare Partners	NA	NA	NA	Platform for cosmetic surgery practices and affiliated medical spa service providers
9/13/2023	GoodVets	General Atlantic	NA	NA	NA	Single-brand veterinary care platform
9/13/2023	Veridian Healthcare	HealthEdge Investment Partners, United Western Group and Advantage Capital	NA	NA	NA	Distributor of private label and branded in-home diagnostic, pain care management, and personal care products
9/11/2023	Elite Clinical Network	Surge Private Equity	\$200	NA	NA	Integrated platform operating a network of phase I-IV clinical research sites throughout California, Arizona, and Nevada
9/11/2023	MedQIA, WorldCare Clinical and DARC	Voiant (DFW Capital Partners)	NA	NA	NA	AI-based clinical trial imaging platform
9/8/2023	SUMO Medical Staffing	Acacium Group (Onex)	NA	NA	NA	Specialist locum tenens agency
9/7/2023	Forward Health	Cimarron Healthcare Capital	NA	NA	NA	Provider of sleep management solutions for patients suffering from obstructive sleep apnea and other common sleep disorders
9/7/2023	Tekton Research	Havencrest Capital Management	NA	NA	NA	Clinical trial site network with 23 sites across Texas, Colorado, Georgia, Kansas and Oklahoma
9/6/2023	NeuroFlow	Concord Health Partners	NA	NA	NA	Behavioral health SaaS platform
9/6/2023	NextGen Healthcare (Nasdaq: NXGN)	Thoma Bravo	\$1,881	2.8x	32.4x	Provider of innovative, cloud-based healthcare technology solutions
9/6/2023	Urotronic	Laborie Medical Technologies (Patricia Industries)	\$546	NA	NA	Interventional urology medical devices

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
9/13/2023	Sempre health	Cencora Ventures, Echo Health Ventures, Blue Venture Fund, UPMC Enterprises and Industry Ventures	Undisclosed	\$20	Solution for behavior-based healthcare pricing
8/31/2023	Otto (formerly TeleVet)	Mercury Fund, Boehringer Ingelheim and Hill's Pet Nutrition	Series B	\$43	Customer engagement platform for veterinary clinics
8/22/2023	Nursa	Drive Capital (lead), Pelion and Kickstart	Series B	\$80	Tech enabled healthcare nurse staffing platform
8/22/2023	Thyme Care	Town Hall Ventures and Foresite Capital (co-leads), Andreessen Horowitz Bio + Health, AlleyCorp, Casdin Capital, and Frist Cressey Ventures	Series B	\$60	Value-based cancer care partner
8/15/2023	VBA	Spectrum Equity (lead), Arther Ventures	Majority Growth Equity	\$156	Cloud-based benefits software for healthcare payers
8/10/2023	Capital Rx	Memorial Hermann Health System	Strategic	Undisclosed	Cloud-native enterprise pharmacy platform
8/10/2023	Curalta Foot & Ankle Partners	NewSpring, BPEA, North Haven Capital and Bluwave Capital	Preferred Equity and Private Capital	Undisclosed	Network of foot and ankle healthcare providers

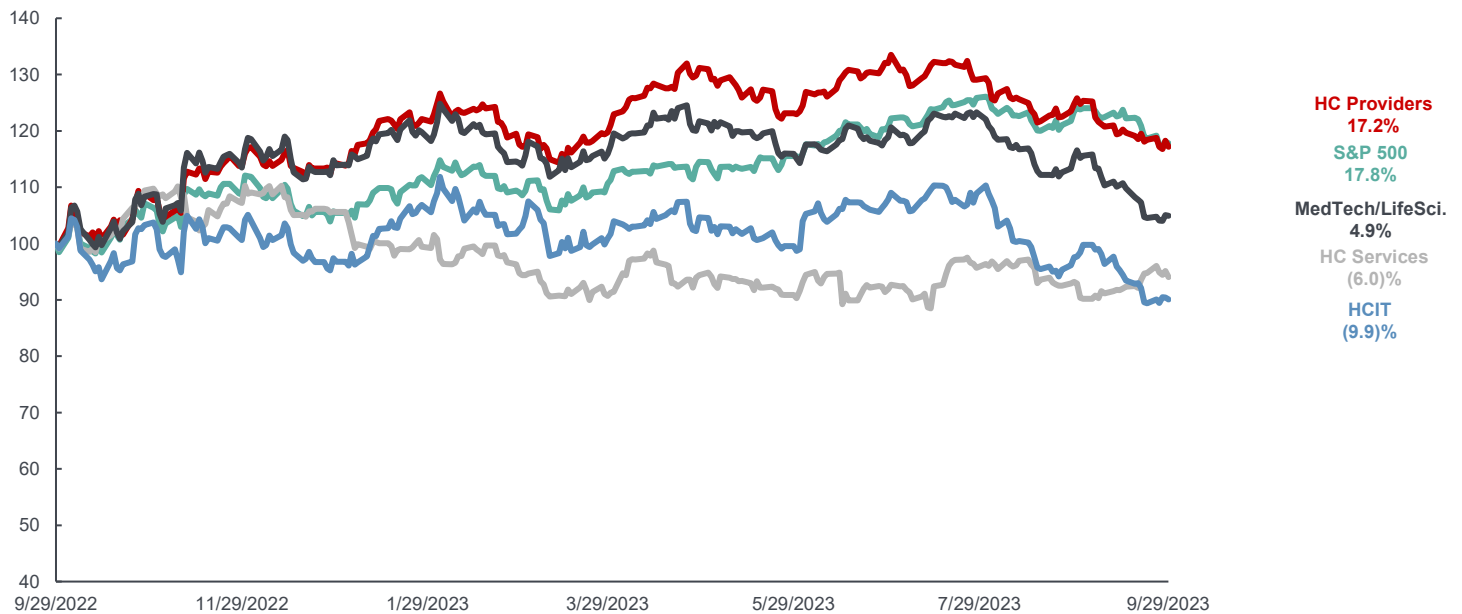
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of September 29, 2023

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	33,964	33,507	14.7%	(1.3%)
S&P 500	4,320	4,288	17.8%	(0.7%)
NASDAQ	13,212	13,219	23.1%	0.1%
Russell 2000	1,777	1,785	6.6%	0.5%
NYSE Healthcare	23,269	22,951	9.6%	(1.4%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	24.4%	(2.3%)
Alternate Site Services	25.2%	(2.0%)
Diagnostics	13.1%	(0.4%)
Distribution	14.7%	(1.2%)
Healthcare IT	(9.9%)	0.8%
Healthcare REITs	9.2%	(1.1%)
Managed Care	(3.3%)	(0.8%)
Medical Technology	5.1%	0.5%
Outsourced Services	(17.6%)	0.8%
Pharma Services	3.8%	(1.1%)
Pharmacy	(29.7%)	(0.7%)
Primary Care	(41.6%)	(3.3%)
Post-Acute Care	22.2%	(0.0%)

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

Tax-Exempt Debt Information as of September 29, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.14%	4.87%	5.30%
AA Tax-Exempt Hospital Bonds (30-Yr)	4.99%	4.72%	5.15%
SIFMA (Variable Rate Demand Notes)	3.98%	4.31%	2.46%
Revenue Bond Index	4.37%	4.18%	4.30%
SIFMA/1 Month SOFR	74.83%	81.05%	79.30%
RBI/30 Yr Treasury (%)	92.99%	92.39%	113.46%
30-Year Fixed Pay Swap (79% SOFR)	3.34%	3.21%	2.68%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Mercy Health ^(a)	\$296.420	MO	A1 / A+ / NR	2052	2033 (C)	5.00%	5.15%	N/A	4.21%
The Carle Foundation ^(b)	\$250.000	IL	NR / NR / NR	2053	2024 (C)	6.63%	6.63%	N/A	4.17%
Centurion Foundation ^(c)	\$63.400	OR	NR / NR / NR	2035	NC	4.90%	4.90%	N/A	3.63%
\$609.820									

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

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Alameda County Joint Powers Authority Lease Revenue Refunding Bonds (Highland Hospital Project) 2023 Series A	10/5/2023	\$197,365	Aa1 / AA+ / AA+

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

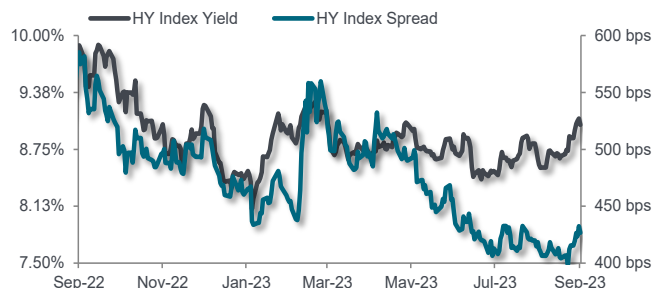
High Yield

- High yield primary market activity slowed down this week amidst volatility in Treasury yields with the impending government shutdown and the expanding strike by the UAW

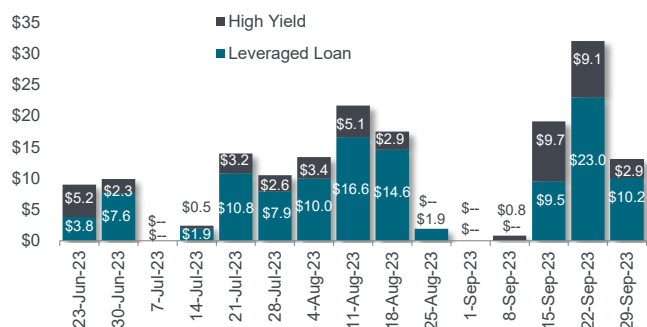
Term Loan B Market

- 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	1Q23	2Q23	30-Day Rolling Average 09/29/23
Ba1	S+313 / 8.0%	S+294 / 8.6%	S+318 / 8.8%
Ba2	S+313 / 7.9%	S+265 / 7.9%	S+250 / 7.8%
Ba3	S+322 / 8.1%	S+314 / 8.6%	S+280 / 8.2%
Single-B Issuers	1Q23	2Q23	30-Day Rolling Average 09/29/23
B1	S+377 / 8.9%	S+356 / 9.0%	S+342 / 8.9%
B2	S+464 / 10.0%	S+448 / 10.2%	S+409 / 9.8%
B3	S+440 / 9.8%	S+489 / 10.7%	S+447 / 10.1%

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	11.00%
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
9/29/2023	Lifepoint Health	Apollo Management	B3 / B	Refinancing	\$1,850	SOFR+550, 0.00% @ 97	11.569%
9/19/2023	Syneos Health Inc	Elliott, Patient Square, Veritas	B1 / B	LBO	\$2,700	SOFR+400, 0.00% @ 98.5	9.699%
9/15/2023	Bausch & Lomb Inc	Not Sponsored	B1 / B-	Acquisition	\$500	SOFR+400, 0.00% @ 99	9.577%

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

How Amazon's \$4B Investment In AI Company Anthropic Impacts Healthcare¹

Fierce Healthcare | September 27, 2023

Amazon announced this week that it would invest up to \$4 billion in artificial intelligence company Anthropic as the AI arms race heats up. The two companies are forming a strategic collaboration to advance generative AI, and the startup selected Amazon Web Services as its primary cloud provider. Along with the hefty investment, Amazon also took minority ownership in the two-year-old startup. With the \$4 billion investment, Amazon is making big bets on generative AI as it moves to keep pace with competitors Microsoft and Google. Microsoft has reportedly invested \$13 billion in OpenAI, the maker of ChatGPT, and has inked partnerships with Epic to incorporate the technology into healthcare software. Google is partnering with health systems like HCA Healthcare to use generative AI technology to improve workflows on time-consuming tasks, such as clinical documentation. Google also has expanded its generative AI model Med-PaLM, which is specifically trained on medical information, to more health customers.

Biden Administration To Ban Medical Debt From Americans' Credit Scores²

Fierce Healthcare | September 25, 2023

The Biden administration announced a major initiative to protect Americans from medical debt on Thursday, outlining plans to develop federal rules barring unpaid medical bills from affecting patients' credit scores. The regulations, if enacted, would potentially help tens of millions of people who have medical debt on their credit reports, eliminating information that can depress consumers' scores and make it harder for many to get a job, rent an apartment, or secure a car loan. New rules would also represent one of the most significant federal actions to tackle medical debt, a problem that burdens about 100 million people and forces legions to take on extra work, give up their homes, and ration food and other essentials, a KFF Health News-NPR investigation found. The agency will be charged with developing the new rules. Enacting new regulations can be a lengthy process. Administration officials said Thursday that the new rules would be developed next year. Such an aggressive step to restrict credit reporting and debt collection by hospitals and other medical providers will also almost certainly stir industry opposition.

Behavioral Health Visit Volumes Soar as Primary Care Dips³

Behavioral Health Business | September 27, 2023

Behavioral health care visit volumes have increased by more than 20% since the pandemic. Meanwhile, primary care volumes have dipped. This is primarily driven by an increase in visit volumes for anxiety, eating disorders and substance use disorder care, according to the 2023 Trends Shaping the Health Economy report by Trilliant Health. Visit volumes for anxiety disorders increased by 44.9% from 2019 to 2022. While visits for behavioral health conditions are on the rise overall, there has been a slight dip in visits for schizophrenia and ADHD. Behavioral health visit volumes have only continued to rise since the pandemic. Between 2021 and 2022, behavioral health visits increased by 2.8%. Meanwhile, the volume of all other health care visits fell by 0.4%. Behavioral health conditions have disproportionately impacted young people. Visits addressing eating disorders among youth have increased by more than 90%, and nearly 40% for depression. But, the industry may not be ready to meet the behavioral health needs of patients in the future. By 2035, the projected adequacy for adult psychiatry is 69.3% of the total demand.

Healthcare News

PBMs Under Fire Again As Senate Introduces New Bill¹

Fierce Healthcare | September 28, 2023

Following a Senate Finance Committee markup hearing in July, where members voted 26-1 in favor of the Modernizing and Ensuring PBM Accountability (MEPA) Act, Senators Ron Wyden, D-Oregon, and Mike Crapo, R-Idaho, formally introduced the bill on Thursday. Designed to curb the power of pharmacy benefit managers, the bill would prohibit PBM compensation in Medicare from being tied to the price, increase audit and enforcement measures and aid independent community pharmacies that have struggled because of PBM practices, according to a news release. “Today’s introduction marks the next step towards taking on health care middlemen that are driving up costs for seniors and taxpayers,” said Wyden in a statement. “Senator Crapo and I are committed to continuing our work with members of the committee who are interested in including additional policies beyond those in this bill. I look forward to continuing our work, passing this into law and curtailing the PBM practices that are keeping drug prices high.”

How Home-Based Medical Care Is Utilized In Traditional Medicare, Medicare Advantage²

Home Health Care News | September 27, 2023

There are significant differences in home-based medical care utilization between Medicare Advantage (MA) and traditional Medicare beneficiaries. Specifically, having exactly one home-based medical care visit was 31 times as likely for MA beneficiaries, at 18.6%, compared to traditional Medicare beneficiaries at 0.6%. That’s likely, in part, due to incentives in the MA program to code all accurate diagnoses, according to a new study published in Health Affairs this month. When it comes to multiple home-based medical care visits, it’s a different story. While 2.1% of traditional Medicare beneficiaries receive multiple visits, only 1.6% of MA beneficiaries do. One visit for a beneficiary may just mean an in-home assessment, which is an increasingly popular way for MA plans and other home-based care companies to screen patients in their homes for needs and health concerns.

CMMI Increased Federal Spending By \$5.4b During Its First Decade, Report Finds³

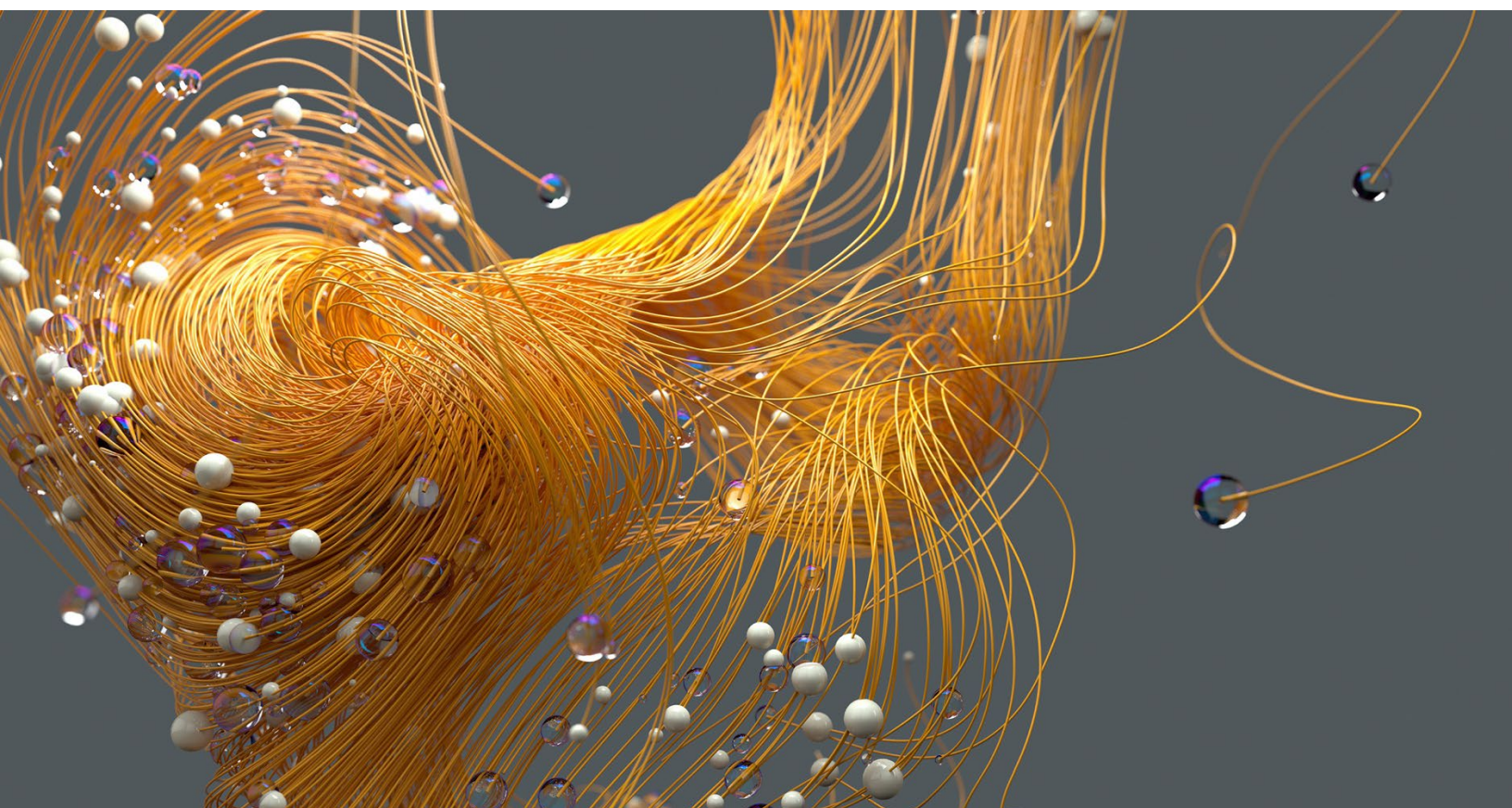
Healthcare Dive | September 29, 2023

CMMI was created by the Affordable Care Act in 2010, with the goal of promoting value-based care and building pilot programs that would test new approaches in Medicare, Medicaid and the Children’s Health Insurance Program. Between 2011 and 2020, the center launched nearly 50 models, though only six generated statistically significant savings and four were certified for expansion, according to the CBO report. The CMS has estimated that more than 41.5 million people have been impacted by or received care in innovation center models since late 2020. Though the report concluded the center had increased net federal spending during its first years in operation, the agency noted its estimates of the financial impact of CMMI includes some uncertainty, some of which could inflate the increase in federal spending. “For example, the agency’s analysis did not capture savings that might have accrued to Medicare through its permanent ACO program, known as the Medicare Shared Savings Program,” according to the report. “Although that program is not part of CMMI’s activities, its design has been informed by the experience of ACOs that the center has operated.”

October 11, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



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Relative Concentration of Health Insurance Membership by Managed Care Organizations in the US vs. Consolidation of Hospital Operators: A Closer Look

Industry Insights

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Relative Concentration of Health Insurance Membership by Managed Care Organizations in the US vs. Consolidation of Hospital Operators: A Closer Look

Banker Commentary by David Cohen

Takeaway: Top 10 Health Systems Need to Acquire \$607 billion in Hospital Revenues to Become as Concentrated as Top 10 Managed Care Organizations Today

The landscape of healthcare in the United States has been subject to significant change and transformation in recent years. One prominent trend is the consolidation and concentration within the \$4.3 trillion U.S. healthcare industry. With my first job as an engineer, I am a big fan of using raw data, so I have examined hospital concentration using CMS cost reports for acute care hospital revenues and health plan concentration using commercial enrollment data¹. I have selected commercial enrollment, as hospital pricing for commercial plans is negotiated between the MCOs and hospital operators (such pricing has been a key topic when evaluating hospital consolidation).

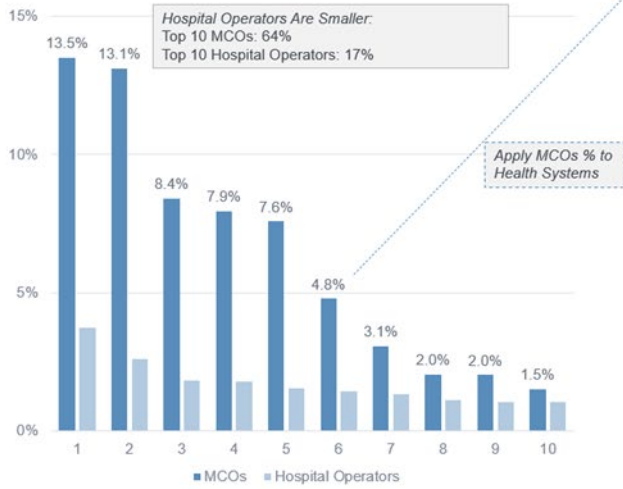
Managed care organizations (MCOs) emerged in the 1980s and 1990s as a response to rising healthcare costs and aimed at managing expenses while improving the quality of care through various mechanisms, such as HMOs and PPOs. Over the years, MCOs have evolved and consolidated, becoming a dominant force in the healthcare marketplace. According to recent data, 25 managed care companies represent approximately 80% of the total U.S. commercial member population of approximately 200 million (19 of them are members of BCBS Association). In contrast, the hospital segment (about \$1.3 trillion of the \$4.3 trillion total spend) is highly fragmented, with approximately 4,500 acute care hospitals operated by a large number of entities: approximately 80% of the acute care revenues are managed by 246 Health Systems.

In the charts on the following page, we have compared the % market share for the top ten MCOs (based on membership) as compared to the market share for the top ten health systems (based on revenues). We then applied the MCO market shares to the ten health systems and found they would theoretically add \$607 billion in revenues to match the relative share of MCOs; an almost four-fold increase from their current levels.

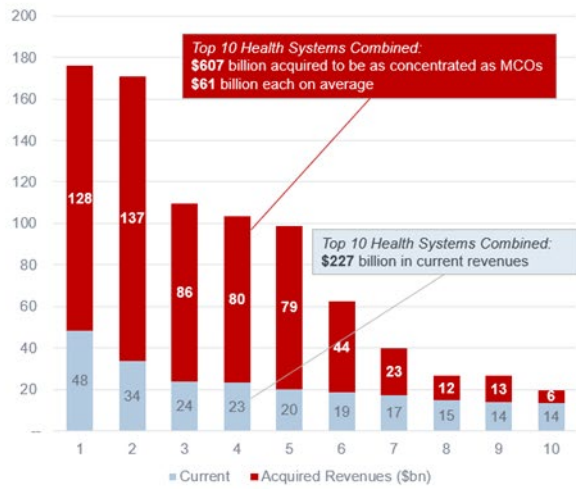
¹ CMS cost reports data is based on Definitive Healthcare and insurance plan membership is based on Mark Farrah Associates.

Industry Insights

Top 10 Entities Ranked by % of Members/Revenues



Health Systems – Acquired Revenues to be as Concentrated as MCOs (\$bn)



These statistics: 25 MCOs vs. 246 health systems covering 80%, or top 10 entities covering 64% for MCOs vs. 17% for health systems, highlight the fact that the hospital industry remains significantly more fragmented compared to the managed care sector, and the scale benefits seen by MCOs are substantially above hospital operators. While scale should benefit everyone, scale of hospital operators has a long runway ahead of it before we can truly claim that we benefit from what comes with scale: real-time data sharing, optimized access, clinical best practices, operational best practices, and overall know-how. Despite the meaningfully different landscapes between MCO and health system consolidation, hospital mergers continue to be frequently challenged by regulators. I wonder what this chart will look like in 30 years if we continue to use the same approach.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
10/5/2023	S&S Health	Lovell Minnick Partners	NA	NA	NA	Provider of administration and technology solutions for health plans for small and mid-sized businesses
10/4/2023	ActivePro Rehab Partners (The Beekman Group)	PT Solutions Physical Therapy (General Atlantic)	NA	NA	NA	Provider of outpatient physical and occupational therapy to patients throughout the Mid-Atlantic region
10/4/2023	Baystate Health's Outreach Laboratory Business	Labcorp (NYSE: LH)	NA	NA	NA	Laboratory service centers operated by Baystate Health
10/4/2023	Eximia Research Network	VSS Capital Partners	NA	NA	NA	Multi-therapeutic, clinical trial research company
10/4/2023	Seoul Medical Group	Ascend Partners	\$810	NA	NA	Medicare-focused risk-bearing IPA dedicated to empowering providers and patients in the Asian-American community
10/3/2023	Network Health (Ascension Wisconsin's interest)	Froedtert Health	NA	NA	NA	Provider of customized commercial and Medicare health insurance plans
10/3/2023	Prime Providers	Firmament	NA	NA	NA	Home-based healthcare organization providing private duty nursing, applied behavior analysis therapy and related services
10/3/2023	Right Choice In-Home Care	Prime Providers (Firmament)	NA	NA	NA	Provider of personal care and respite care services to patients with intellectual and developmental disabilities
9/29/2023	Sodexo's Worldwide Home Care Division	The Halifax Group	NA	NA	NA	Provider of in-home care services across eight countries
9/27/2023	MDSave (Chagne Healthcare, Cambia Health Solutions and Windrose)	Tendo (Lux Capital and General Catalyst)	NA	NA	NA	Online medical service platform connecting providers, employers, and consumers
9/27/2023	Virgin Pulse (Marlin Equity Partners)	HealthComp (New Mountain Capital)	Merger	NA	NA	Technology and data powered health platform-as-a-service organization
9/25/2023	Metzger Comprehensive Care	Medical Specialists of the Palm Beaches (Ascend Capital Partners)	NA	NA	NA	Florida based concierge medicine practice
9/25/2023	Modis Dental Partners	Thurston Group	NA	NA	NA	Platform company focused on implant-oriented dental practices and growth through education and technology
9/21/2023	Monroe Biomedical Research	New Harbor Capital	NA	NA	NA	Clinical trial site business
9/19/2023	United Aesthetics Alliance	Varsity Healthcare Partners	NA	NA	NA	Platform for cosmetic surgery practices and affiliated medical spa service providers
9/13/2023	GoodVets	General Atlantic	NA	NA	NA	Single-brand veterinary care platform
9/13/2023	Veridian Healthcare	HealthEdge Investment Partners, United Western Group and Advantage Capital	NA	NA	NA	Distributor of private label and branded in-home diagnostic, pain care management, and personal care products

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
9/13/2023	Sempre health	Cencora Ventures, Echo Health Ventures, Blue Venture Fund, UPMC Enterprises and Industry Ventures	Undisclosed	\$20	Solution for behavior-based healthcare pricing
8/31/2023	Otto (formerly TeleVet)	Mercury Fund, Boehringer Ingelheim and Hill's Pet Nutrition	Series B	\$43	Customer engagement platform for veterinary clinics
8/22/2023	Nursa	Drive Capital (lead), Pelion and Kickstart	Series B	\$80	Tech enabled healthcare nurse staffing platform
8/22/2023	Thyme Care	Town Hall Ventures and Foresite Capital (co-leads), Andreessen Horowitz Bio + Health, AlleyCorp, Casdin Capital, and Frist Cressey Ventures	Series B	\$60	Value-based cancer care partner

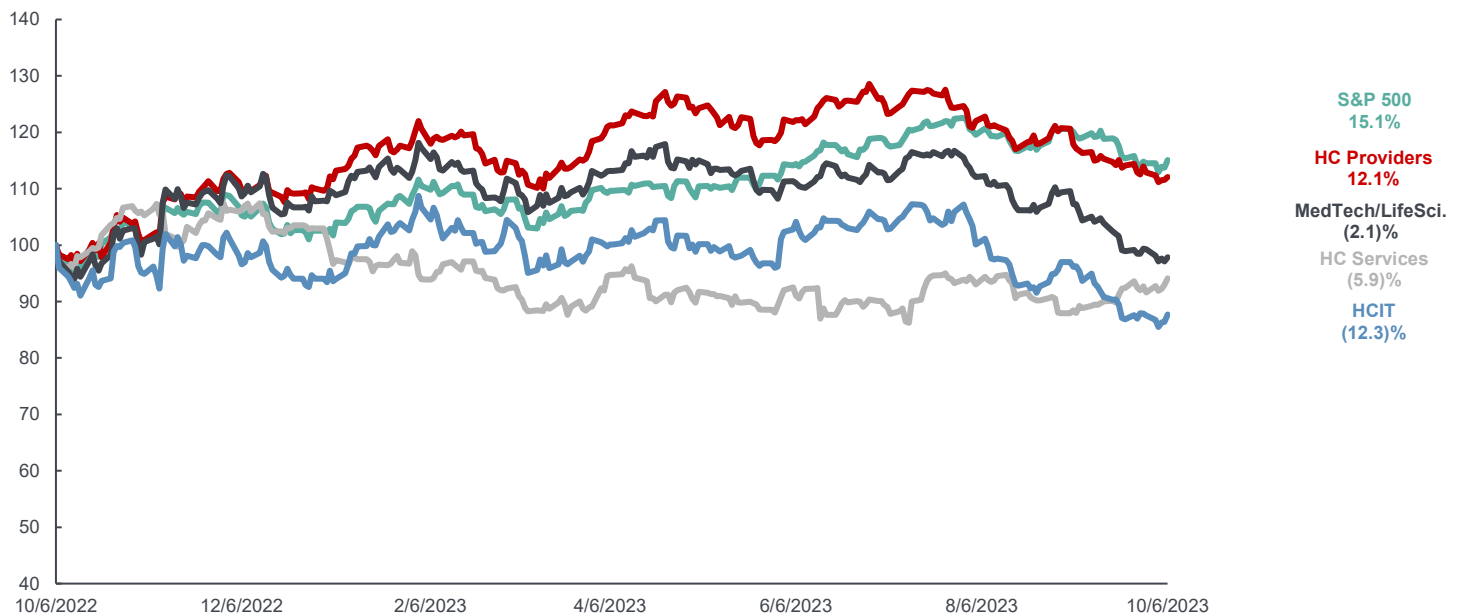
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of October 6, 2023

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	33,507	33,408	11.6%	(0.3%)
S&P 500	4,288	4,309	15.1%	0.5%
NASDAQ	13,219	13,431	21.3%	1.6%
Russell 2000	1,785	1,746	(0.4%)	(2.2%)
NYSE Healthcare	22,951	23,143	7.1%	0.8%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	15.9%	(0.7%)
Alternate Site Services	17.6%	(3.1%)
Diagnostics	6.8%	(0.4%)
Distribution	14.0%	2.0%
Healthcare IT	(12.3%)	0.2%
Healthcare REITs	9.9%	(2.5%)
Managed Care	(2.8%)	3.3%
Medical Technology	(2.1%)	(1.6%)
Outsourced Services	(23.0%)	(4.2%)
Pharma Services	(2.1%)	(0.0%)
Pharmacy	(31.1%)	(0.2%)
Primary Care	(38.6%)	3.6%
Post-Acute Care	21.2%	(0.2%)

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

Tax-Exempt Debt Information as of October 6, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.25%	5.14%	5.16%
AA Tax-Exempt Hospital Bonds (30-Yr)	5.10%	4.99%	5.01%
SIFMA (Variable Rate Demand Notes)	3.36%	3.98%	2.45%
Revenue Bond Index	4.40%	4.37%	4.14%
SIFMA/1 Month SOFR	62.91%	74.83%	74.83%
RBI/30 Yr Treasury (%)	88.57%	92.99%	107.25%
30-Year Fixed Pay Swap (79% SOFR)	3.55%	3.34%	2.71%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
North Canyon Medical Center Project ^(a)	\$46.180	ID	NR / NR / NR	2057	2033 (C)	7.13%	N/A	7.25%	4.34%
	\$46.180								

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

(a) Premium Call on 11/1/2030 @103.000, declining to par 11/1/2033

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Alameda County Joint Powers Authority Lease Revenue Refunding Bonds (Highland Hospital Project) 2023 Series A	Daily	\$197,365	Aa1 / AA+ / AA+
The Board of Trustees of The University of Illinois University of Illinois Health Services Facilities System Refunding Revenue Bonds Series 2023	10/11/2023	\$69,705	A2 / A- / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

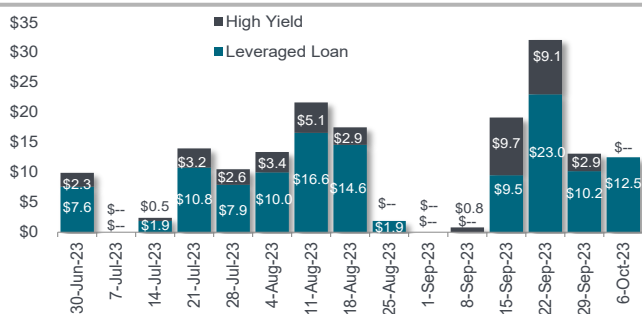
High Yield

- High yield primary market activity ground to a halt this week amidst volatility in the secondary and treasury markets; the ousting of House Speaker Kevin McCarthy, the expanding strike by the UAW and the emergence of the Israeli / Palestinian conflict have all added to the volatility

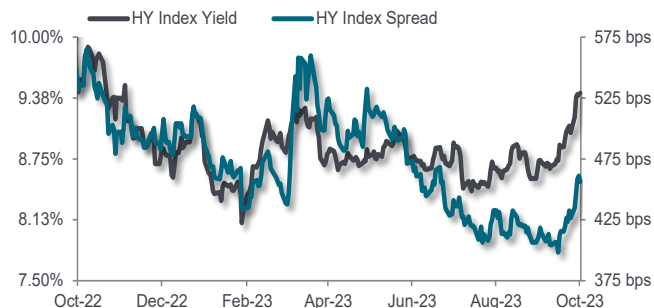
Term Loan B Market

- 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

Weekly New Issue Volume (\$B)



HY Index Yield & Spread (YTD)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q23	2Q23	30-Day Rolling Average
			10/06/23
Ba1	S+313 / 8.0%	S+294 / 8.6%	S+284 / 8.4%
Ba2	S+313 / 7.9%	S+265 / 7.9%	S+250 / 7.8%
Ba3	S+322 / 8.1%	S+314 / 8.6%	S+279 / 8.1%
Single-B Issuers	1Q23	2Q23	30-Day Rolling Average
			10/06/23
B1	S+377 / 8.9%	S+356 / 9.0%	S+355 / 9.1%
B2	S+464 / 10.0%	S+448 / 10.2%	S+418 / 9.9%
B3	S+440 / 9.8%	S+489 / 10.7%	S+456 / 10.3%

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
9/29/2023	LifePoint Health	Apollo Management	B3 / B	Refinancing	\$1,850	SOFR+550, 0.00% @ 97	11.569%
9/19/2023	Syneos Health Inc	Elliott, Patient Square, Veritas	B1 / B	LBO	\$2,700	SOFR+400, 0.00% @ 98.5	9.699%
9/15/2023	Bausch & Lomb Inc	Not Sponsored	B1 / B-	Acquisition	\$500	SOFR+400, 0.00% @ 99	9.577%

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

Comprehensive Primary Care Model Drives Better Health Outcomes For Women, Tia Data Shows¹

Fierce Healthcare | October 6, 2023

Primary care integrated with gynecological care and mental health and wellness drives better health outcomes for women compared to national standards, a new study from startup Tia found. Tia's model, what it calls a "modern medical home for women," helps to fill critical preventive care gaps with higher rates for cancer and mental health screenings among its patient populations, according to the company's new outcomes report based on nearly 18,000 patients. Two-thirds (65%) of Tia patients completed a comprehensive physical examination, compared to a national benchmark of 14%, according to a review of national data in JAMA Internal Medicine, or four times the national rate. And, 72% of Tia patients with diabetes have their condition under control, compared to a national benchmark of 55%, according to an analysis of 2022 MIPS historical quality benchmark data. Tia's care model also leads to much higher rates of cervical cancer screenings with 94% of its patients up to date with this critical health screening compared to a paltry national benchmark of just over 35%, nearly three times the national benchmark.

Controlling Labor Costs Will Be Key To NFP Hospital Margin Improvement²

Fitch Ratings | October 2, 2023

Controlling expenses, especially labor costs, will be critical for not-for-profit hospitals to return to stronger margins and alleviate credit pressure, Fitch Ratings says. Hospital volumes have largely recovered from the initial hit during the pandemic and are generally at, or even above, pre-pandemic levels for many in our rated portfolio. However, expenses, particularly salaries and wages, remain stubbornly high. Median operating and operating EBITDA margins declined notably to 0.2% and 5.8%, respectively, in FY22 compared to 3.0% and 8.9% in FY21, according to Fitch's latest median report. We expect weak margins to persist through 2023 and into 2024 due to an inelastic revenue model and higher labor costs due to still very tight labor conditions, even as operations broadly continue to gradually rebound. Given current and projected staffing shortages and the associated upward reset of labor rates, Fitch believes that providers' success in attracting and retaining permanent staff is key to mitigating stress on margins.

Congress Members Call On CMS To Revise Proposed Hospice Special Focus Program³

Hospice News | October 4, 2023

Four members of Congress led by Reps. Beth Van Duyne (R-Texas) and Earl Blumenauer (D-Oregon) have called for changes to the forthcoming Special Focus Program (SFP) from the U.S. Centers for Medicare & Medicaid Services (CMS). Jimmy Panetta (D-CA) and Brad Wenstrup (R-OH) were also signatories on the letter to CMS Administrator Chiquita Brooks-LaSure and White House Office of Management and Budget Director Shalanda Young. The four lawmakers contend that the SFP, as currently designed, would not adequately identify poor performing hospices in need of the program. Congress mandated the SFP in the Consolidated Appropriations Act of 2021, which contained language from the Helping Our Senior Population in Comfort Environments (HOSPICE) Act. CMS convened a Technical Expert Panel (TEP) to help design the program, which the agency plans to implement next year, according to its 2024 proposed rule for home health agencies. The lawmakers objections focused on four main concerns: The program would rely heavily on survey results, yet CMS has an extensive backlog for those inspections. Nearly 40% of hospices have not been surveyed within the three year timeframe, the agency reported.

Healthcare News

Report: PBMs' Business Model Has Pivoted Toward Revenue From Fees And Specialty Pharmacies¹

Medical Marketing & Media | September 29, 2023

Congress and regulators have, to a large extent, scrutinized pharmacy benefit managers for the rebate deals they negotiate with drugmakers. But according to a report, PBM profit sources have shifted over the past decade toward two lesser-known areas: fees and specialty pharmacies. Over that span, the two sources drove a greater share of profits than the value of rebates PBMs received from pharma companies and spread pricing, according to data from a survey of manufacturers. The report estimates that, since 2012, profits derived from fees increased fourfold while those earned from specialty pharmacy more than doubled. The report, written by healthcare equity researcher Nephron, includes both the firm's existing research as well as new data on PBM compensation based on its survey of biopharma companies from 2018 to 2022. "These data underscore how PBMs are shifting their business model to rely less on commercial rebates as a profit center," said PhRMA head Steven Ubl, whose group funded the survey design and data analysis. "Instead, PBMs increasingly make more money from opaque fees and steering patients to pharmacies they own."

The Commercially Insured Market Continues To Erode²

The Compass | October 1, 2023

The health economy represents 18.3% of the total U.S. economy, and commercially insured patients are its lifeblood, accounting for the majority of profitable revenue for providers, payers, medical device companies, life sciences and more.¹ However, both the number and overall share of commercially insured Americans – those with employer-based, direct-purchased, ACA Marketplace or TRICARE insurance — continues to decline as a consequence of the steadily aging population, declining birth rate and coverage shifts stemming from the pandemic. As this population declines, the impacts will be felt by all stakeholders in the health economy.

'We've Got To Do More': Providers Seek To Close Gap In Mental Health Care For Neurodiverse People³

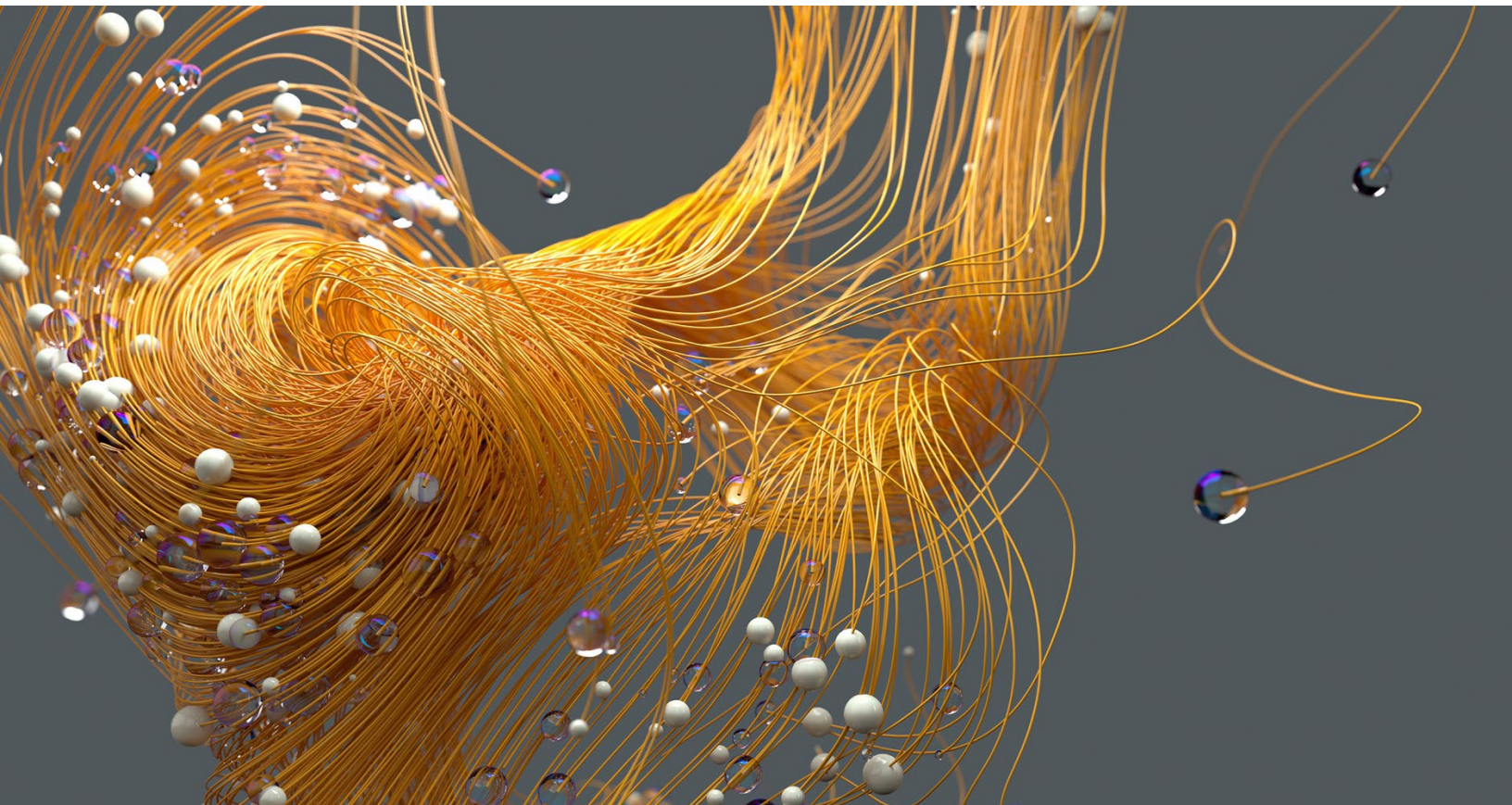
Behavioral Health | September 29, 2023

People with autism are four times as likely to experience depression in their life than typically-developing peers. Despite the increased risk, people with autism or other neurodiversities often face significant obstacles when seeking mental health care. Barriers like clinicians' lack of specialty training, staffing shortages and pitfalls with payers often prevent neurodiverse people from accessing care for mental disorders like depression, anxiety and mood disorders, despite increased risks. Even getting a diagnosis for a mental disorder can be difficult because of a phenomenon called diagnostic overshadowing. Diagnostic overshadowing occurs when a neurodiverse person presents new symptoms, but clinicians write the new behavior off as part of their neurodiversity. "They may begin banging their head on the wall, crying, isolating, not wanting to go to school or to work," Jen Riha, vice president of programs at I Am Boundless Inc. said. "There's a tendency to just say, 'Well, it's because of their autism. It's because of their intellectual disability.' Rather than to say, 'Well, maybe they have depression or anxiety and they would really benefit from mental health treatment.'"

October 18, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

How AI can Revolutionize the Delivery of Healthcare

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



How AI can Revolutionize the Delivery of Healthcare

Banker Commentary by Sean Gomez

The hospital sector has begun to show signs of recovery after the pandemic as growth in labor costs (the key operating challenge faced by hospitals throughout the pandemic) has started to slow. However, as inflationary pressures, rising interest rates, and permanently higher labor costs persists, many struggling hospitals are exploring options to address operating challenges with a focus on improving staff productivity and reducing expenses. Could the application of AI be the long-awaited development the sector needs to improve strained hospital operations and enhance staff efficiency and productivity?

In 2021, AI in the healthcare market was estimated to be over \$10 billion worldwide, and is forecasted to rise to nearly \$190 billion by 2030, according to Statista. This suggests that over the next decade, we will see considerable changes in how hospitals, biotech and pharmaceutical companies, medical providers, and patients operate in the healthcare industry.

While the application of AI in healthcare is still in its infancy, it has the potential to revolutionize how healthcare is delivered by improving efficiencies, communication, and accuracy in determining patient diagnoses. Machine learning and language processing models can analyze and process tremendous amounts of data much faster than humans—and without the risk of human error—which can improve patient outcomes as doctors can more quickly and accurately identify potential illnesses and provide better personalized treatment plans for individuals based on their medical history.

AI can also significantly reduce the administrative burden faced by healthcare providers through the automation of mundane data-intensive tasks, allowing physicians to spend more time with patients instead of behind a computer screen. Another application that can help make healthcare operations more efficient is the use of virtual AI assistants that can answer patient questions typically provided by support staff such as questions on medications/dosage, wound treatment, appointment scheduling, and other routine tasks that can be taken off the hands of clinical staff.

An area in the healthcare industry that greatly needs improvement is communication between patients and providers. Most patients consistently note poor communication as the worst part of their hospital experience. In addition, The National Library of Medicine estimates that over 25% of medical malpractice is the result of communication failures. AI can help providers have more effective communication with patients through natural language processing, predictive analytics, and speech recognition, which can reduce medical errors and patient harm – in turn, decreasing hospital expenses.

The hospital sector has traditionally lagged other industries when it comes to the adoption of new technologies, but the field is embracing AI models with more enthusiasm and vigor than might be expected from a sector that still uses pagers and fax machines.

Industry Insights

There are countless companies that are racing to develop innovative solutions for the healthcare field through AI, from large Fortune 500 companies (Apple, Google, Amazon, and IBM) to startups and even individual developers.

For example, over the summer I had the pleasure of meeting Anees Mohammad, a tenured high school science teacher based in New York City and self-taught developer in robotics and computer science. He is working on the development of his own product application – Sahet.ai – which leverages AI to improve the patient experience and enhance communication between doctors and patients. Sehat.ai aims to accomplish this by providing clinicians a roadmap to determine a diagnosis and treatment based on a patient's medical records and helping patients understand their diagnosis for better longitudinal personal care. Mr. Mohammad is also exploring features where the app could provide personalized messages to patients, including discharge instructions or medication and check in reminders after they leave the hospital.

Sahet – which means health accuracy and soundness of body in Urdu/Hindi languages – is the vision and mantra of the app that set Mr. Mohammad on his journey to find ways to improve patient experiences and outcomes. While the app is still in Beta, Mr. Mohammad hopes users of Sehat.ai will have greater confidence in decision making, capacity to see more patients and determine a quicker diagnoses, and ability to provide clearer and more personalized communication to patients.

Companies and individuals exploring techniques to leverage AI in the healthcare space would likely agree that AI should not aim to replace the healthcare professional, but that it can serve as a powerful tool that can improve hospital operations by enhancing productivity, quality of care, and making the healthcare experience more personal. As with all transformational periods, the market and consumers will choose the winners and losers in this race.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	LTM Rev.	LTM EBITDA	Description
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
10/10/2023	Bright.md	Evernorth Health Services (Cigna Group)	NA	NA	NA	Provider of asynchronous care, triage, and health care navigation services
10/10/2023	MDpanel	Aquiline Capital Partners	NA	NA	NA	Platform for delivery of medical opinions as part of the workers' compensation insurance claims process
10/6/2023	PhysicianOne Urgent Care	Yale New Haven Health System	NA	NA	NA	24/7 urgent care operator with locations throughout Massachusetts, Connecticut, and New York
10/5/2023	S&S Health	Lovell Minnick Partners	NA	NA	NA	Provider of administration and technology solutions for health plans for small and mid-sized businesses
10/4/2023	ActivePro Rehab Partners (The Beekman Group)	PT Solutions Physical Therapy (General Atlantic)	NA	NA	NA	Provider of outpatient physical and occupational therapy to patients throughout the Mid-Atlantic region
10/4/2023	Baystate Health's Outreach Laboratory Business	Labcorp (NYSE: LH)	NA	NA	NA	Laboratory service centers operated by Baystate Health
10/4/2023	Eximia Research Network	VSS Capital Partners	NA	NA	NA	Multi-therapeutic, clinical trial research company
10/4/2023	Seoul Medical Group	Ascend Partners	\$810	NA	NA	Medicare-focused risk-bearing IPA dedicated to empowering providers and patients in the Asian-American community
10/3/2023	Network Health (Ascension Wisconsin's interest)	Froedtert Health	NA	NA	NA	Provider of customized commercial and Medicare health insurance plans
10/3/2023	Prime Providers	Firmament	NA	NA	NA	Home-based healthcare organization providing private duty nursing, applied behavior analysis therapy and related services
10/3/2023	Right Choice In-Home Care	Prime Providers (Firmament)	NA	NA	NA	Provider of personal care and respite care services to patients with intellectual and developmental disabilities
9/29/2023	Sodexo's Worldwide Home Care Division	The Halifax Group	NA	NA	NA	Provider of in-home care services across eight countries
9/27/2023	MDsave (Chagne Healthcare, Cambia Health Solutions and Windrose)	Tendo (Lux Capital and General Catalyst)	NA	NA	NA	Online medical service platform connecting providers, employers, and consumers

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
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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
9/13/2023	Sempre health	Cencora Ventures, Echo Health Ventures, Blue Venture Fund, UPMC Enterprises and Industry Ventures	Undisclosed	\$20	Solution for behavior-based healthcare pricing
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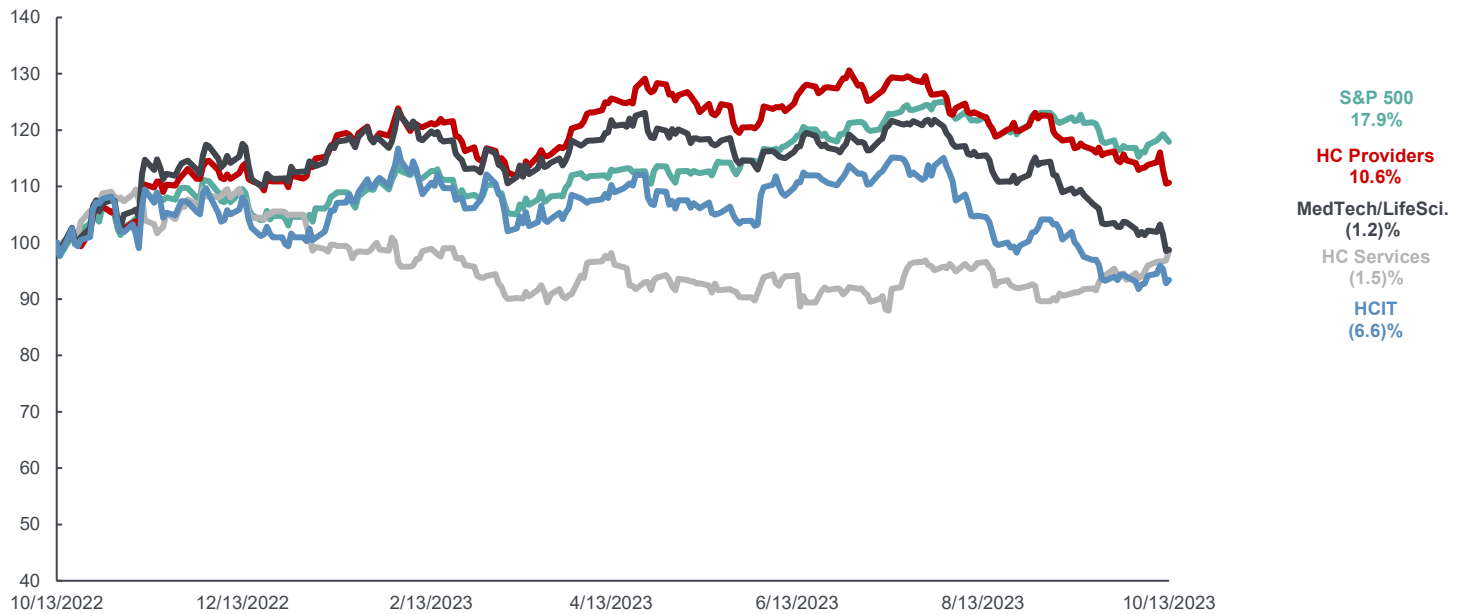
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Pharma Services	4.6%	0.2%
Pharmacy	(24.1%)	3.1%
Primary Care	(36.7%)	(0.8%)
Post-Acute Care	20.8%	(1.6%)

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

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30-Year Fixed Pay Swap (79% SOFR)	3.38%	3.55%	2.71%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
University of Illinois Health Services Facilities System	\$68.325	IL	A2 / A- / NR	2042	2033	5.50%	4.84%	5.07%	4.02%
	\$68.325								

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

(a) Refunding Revenue Bonds, Series 2023

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
Wellstar Health System Composite Issue Revenue Bonds and Revenue Anticipation Certificates Series 2023	10/18/2023	\$547,190	Series 2023A: A2 / A+ / NR Series 2023B: Aa1 / AAA / NR Series 2023A2: A2 / A+ / NR Series 2023A3: A2 / A+ / NR
West Virginia Hospital Finance Authority Hospital Refunding and Improvement Revenue Bonds (Vandalia Health Group) Series 2023B	10/19/2023	\$384,555	Baa1 / BBB+ / NR
Alameda County Joint Powers Authority Lease Revenue Refunding Bonds (Highland Hospital Project) 2023 Series A	Daily	\$197,365	Aa1 / AA+ / AA+

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

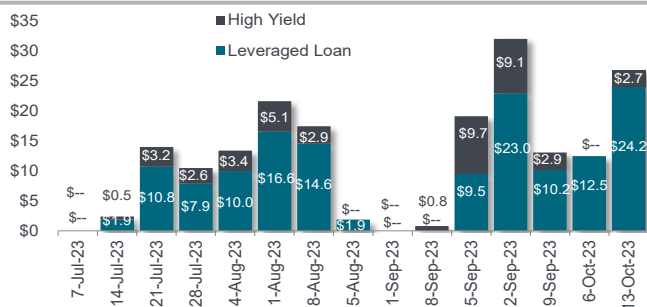
High Yield

- Issuance returned in the high yield primary market, but remained relatively muted as four issuers tapped the market, raising \$2.7 billion this past week; September's CPI reported slightly hotter-than-expected as the stickiness of inflation argues for the Fed's high-for-longer scenario for interest rates

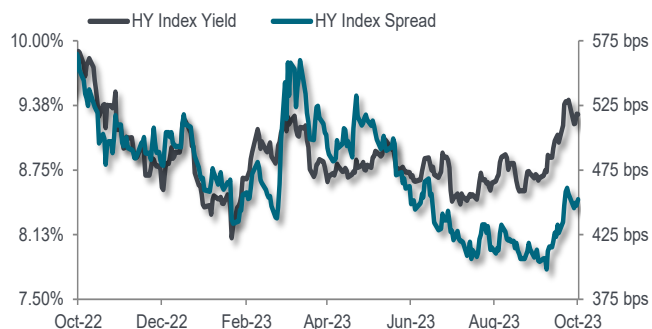
Term Loan B Market

- 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

Weekly New Issue Volume (\$B)



HY Index Yield & Spread (YTD)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q23	3Q23	30-Day Rolling Average	
			10/13/23	
Ba1	S+294 / 8.6%	S+244 / 7.87%	S+225 / 7.7%	
Ba2	S+265 / 7.9%	S+243 / 7.78%	S+250 / 7.8%	
Ba3	S+314 / 8.6%	S+307 / 8.6%	S+305 / 8.6%	
Single-B Issuers	2Q23	3Q23	30-Day Rolling Average	
			10/13/23	
B1	S+356 / 9.0%	S+358 / 9.2%	S+350 / 9.0%	
B2	S+448 / 10.2%	S+426 / 10.1%	S+426 / 10.0%	
B3	S+489 / 10.7%	S+470 / 10.2%	S+467 / 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

The Forces Driving, Impeding Access To Pediatric Palliative Care¹

Hospice News | October 13, 2023

Reimbursement pressures, workforce strains and lagging awareness represent pain points preventing greater utilization of palliative care. These factors can weigh even heavier on access and quality of life for seriously ill children and their families in need of these services. The road to pediatric palliative care can be filled with many barriers for patients and families across the globe, with regulatory and reimbursement challenges a common thread, along with insufficient volumes of health professionals to deliver these services. Seriously ill children represent some of the most underserved populations nationwide in terms of quality and access to supportive health care, according to Katie Leonard, director of pediatrics at California-based Anchor Health. "There are so many things that need to be addressed to improve quality and access to pediatric palliative and hospice care," Leonard told Palliative Care News in an email. Each year an estimated 2.5 million children and adolescents 19 years old and younger die worldwide from a serious health-related condition, according to a World Health Organization (WHO) report. Many of these children live in countries with limited numbers of pediatric palliative care providers, WHO reported. Moving the needle forward will take improved national regulations and strengthen care delivery systems, the organization indicated in a separate report.

How Executives Are Preparing For The Workforce Of The Future²

Becker's Hospital Review | October 13, 2023

Today's healthcare environment includes new dynamics in the workforce that have become prominent. Workers are thinking about their jobs and futures differently, with some leaving their roles for different opportunities and various other reasons. They also have different expectations in terms of their workplace environment. At the same time, there are projected labor shortages for a number of healthcare roles by 2031. Projections, for example, show the U.S. will need more than a million more nurses by that time, but more than 80 percent of positions will be left unfilled, according to a Sept. 29 report from McKinsey & Co. Still, a bright spot recently emerged in a new analysis from Altarum. The analysis of monthly Bureau of Labor Statistics employment data found that healthcare employment is 3.2 percent above where it was before the COVID-19 pandemic began in February 2020 and now is above the 2.6 percent increase in non-healthcare employment over the same period. Hospital employment specifically is 2.1 percent above its pre-pandemic level, and ambulatory care setting employment is 7.8 percent higher. At the same time, employment in nursing and residential care is 5.7 percent lower than its pre-pandemic level.

HIMSSCast: Whole Person Care And Data Interoperability Drivers³

Healthcare News | October 13, 2023

Social determinants of health – the food, shelter and security attributes of patients that exist outside of care settings – contribute disproportionate risks for disease, hospital readmissions and a lack of access to quality healthcare among vulnerable populations, including people on Medicare. Consider that medical care may only account for between 10% and 20% of health outcomes, while a patient's neighborhood and environment, economic stability and education, social and community context and individual behavioral factors account for 80% to 90% of health outcomes, according to Rick Krohn, principal at HealthSense, an expert in connected health and a HIMSS Innovation Author. The opportunity to impact the healthcare outcomes of populations via SDOH lays in the ability "to incorporate unstructured, non-traditional health data into the patient record," he wrote for Healthcare IT News during the pandemic. SDOH data is a matter of interoperability, as it is often intentionally trapped. "It's a multi-layered problem, beginning with awareness – there is an incomplete understanding of the value and catalogue of SDOH data for clinical care and population health management," Krohn said. Providers only have the background information that they can see right in front of them while in the room with the patient. Would a diagnosis or care plan change if the clinician truly knew the patient beyond their symptoms and medical record?

Healthcare News

Walgreens Launches Direct-To-Consumer Telehealth¹

Healthcare Dive | October 9, 2023

Walgreens Virtual Healthcare will offer on-demand virtual consultations with providers for common medical needs and medication prescriptions. Patients in eligible states — California, Florida, Georgia, Illinois, Michigan, Nevada, North Carolina, Ohio and Texas — will be able to access WVH on Walgreens.com starting in late October. Walgreens is launching WVH in those states because they include almost half of the U.S. population and nearly half of Walgreens' pharmacy customers, a spokesperson told Healthcare Dive. Patients will be able to access a doctor or nurse practitioner via chat, along with video visits for select conditions, on their own devices. At launch, WVH clinicians will be able to treat seasonal allergies, COVID-19 or flu, erectile dysfunction, hair loss, birth control or other common health needs, the spokesperson said. If a patient needs a medication, WVH can send that prescription to a Walgreens pharmacy or have it delivered to their home on the same day. Most WVH chat visits will be priced at \$33 out of pocket, while video visits will range from \$36 to \$75. That pricing is in-line with other direct-to-consumer telehealth options. At Amazon Clinic, for example, messaging-based consultations cost \$35 on average, while video visits cost \$75. Walgreens is not accepting insurance at launch, but said it plans to accept insurance sometime in the future.

The Physical And Mental Health Of Americans Is Unraveling²

The Compass | October 8, 2023

Despite healthcare expenditures tripling between 2000 and 2021 and the U.S. having a record low number of uninsured Americans in 2023, the physical and mental health status of Americans is spiraling downward, particularly for younger adults who represent most of the commercially insured market.¹ For many reasons, primary care utilization – the care setting in which many preventive screenings take place – has declined since 2019, and this delayed care is one contributor of higher patient acuity.² Beyond the population-level health consequences, a sicker population will have economic implications as well – with patients requiring more frequent, costly and complex services, a further catalyst for continuously increasing health expenditures.³

New York Toughens Certificate Of Need Rules To Promote Equity³

Modern Healthcare | October 11, 2023

As many states move to encourage healthcare companies to develop properties by relaxing or repealing certificate-of-need laws, New York is taking a bold move in the opposite direction. The Empire State began carrying out a law in June that requires healthcare providers to commission health equity impact assessments as part of the certificate-of-need review process. Hospitals, nursing homes, diagnostic and treatment centers, birthing centers, and ambulatory surgery centers that want to expand must hire third-party analysts to gauge the impacts that expansions may have on health disparities and on communities.

1. <https://www.healthcaredive.com/news/walgreens-virtual-healthcare-launch-telehealth/696071>

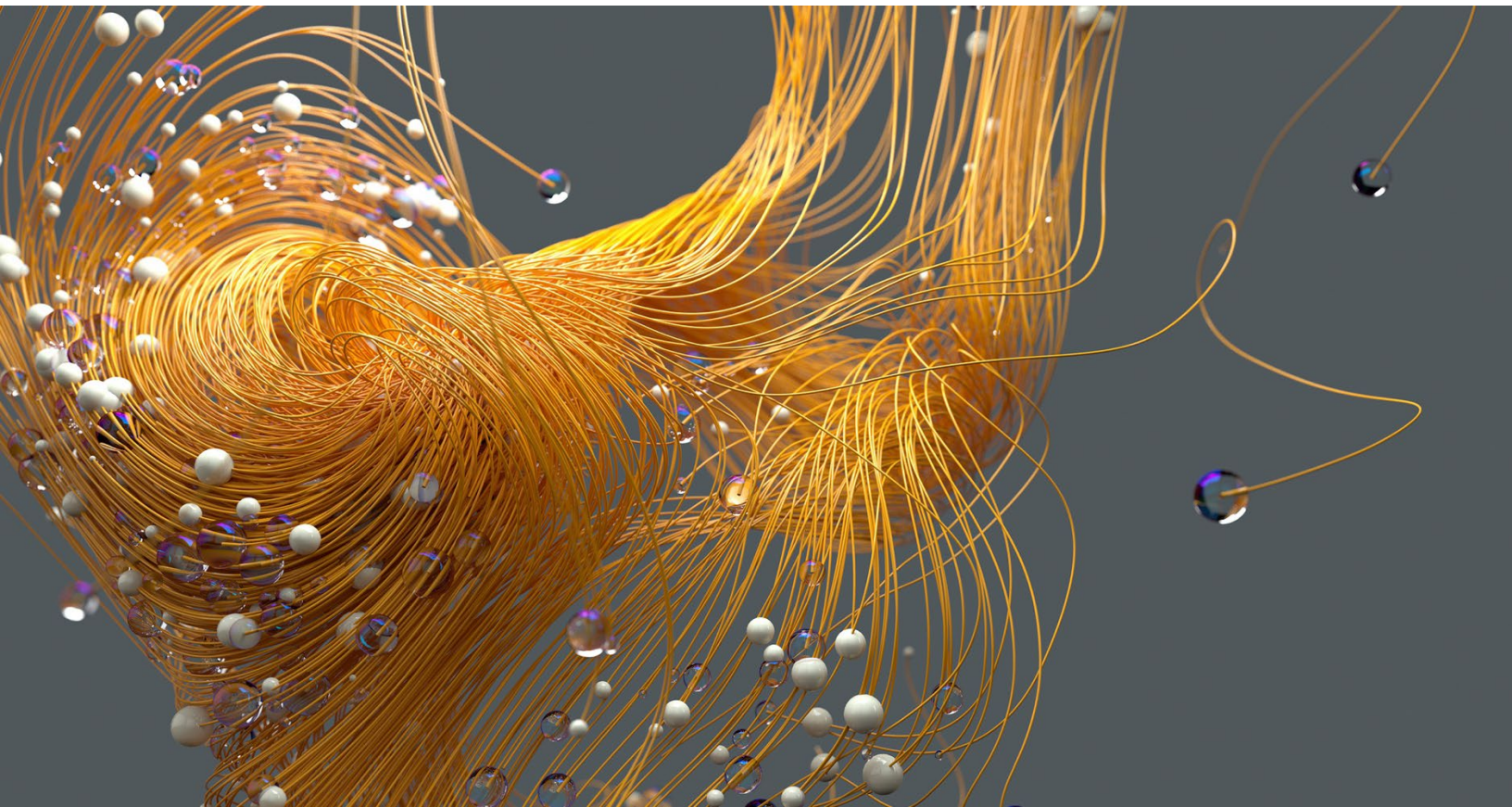
2. <https://www.trillianhealth.com/insights/the-compass/the-physical-and-mental-health-of-americans-is-unraveling>

3. <https://www.modernhealthcare.com/providers/new-york-certificate-of-need-health-equity-assessment>

October 25, 2023

Cain Brothers Industry Insights

Healthcare Weekly Market Report



This week's banker commentary:

“Thinking Different” at Cain Brothers 2023 Private Company Healthcare Conference

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

“Thinking Different” at Cain Brothers 2023 Private Company Healthcare Conference

Commentary by Keith Hollihan

Cain Brothers, a division of KeyBanc Capital Markets, convened its 10th Annual Private Company Healthcare Conference on October 18 and 19, last week at the Lotte New York Palace Hotel. The conference was the firm's largest so far, and featured:

- Almost 700 top leaders from healthcare companies, private equity, venture capital, and healthcare-related corporations
- 65 presenting companies, spanning nearly all sectors of the healthcare economy, reflecting the breadth and depth of Cain Brothers' industry coverage and relationships
- 4 keynote panel presentations on urgent industry topics
- Over 580 one-on-one investor meetings with company leaders

In his opening remarks, the head of Cain Brothers, **Wyatt Ritchie** noted how the event's evolution over the past decade has tracked with leading industry trends in real-time. This year's event was designed to stimulate debate and deepen understanding around the growing influence of government spending in healthcare, the current position of private equity investment, and the extraordinary potential of emergent technologies, like AI, to transform business processes and care delivery.

Despite tremendous change over the past decade, the industry's fundamental challenges persist. Today, new pressures from inflation, competitive labor markets, tighter government spending, and market uncertainty are forcing all stakeholders to evaluate strategies and do more with less. Compounding these challenges, rapidly rising interest rates have impacted buyer and seller expectations. An increase in failed processes and a backlog of PE-owned businesses will spur more M&A activity in 2024, but it's time to tear up old playbooks and “think different” as the old Apple slogan once put it. These themes were consistent across the four keynote panel discussions, described below:

The Future of Government Financed Healthcare

The conference opened with a thought-provoking discussion on the influence of government payment on healthcare, featuring **Jay Rosen**, Founder, President and Co-Chairman of Health Management Associates, the largest healthcare focused consulting firm, and **Brent Layton**, former President and COO of Centene, the pioneering managed care company. It was moderated by Cain Brothers Managing Director, **Court Houseworth**.

Rosen set the stage by noting that two thirds of the country today, or around 215 million people, are covered by some form of government-funded insurance, whether through Medicare, Medicaid, the state-based exchanges, or the VA. That number does not take into account Federal subsidies for private insurance through tax exemption.

Layton and Rosen agreed that momentum towards value-based care is stronger than many appreciate, and that the exchange markets, in particular, are on the precipice of a giant leap forward. While growth in the exchanges might seem tepid to the private sector, the pace of adoption is on par with past government programs like Medicare and Medicaid. Most legacy health systems, Rosen cautioned, are not close to

Industry Insights

ready for the kind of risk management capabilities they'll need to succeed in a predominantly value-based environment.

Demystifying AI's Role in Health Care

The first day closed with a panel of technology thought leaders including **Jane Sarasohn-Kahn**, Health Economist & Founder of THINK Health, **Allon Bloch**, CEO of K Health, and **Mark Michalski**, CEO of Ascertain, and previously Head of Amazon's Healthcare and Life Science AI/ML activities. It was moderated by Cain Brothers Managing Director **Jill Frew**.

Generative AI has taken the world by storm in the past year with a speed reminiscent of the arrival of the Internet itself. While AI's use cases for healthcare seem limitless, the panel's consensus view is that, in the near term, AI's most profound impact will be on administrative inefficiencies and care management. AI solutions will significantly reduce the burden and burnout experienced by clinicians.

It's rare for a new technology to show so much potential for disrupting entrenched workflows and re-engineering processes. AI shows every sign of being a once-in-a-generation source of transformation.

Frenetic Pace Gives Way to Muted Activity: 2023 in Review and 2024 Outlook

The second day of the conference kicked off with Cain Brothers' signature private equity panel which included **Matt Altman**, Managing Director at Arlington Capital, **Sylvia Qiu**, Managing Director at CVC Capital Markets, and **Michael Langer**, Managing Director at Lightyear Capital, moderated by Cain Brothers' Managing Director **Andy Goldberg**.

In his opening remarks, Cain Brothers Group Head Wyatt Ritchie had noted that PE owns 26,000 companies today, four times the number 15 years ago, but that the immediate future of PE investment seems "clear as mud." The panelists brought a measure of clarity to that picture. They acknowledged the resetting of expectations for buyers and sellers in 2023 but see M&A activity likely to increase in 2024 despite continued uncertainty.

With pent-up demand for new deals, the panelists believe a premium will be paid for quality assets. Long-term, healthcare's major trends are enduring. The market will reward companies that solve for those pressures and create value for the patient.

Anatomy of a Turnaround

Over lunch, 4sight Health CEO and Cain Brothers' thought leadership partner, Dave Johnson, interviewed his friend and co-author, Paul Kusserow, the former CEO and current Chairman of Amedisys, one of the nation's largest home health and hospice care providers.

Kusserow gave a riveting account of his turnaround of Amedisys, described in his recently published book, [Anatomy of a Turnaround: Transforming an Organization by Prioritizing People, Performance, and Purpose](#). His "anti-CEO" approach to management is based on paying deep attention to the people doing the actual work of the organization. In a service-oriented organization, the CEO's primary job is to a caring culture that fosters loyalty. He made a compelling case for why these humanistic principles are critical in healthcare generally and the secret for generating stratospheric results in performance improvement. Johnson and Kusserow also discussed the larger industry trends they're currently writing about in their forthcoming book, **Gradually and Then Suddenly: Ten Macro and Market Forces Revolutionizing U.S. Healthcare**.

It was an inspiring and uplifting conversation to bring the conference to a close. Attendees departed with new relationships forged and perspectives broadened for the ongoing challenge of creating meaningful value in the healthcare marketplace.

Keith Hollihan is Editorial Director at 4sight Health.

Healthcare M&A Activity

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

Date	Target Name	Acquirer	EV	LTM Rev.	LTM EBITDA	Description
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
10/10/2023	Bright.md	Evernorth Health Services (Cigna Group)	NA	NA	NA	Provider of asynchronous care, triage, and health care navigation services
10/10/2023	MDpanel	Aquiline Capital Partners	NA	NA	NA	Platform for delivery of medical opinions as part of the workers' compensation insurance claims process
10/6/2023	PhysicianOne Urgent Care	Yale New Haven Health System	NA	NA	NA	24/7 urgent care operator with locations throughout Massachusetts, Connecticut, and New York
10/5/2023	S&S Health	Lovell Minnick Partners	NA	NA	NA	Provider of administration and technology solutions for health plans for small and mid-sized businesses
10/4/2023	ActivePro Rehab Partners (The Beekman Group)	PT Solutions Physical Therapy (General Atlantic)	NA	NA	NA	Provider of outpatient physical and occupational therapy to patients throughout the Mid-Atlantic region
10/4/2023	Baystate Health's Outreach Laboratory Business	Labcorp (NYSE: LH)	NA	NA	NA	Laboratory service centers operated by Baystate Health

Sources: Capital IQ, Mergermarket, and press releases

* Denotes Cain Brothers/KeyBanc Capital Markets participation

■ = Transaction occurred the past week

Healthcare Equity Private Placements Activity

Recent Selected Healthcare Equity Private Placements (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
9/13/2023	Sempre health	Cencora Ventures, Echo Health Ventures, Blue Venture Fund, UPMC Enterprises and Industry Ventures	Undisclosed	\$20	Solution for behavior-based healthcare pricing
8/31/2023	Otto (formerly TeleVet)	Mercury Fund, Boehringer Ingelheim and Hill's Pet Nutrition	Series B	\$43	Customer engagement platform for veterinary clinics

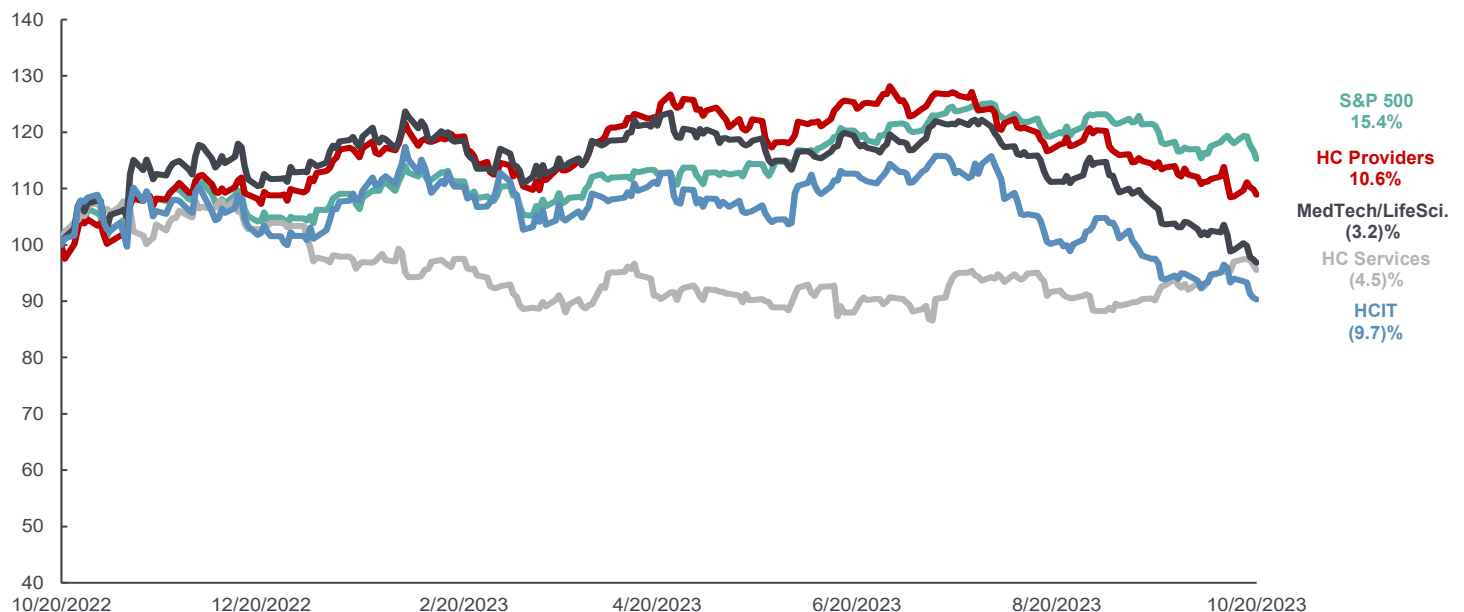
Public Equity Capital Markets Activity & Indices

Equity Indices Information as of October 20, 2023

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	33,670	33,127	9.2%	(1.6%)
S&P 500	4,328	4,224	15.2%	(2.4%)
NASDAQ	13,407	12,984	22.3%	(3.2%)
Russell 2000	1,720	1,681	(1.4%)	(2.3%)
NYSE Healthcare	23,306	22,850	5.6%	(2.0%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	9.9%	1.4%
Alternate Site Services	9.7%	2.2%
Diagnostics	3.1%	(1.3%)
Distribution	14.0%	(2.1%)
Healthcare IT	(9.7%)	(3.9%)
Healthcare REITs	12.7%	(2.5%)
Managed Care	(1.8%)	(1.1%)
Medical Technology	(2.8%)	(1.1%)
Outsourced Services	(24.7%)	(1.5%)
Pharma Services	(6.0%)	(10.6%)
Pharmacy	(27.8%)	(4.4%)
Primary Care	(22.5%)	5.4%
Post-Acute Care	19.4%	(0.1%)

Cain Brothers Core Healthcare Indices (1YR Performance)



Tax-Exempt Debt Market

Tax-Exempt Debt Information as of October 20, 2023

Security	Current (%)	One Week Ago (%)	One Year Ago (%)
A-rated Tax-Exempt Hospital Bonds (30-Yr)	5.33%	5.04%	5.16%
AA Tax-Exempt Hospital Bonds (30-Yr)	5.18%	4.89%	5.01%
SIFMA (Variable Rate Demand Notes)	4.19%	3.19%	2.43%
Revenue Bond Index	4.47%	4.25%	4.12%
SIFMA/1 Month SOFR	78.58%	59.79%	70.09%
RBI/30 Yr Treasury (%)	88.07%	89.41%	103.26%
30-Year Fixed Pay Swap (79% SOFR)	3.61%	3.38%	2.81%

Tax-Exempt Healthcare Issuance Information¹ (\$MM)

Borrower	Par	State	Rating	Maturity	Call, Put or Reprice*	Coupon	Yield to Call	Yield to Mat.	AAA
Wellstar Health System, Inc. Project ^(a)	\$279.205	GA	A2 / A+ / NR	2053	2033	5.13%	5.60%	5.36%	4.53%
Wellstar Health System, Inc. Project ^(b)	\$82.890	GA	A2 / A+ / NR	2053	2033	5.13%	5.60%	5.36%	4.53%
Wellstar Health System, Inc. Project ^(c)	\$80.500	GA	A2 / A+ / NR	2053	2033	5.00%	5.51%	5.25%	4.53%
Wellstar Health System, Inc. Project ^(d)	\$57.405	GA	Aa1 / AAA / NR	2043	2033	5.00%	4.86%	4.92%	4.33%
Vandalia Health Group ^(e)	\$407.730	WV	Baa1 / BBB+ / NR	2053	2033	5.38%	5.66%	5.52%	4.53%
Highland Hospital Project ^(f)	\$200.145	CA	Aa1 / AA+ / AA+	2034	2033	5.00%	3.61%	3.71%	3.48%
\$279.205									

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

(a) Revenue Anticipation Certificates, Series 2023A: AGM-insured: \$35MM 2048 maturity, \$25MM 2053 maturity; Overlapping AGM-insured final maturity w/ Cpn. / YTC / YTM of 5.00% / 5.51% / 5.25%; Overlapping uninsured final maturity w/ Cpn. / YTC / YTM of 5.75% / 5.26% / 5.50%

(b) Revenue Bonds, Series 2023A: AGM-insured: \$30MM 2053 maturity; Overlapping AGM-insured final maturity w/ Cpn. / YTC / YTM of 5.13% / 5.38% / 5.25%

(c) Revenue Anticipation Certificates, Series 2023A: AGM-insured: \$10.58MM 2053 maturity

(d) Revenue Anticipation Certificates, Series 2023B; Guaranteed by Columbia County, GA

(e) AGM-insured: \$12.93MM 2040 maturity, \$22.765MM 2042 maturity, \$67.005MM 2048 maturity, \$88.715MM 2053 maturity; Overlapping AGM-insured final maturity w/ Cpn. / YTC / YTM of 6.00% / 5.64% / 5.81%

(f) Lease Revenue Refunding Bonds

1. Bloomberg, Capital IQ

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

Issuer	Date	Amount	Rating
California Municipal Finance Authority Insured Revenue Bonds, Series 2023 (Ararat Home of Los Angeles Project)	10/24/2023	\$11,205	NR / AA- / NR

1. Bloomberg, Capital IQ

Corporate High Grade, High Yield & Leveraged Loan Market

Market Overview

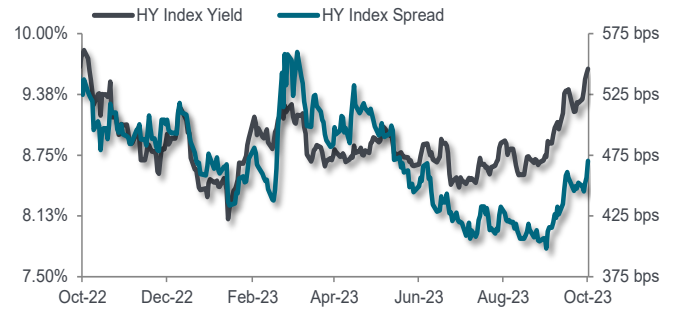
High Yield

- The high yield primary market remained quiet as the secondary market deteriorated throughout this week, with only one issuer coming to market raising \$4.0 billion across two tranches

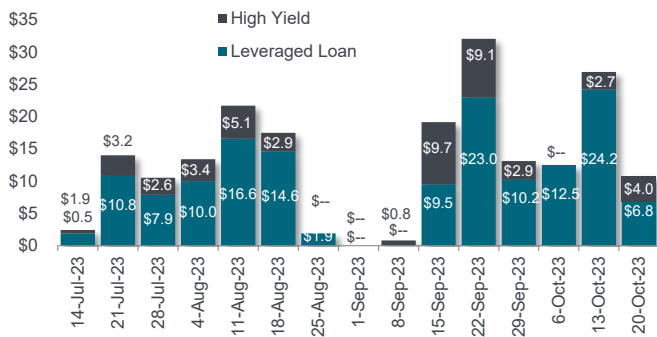
Term Loan B Market

- 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	
			10/20/23	
Ba1	S+294 / 8.6%	S+244 / 7.87%	S+290 / 8.4%	
Ba2	S+265 / 7.9%	S+243 / 7.78%	S+265 / 8.0%	
Ba3	S+314 / 8.6%	S+307 / 8.6%	S+300 / 8.4%	
Single-B Issuers	2Q23	3Q23	30-Day Rolling Average	
			10/20/23	
B1	S+356 / 9.0%	S+358 / 9.2%	S+350 / 9.1%	
B2	S+448 / 10.2%	S+426 / 10.1%	S+433 / 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

Resident, Doctors Unions See New Interest, Membership¹

Modern Healthcare | October 20, 2023

Organized labor is having a moment, and doctors and support staff in the nation's hospitals want in on it. While those groups of workers have historically been less engaged in union activity than their nurse colleagues, they are expressing an unprecedented level of interest in organizing. In the most recent win for the movement, more than 550 Allina Health doctors, physician assistants and nurse practitioners will join the Doctors Council, an affiliate of Service Employees International Union, after a vote earlier this month to unionize. The individuals work at more than 50 clinics in Minnesota and Wisconsin and may represent the largest group of unionized private-sector physicians in the U.S.

Telehealth Primary Care Visits Boost In-Person Follow Up²

HealthLeaders | October 17, 2023

In-person follow-up visits were a bit higher after telemedicine consultations when compared with in-person primary care visits, but that varied by specific clinical condition, according to a study published today in Annals of Internal Medicine. The study, compiled by clinicians at Kaiser Permanente in Oakland, CA, and funded primarily by a grant from the Agency for Healthcare Research and Quality, sought to discern how well telemedicine addresses patient needs post-COVID public health emergency. The study examined a large, integrated health care delivery system with more than 1,300 primary care providers, between April 2021 and December 2021 (including the COVID-19 pandemic Delta wave). Researchers examined the electronic health records of more than 1.5 million adult patients, of whom 26% age 65 or older, 55% were woman, 22% were Asian, 7.4% were Black, 22% were Hispanic, 46.5% were White, 21.5% lived in less-affluent neighborhoods, and 31.8% had a chronic health condition.

Premiums Rose 7% For Employer-Sponsored Health Coverage In 2023³

Healthcare Dive | October 18, 2023

Employer-sponsored insurance is the largest source of health coverage in the country, covering almost 153 million non-elderly people this year, according to the survey. Providing insurance is also increasingly pricey for employers, and many are disappointed with their plans when assessing their ability to provide high-quality care, according to a report from the Leapfrog Group published earlier this year. The KFF survey on employer health benefits, which is conducted annually, noted that premiums have historically risen faster than inflation and wages, with the average family premium growing 47% over the past decade while inflation grew 30% and wages grew 42%. However, during the past five years, these metrics have seen similar cumulative increases.

Healthcare News

Behavioral Health Urgent Care Models Can ‘Save A Lot Of Dollars’ While Helping Patients In Crisis¹

Behavioral Health Business | October 20, 2023

The emergency department is often the first point of care for patients experiencing a behavioral health crisis. However, a trip to the ED is expensive for patients and payers and often isn't the most appropriate place for patients. New models of behavioral health urgent care have begun to emerge. These models don't replace EDs but offer an alternative way to stabilize patients and prevent avoidable inpatient behavioral health stays. "You would never have an idea that you say, 'Oh, we just opened up a medical urgent care next door to the Walgreens. Therefore, we can close the trauma center,'" Dr. Scott Zeller, VP of acute psychiatry at Vituity, said at Behavioral Health Business' INVEST. "There are different acuity levels, and it's the same thing in behavioral mental health. Sometimes, people have situations where we can intervene and help them with counseling or supportive environments or what have you. But then sometimes people are hearing auditory hallucinations telling them to do bad things, and they need a much higher level of care."

How Many Cardiologists Are Needed Per Thousand Patients? Insights From A Report On Provider Density Trends²

Managed Healthcare Executive | October 20, 2023

Access to healthcare is a fundamental right for all, regardless of individuals' socioeconomic status or geographic location. However, a recent report developed by LexisNexis Risk Solutions provides new insights on national and regional provider density trends for primary and specialty care. The report revealed significant inequities in provider availability across the U.S., highlighting the need for awareness and action. The analysis also examined the frequency of changes in prescriber data, the metropolitan areas experiencing the most changes in the number of primary care providers (PCPs), and the metropolitan areas with the highest and lowest number of heart disease patients per cardiologist.

Instacart Wants More Healthcare Partners³

Becker's Health IT | October 22, 2023

Instacart is on a roll in healthcare. One year after launching its health division, Instacart Health, the grocery delivery company has launched major initiatives alongside health systems and payers — and it has no plans to slow down. "Our goal is to be infrastructure for everyone. By applying what we've done in the retail industry, we can help healthcare do the same," Sarah Mastrococco, vice president and general manager at Instacart Health, told Becker's. "Let us be your technology innovation partner to help you scale programs or to just bring awareness to people so they can make healthier choices."