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Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Reflecting on Opportunities in School-Based Healthcare Services in the United States

Banker Commentary

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Reflecting on Opportunities in School-Based Healthcare Services in the United States

Banker Commentary by Jenny Watson

A conversation with a colleague recently had me reflecting on school-based care. I had mentioned how growing up in Toronto I was provided with dental care in my elementary school, and my colleague mentioned he was provided with the same care growing up in the Netherlands. Health and dental services within schools in other countries are fairly normalized, but not in the U.S.

In the U.S., millions of children and youth suffer from lack of access to health or dental care, whether that's due to being uninsured, underinsured, or unable to physically access care. Children are relatively vulnerable because they tend to be dependent on adults as support systems to recognize the child may need care, to provide transportation for the child to receive care, and to fund the care. In other countries, there is an awareness that schools are one of the institutions all communities have in common, and thus makes for a very logical place to serve a targeted population.

There are opportunities to provide in-school care in the U.S., like what we see in other developed nations. The opportunities are large, because providing care is an interdisciplinary problem that necessitates various interventions. In this article, I reflect on the various in-school solutions that provide unique school-based solutions that benefit students, parents, and ultimately the payers.

Oral Care

It is widely recognized that poor oral health can negatively affect a child's nutritional status, quality of life, school attendance, education achievement, and wellbeing. The CDC recognizes that cavities are the most common chronic disease of childhood in the United States. By age 8, over half of children have had a cavity in their primary baby teeth. Preventative dental care and school sealant programs are recognized by the CDC as an effective way to reduce cavities¹.

The market for providing oral care in schools is very fragmented. One notable exception is Smile America Partners. SAP is the largest school-based dental provider in the U.S., servicing schools in ~20 states. The Company sets up portable dental care for students in the school and, with permission from the parent, offers educational services, teeth cleaning, and sealant programs to students.

School Based Health Centers (SBHCs)

SBHCs are clinics that provide health services to students in pre-kindergarten through grade 12. They do not take the place of a school nurse; rather, they expand the health services available to

¹ <https://www.cdc.gov/oral-health/prevention/about-dental-sealants.html>

continued...

children beyond the authorized scope of school nurse duties. A school-based health center may provide primary medical care, behavioral services, or dental care services and can include physicals, immunizations, comprehensive health assessment, lab tests and screenings, and other services.

Today, there are more than 2,300 SBHCs in the United States. Many are located in Western states (CA, OR), Northeastern states (NY, MD, CT, MA), or Southern states (FL, TX, LA). Funding for these services continues to grow. In 2022, Governor Mike DeWine of Ohio announced \$26 million in funding for new or expanded SBHCs in the state. In California, there is an initiative to grow the number of SHBCs from ~350 to 500 locations by 2030.

Goodside Health is a Company headquartered in TX that provides mental health screenings, on-site testing, and on-demand telehealth in schools in Texas. The Company recently announced their collaboration with Arlington Independent School District to host a “HealthyStudent Days” event, where students progress through a series of stations, ensuring a thorough evaluation of their overall health. The Company also operates nearby pediatric-focused urgent care centers.

Mental Health

School based behavioral and mental health services have varied over time, but more recent policies have provided pathways to expand mental health and wellness services in schools. A recently passed Bipartisan Safer Communities Act allocates funds to support school-based mental health services, which, among other things, allocates \$500 million in funding to increase the number of mental health providers serving schools.

A Kaiser study showed that 84% of schools already provide individual-based intervention, 70% provide case management, 66% provide external referrals, and 57% provide group-based intervention². Less commonly, schools can also provide family-based intervention, mental health screenings and telehealth delivery.

Learn Behavioral is a Company that offers tailored programs to help schools meet their behavioral goals, which includes staffing and resource management for therapists and developing proprietary programming for students with a range of exception needs.

For additional reference, my colleague Erika Haanpaa wrote an Industry Insights piece on providers offering school support services in 2022.

There are real opportunities to offer care to children in schools. We’re seeing increasing funding in this area, and perhaps having more awareness of health and dental education in schools can alleviate some of our chronic health problems in the U.S.

² <https://www.kff.org/mental-health/issue-brief/the-landscape-of-school-based-mental-health-services/>

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
8/1/2024	ANI Healthcare Solutions	EnableComp (WCAS)	NA	NA	NA	Denial management company
8/1/2024	Piedmont Family Practice	University of Virginia Health System	NA	NA	NA	Family medicine clinic based in Virginia
8/1/2024	R1 RCM (NASDAQ: RCM)	TowerBrook Capital Partners and Clayton, Dubilier & Rice	\$8,900	3.9x	16.5x	Provider of technology-driven solutions that transform the patient experience and financial performance of healthcare providers
7/31/2024	Tidewater Clinical Research	Eximia Research Network (Veronis Suhler Stevenson)	NA	NA	NA	Clinical trial provider focused on women's health
7/30/2024	Three Hospitals (Community Health Systems)	WoodBridge Healthcare	\$120	NA	NA	Three Pennsylvania hospitals: Regional Hospital of Scranton, Moses Taylor Hospital and Wilkes-Barre General Hospital
7/25/2024	Collaborative Health Systems (Centene)	Astrana Health (NASDAQ: ASTH)	NA	NA	NA	Management services organization serving more than 129,000 beneficiaries across 17 states
7/25/2024	Nine Hospitals (Ascension)	Prime Healthcare	NA	NA	NA	Ascension's Illinois hospitals, associated physician practices, post-acute and senior living facilities.
7/24/2024	Behavior Consultation & Psychological Services	Behavioral Framework (Renovus Capital)	NA	NA	NA	Provider of clinic, home, and school-based ABA therapy and autism diagnostic services for children
7/23/2024	IV Solutions (d/b/a Infusicare)	Dynamic Infusion (RiverGlade Capital)	NA	NA	NA	Provider of home infusion nursing services on behalf of specialty pharmacies
7/23/2024	Rotech Healthcare	Owens & Minor (NYSE: OMI)	\$1,360	1.8x	6.3x	Provider of home medical equipment and related products and services
7/23/2024	ConnectiCare (EmblemHealth)*	Molina Healthcare (NYSE: MOH)	\$350	0.3x	NA	Health plan serving the state of Connecticut with a full range of products and services for businesses, municipalities, individuals, and those who are Medicare-eligible
7/22/2024	Kashi Clinical Laboratories	Prairie Capital	NA	NA	NA	Clinical laboratory providing specialized solutions to academic institutions, biopharma, hospitals, long-term care facilities and transplant centers
7/19/2024	Augmedix (NASDAQ:AUGX)	Commure (General Catalyst)	\$150	3.1x	NM	AI medical documentation and data solutions
7/18/2024	Caravel Autism Health (Frazier Healthcare Partners)	GTCR	NA	NA	~15x-16x	Provider of in-home diagnostic evaluation services to children with autism spectrum disorder
7/16/2024	Mideast Delivery Solutions	SPS Health (Nautic Partners)	NA	NA	NA	Provider of specialized courier services to the long-term care pharmacy industry
7/15/2024	Healthcare Receivable Specialists	Med-Metrix (A&M Capital Partners)	NA	NA	NA	Specialized RCM and patient access company
7/11/2024	Signature Healthcare at Home (certain assets)	The Pennant Group	\$80	1.0x	NA	Provider of home health and hospice services in the Pacific Northwest
7/10/2024	Big Sky I.V.	Access Infusion Care (New Harbor Capital)	NA	NA	NA	Provider of home and specialty infusion services

Sources: Capital IQ, Mergermarket, and press releases

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
7/31/2024	Spring Health	Generation Investment Management (lead), Kinnevik, William K Warren Foundation, RRE, and Northzone	Series E	\$100	Comprehensive mental health solution for employers and health plans
7/31/2024	WellBe Senior Medical	Excellus BlueCross BlueShield and Intermountain Ventures	Undisclosed	Undisclosed	Provider of home-based medical care
7/30/2024	Flo Health	General Atlantic	Series C	\$200	Women's health capp
7/26/2024	CoachCare	Integrity Growth Partners (lead), Topmark Partners	Growth	\$48	Remote patient monitoring platform
7/25/2024	Medicom Technologies	UPMC Enterprises, Tampa General Hospital Ventures, Cone Health Ventures, Oval Park Capital, Grayhawk Capital, Carolina Angel Network and the Triangle Tweener Fund	Strategic	Over-subscribed	Decentralized health information network for providers, patients, and research organizations
7/24/2024	Pearl	Left Lane Capital (lead), Smash Capital, Alpha Partners, Craft Ventures and Neotribe Ventures	Series B	\$58	AI-driven company for the dental industry
7/24/2024	TMRW Life Sciences	5AM Ventures (lead), FIOS Venture Holdings, DF Investment Partners, Transformation Capital, Life Sciences Innovation Fund, Casdin Capital and GV	Series D	\$28	Automated specimen management and storage platform for frozen human sperm, eggs and embryos
7/17/2024	Truvian Health	Wittington Ventures and Great Point Ventures (co-leads), DNS Capital, Medical Excellence Capital, Tao Capital, TYH Capital, and 7WireVentures	Undisclosed	\$74	Central laboratory equivalent blood tests
7/16/2024	Thyme Care	Concord Health Partners, CVS Health Ventures, Town Hall Ventures, a16z Bio + Health, AlleyCorp, Echo Health Ventures, Frist Cressey Ventures, and Foresite Capital	Series C	\$95	Value-based cancer care enabler
7/11/2024	Earned Wealth	Summit Partners and Silversmith Capital Partners (leads), Juxtapose, Hudson Structured Capital Management, and Breyer Capital	Undisclosed	\$200	Tech-enabled financial services firm for medical professionals
7/9/2024	NOWDiagnostics	DigitalDx Ventures (lead), Labcorp Venture Fund and Kompass Kapital Management	Series B	\$23	Developer of over-the-counter and point-of-care diagnostic tests
7/8/2024	HarmonyCares	General Catalyst, McKesson Ventures (leads), K2 HealthVentures, Rubicon Founders, Valtruis, HLM Capital, and Oak HC/FT	Undisclosed	\$200	Provider of value-based in-home longitudinal care
7/1/2024	K Health	Claire Group (lead), Mangrove Capital Partners, Valor Equity Partners, and Atreides Management	Undisclosed	\$50	AI primary care platform
7/1/2024	N-Power Medicine	Merck Global Health Innovation Fund (lead)	Series B	\$72	Integrated platform providing a single workflow for both clinical trial and routine patient management
6/26/2024	Sidicare Health	Koch Disruptive Technologies (lead), GreatPoint Ventures, BOND, Cathay Innovation, Drive Capital, Duke University, Menlo Ventures, and Morpheus	Series D	\$165	Tech enabled health insurance company
6/25/2024	eVisit	MedStar Health and UPMC Enterprises	Strategic	Undisclosed	Virtual care platform for large healthcare systems
6/25/2024	MedVet (Goldman Sachs, SkyKnight Capital)	Leonard Green & Partners	Minority	Undisclosed	Provider of emergency and specialty veterinary care

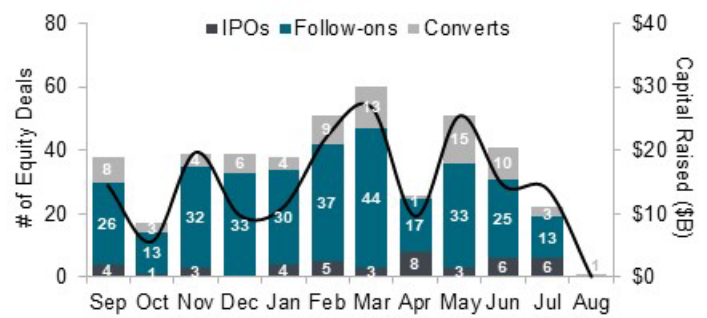
Sources: Capital IQ, Mergermarket, and press releases

Equity Capital Markets

Market Overview

- Last week, follow-ons returned to the forefront as we exit earnings season:
 - 0 IPOs; 6 follow-ons; 1 convert
- Nasdaq priced a \$2.6BN follow-on offering which came in as the second largest follow-on offering of the year, behind only Kenvue's \$3.6B follow-on in May
- There were no new U.S. IPOs last week and activity is expected to remain light until after the Labor Day holiday due to seasonality, the recent market pullback and requirements to include 2Q financial statements

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

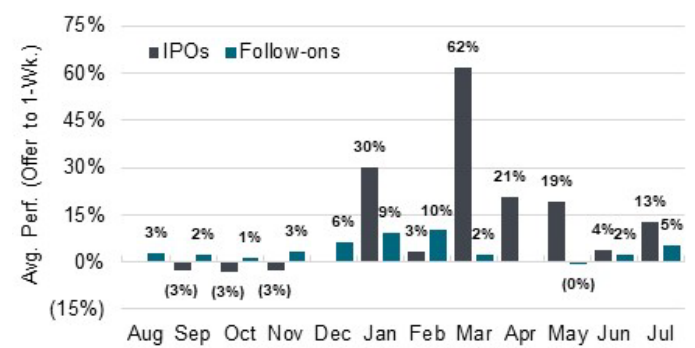


ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	6,809	6	49%	529	3	8%
CONV	1,560	3	11%	1,000	1	14%
FO	5,479	13	40%	5,455	22	78%
Total	13,849	22	100%	6,984	26	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	20,269	35	16%	8,737	16	11%
CONV	38,920	56	31%	26,160	40	32%
FO	65,097	199	52%	45,938	188	57%
Total	124,286	290	100%	80,835	244	100%

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



Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
7/24/2024	Concentra Group Holdings	Services	CON	\$528.8	\$2,974.9	17.8%	100.0%	\$23.50	\$23.00 - \$26.00	(4.3%)	(0.8%)
7/17/2024	Ardent Health Partners	Services	ARDT	\$220.8	\$2,255.4	9.8%	100.0%	\$16.00	\$20.00 - \$22.00	0.4%	4.7%
6/13/2024	Tempus AI	Healthcare Technology	TEM	\$410.7	\$6,108.9	6.7%	100.0%	\$37.00	\$35.00 - \$37.00	8.8%	(26.3%)
6/6/2024	Waystar Holding	Healthcare Technology	WAY	\$967.5	\$3,583.2	27.0%	100.0%	\$21.50	\$20.00 - \$23.00	(3.7%)	3.0%
4/10/2024	PACS Group*	Services	PACS	\$517.5	\$3,153.2	16.4%	87.0%	\$21.00	\$20.00 - \$22.00	9.5%	11.4%

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

Issuer Information					Deal Sizing			Pricing		Performance	
Pricing Date	Company	Sector	Deal Type	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Discount to File	1-Day	1-Week
6/26/2024	Addus HomeCare	Services	Marketed	ADUS	\$186.3	\$2,135.9	8.7%	100.0%	(9.6%)	5.8%	8.7%
5/30/2024	Bruker	Medical Products	Bought	BRKR	\$408.0	\$10,979.4	3.7%	100.0%	(6.3%)	(3.6%)	(6.5%)
5/21/2024	LifeStance Health Group	Services	Marketed	LFST	\$125.0	\$2,859.5	4.4%	0.0%	(16.4%)	(7.0%)	(8.0%)
5/14/2024	Kenvue	Consumer Health	Marketed	KVUE	\$3,646.6	\$39,502.6	9.2%	0.0%	(2.6%)	2.7%	(0.2%)
5/8/2024	RxSight	Medical Products	Marketed	RXST	\$115.0	\$2,380.9	4.8%	100.0%	(7.7%)	9.7%	14.8%

Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
5/23/2024	HAEMONETICS	Medical Products	HAE	\$700.0	\$4,580.3	15.3%	2.50%	30.00%
3/6/2024	Tandem Diabetes Care	Medical Products	TNDM	\$316.3	\$1,778.9	17.8%	1.50%	27.50%
3/4/2024	iRhythm Technologies	Medical Products	IRTC	\$661.3	\$3,378.2	19.6%	1.50%	35.00%
12/6/2023	Merit Medical Systems	Medical Products	MMSI	\$747.5	\$3,784.4	19.8%	3.00%	32.50%
12/5/2023	Evolent Health	Healthcare Technology	EVH	\$402.5	\$3,066.0	13.1%	3.50%	42.50%

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

Note: Transactions include IPOs, follow-ons (including bought deals) and convertible offerings of \$25mm or more priced on a U.S.-based exchange; Price performance includes both marketed and bought deal follow-ons; * denotes Cain Brothers / KBCM transaction

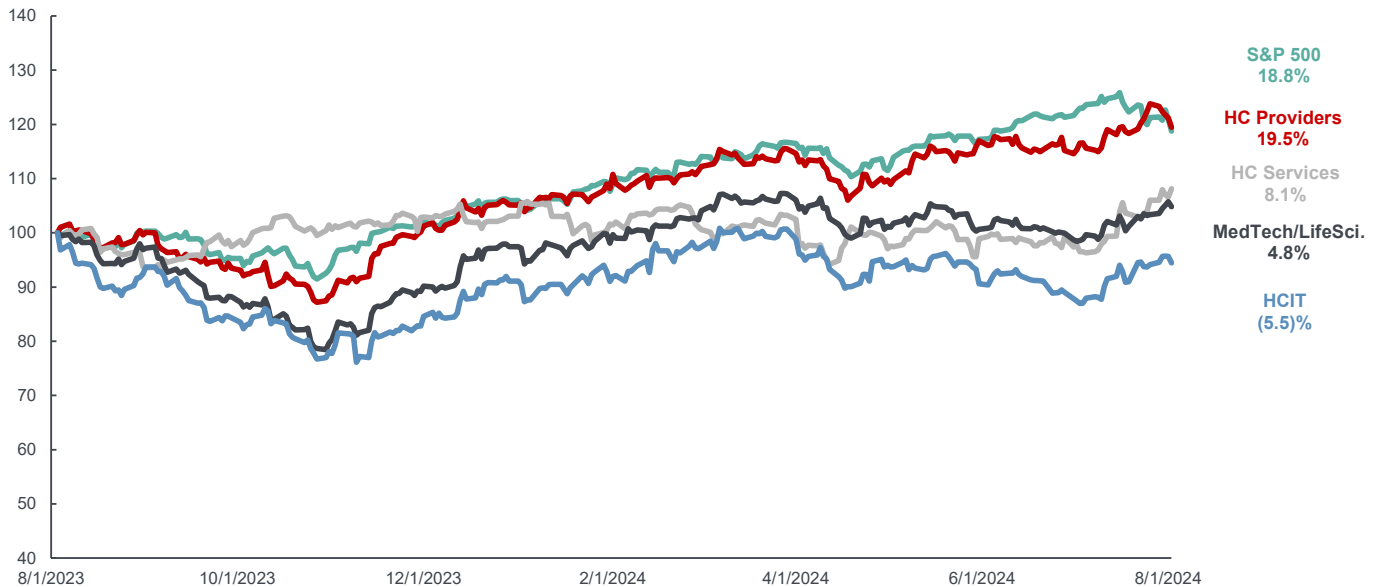
Public Equity Market Activity & Indices

Equity Indices (as of August 2, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	40,589	39,737	12.8%	(2.1%)
S&P 500	5,459	5,347	18.8%	(2.1%)
NASDAQ	17,358	16,776	20.2%	(3.4%)
Russell 2000	2,260	2,109	7.5%	(6.7%)
NYSE Healthcare	26,863	27,094	15.2%	0.9%

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	31.9%	(1.8%)
Alternate Site Services	7.5%	(1.8%)
Diagnostics	11.3%	(2.5%)
Distribution	22.5%	5.5%
Healthcare IT	(5.5%)	0.4%
Healthcare REITs	32.2%	4.2%
Managed Care	12.0%	1.9%
Medical Technology	2.9%	1.8%
Outsourced Services	(12.1%)	(2.3%)
Pharma Services	18.2%	(0.4%)
Pharmacy	(29.7%)	(2.6%)
Primary Care	(51.3%)	(7.3%)
Post-Acute Care Services	24.0%	1.1%
Post-Acute Care Facilities	22.4%	(0.8%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Broad market volatility, intense equity sell-offs and cratering Treasury yields look to put a cap on investment grade bond issuance, which did manage to raise \$31.1BN across 23 borrowers last week

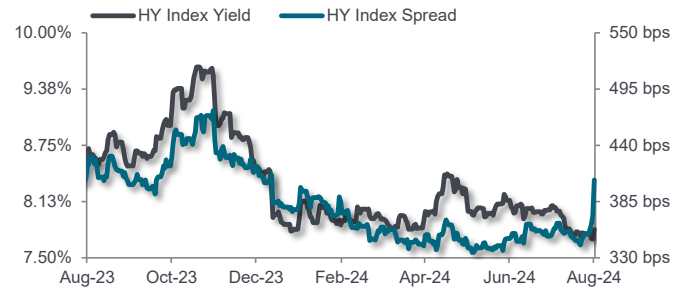
High Yield

- High yield new issue volume bounced back in full force last week, with 12 issuers tapping the market to raise \$9.3 billion ahead of the July FOMC Meeting

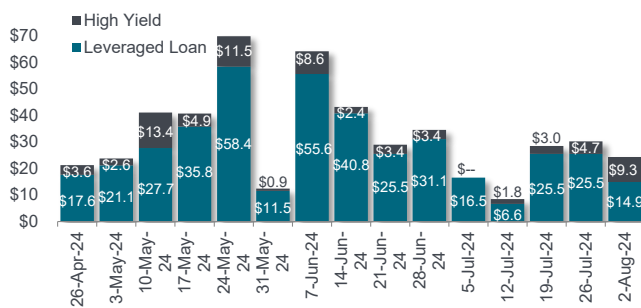
Term Loan B Market

- After a flurry of repricings throughout the middle of the month, investors shifted focus towards the LBO and M&A pipeline with several event driven transactions pricing over the last week

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			08/02/24	
Ba1	S+225 / 7.6%	S+219 / 7.5%	S+175 / 7.1%	
Ba2	S+226 / 7.6%	S+236 / 7.5%	S+200 / 7.4%	
Ba3	S+280 / 8.2%	S+238 / 7.7%	S+288 / 8.4%	
Single-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			08/02/24	
B1	S+332 / 8.8%	S+313 / 8.6%	S+344 / 8.8%	
B2	S+396 / 9.4%	S+373 / 9.1%	S+355 / 8.9%	
B3	S+405 / 9.5%	S+392 / 9.4%	S+392 / 9.4%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
7/23/2024	UnitedHealth Group Inc	Sr Notes	\$500	A2/A+/A	FRN	7/15/2026	N/A	25 bps
7/23/2024	UnitedHealth Group Inc	Sr Notes	\$750	A2/A+/A	4.750%	7/15/2026	+35	25 bps
7/23/2024	UnitedHealth Group Inc	Sr Notes	\$350	A2/A+/A	4.800%	1/15/2030	+65	20 bps
7/23/2024	UnitedHealth Group Inc	Sr Notes	\$750	A2/A+/A	4.950%	1/15/2032	+80	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
6/26/2024	Concentra	Sr. Notes	\$650	B1/B/NR	6.875%	7/15/2032	256 bps	7.00% area
6/5/2024	Medline (add-on)	Sr. Sec. Notes	\$500	Ba3/B+/BB	6.250%	4/1/2029	198 bps	99.50%-99.75%
5/23/2024	Sotera Health*	Sr. Sec. Notes	\$750	B1/BB-/NR	7.375%	6/1/2031	287 bps	7.50% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
7/26/2024	Zest Anchors (Zest Dental Solutions)	BC Partners	B3 / B	Refinancing	\$315	SOFR+525, 0% @ 100	10.597%
7/22/2024	MedRisk LLC	CVC	B3 / B-	Acquisition	\$445	SOFR+CSA+375, 0.75% @ 99.75	9.262%
7/18/2024	Vizient Inc	Not Sponsored	Ba2 / BB+	Acquisition	\$1,100	SOFR+200, 0.50% @ 99.75	7.408%

Most Recent Healthcare Pro Rata Issuances (\$MM)

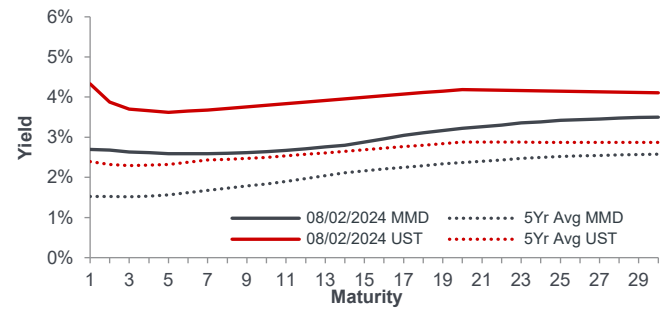
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
7/17/2024	Baxter International	Public	Baa2 / BBB	Refinancing	\$2,050mm TLA	Ratings-based Grid SOFR+125-162.5 CSA: 10	Max. Total Net Leverage Ratio: 4.75x
7/2/2024	UFP Technologies	Public	NR / NR	Acquisition	\$150mm 5-year Revolver \$125mm TLA	Leverage-based Grid SOFR+125-225 CSA: 10	Max. Total Leverage Ratio: 3.75x Min. Fixed Charge Coverage Ratio: 1.25x

Public Finance Market

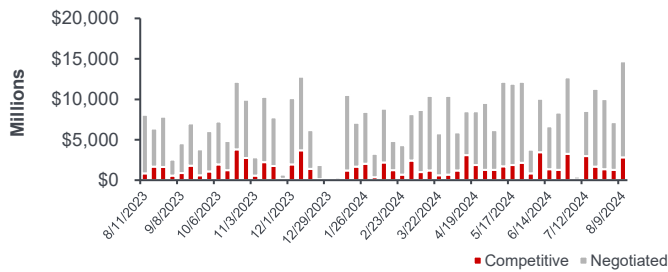
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 40 bps week-over-week, closing at 3.80% on Friday. 10-year MMD decreased 18 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 133% in 2024 vs 2023
- Muni bond funds Investors added \$1.1 billion and high yield funds gained \$222 million for the week ended August 2

MMD & UST Yield Curve



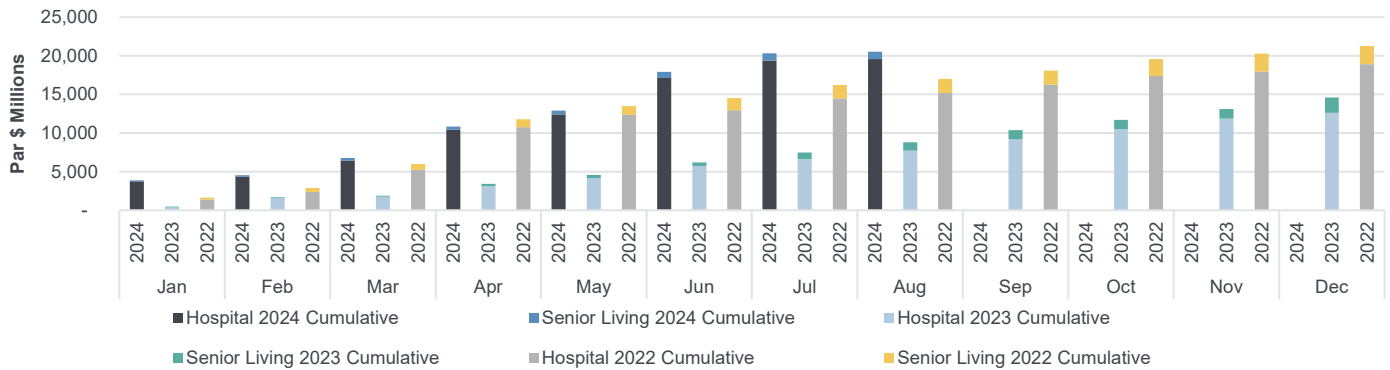
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.88%	(48 bps)	2	2.68%	(17 bps)	69%
10	3.80%	(40 bps)	10	2.64%	(18 bps)	69%
30	4.11%	(34 bps)	30	3.50%	(18 bps)	85%

Healthcare Public Issuance Overview



Recent Healthcare Public Issuance

Healthcare Public Issuance											
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM	
Recent Pricings, Week of 7/29											
Inova Health System Project	368,245	VA	FCIDA	TE	Aa2 / AA+ / NR	2054	2034(C)	4.13%	4.31%	N/A	
Exp. Pricings, Week of 8/5											
University of Colorado Hospital	398,990	CO	UCHA	TE	Aa2 / AA / AA	-	-	-	-	-	
John Muir Health	389,565	CA	CSCDA	TE	NR / A+ / A	-	-	-	-	-	
Erlanger Health	322,565	TN	HEHFCCT	TE	NR / A / A-	-	-	-	-	-	
Endeavor Health Credit Group	281,020	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-	
ProHealth Care, Inc.	82,180	WI	WHEFA	TE	A1 / A+ / NR	-	-	-	-	-	
Garden Spot Village Project	67,275	PA	LMA	TE	NR / NR / BBB-	-	-	-	-	-	
City of Alameda Health Care	13,500	CA	CAHCD	TE	Aa2 / NR / NR	-	-	-	-	-	

Relevant News

How The Hospice CARE Act Could Change Respite Services¹

Hospice News | August 1, 2024

The Hospice Care Accountability, Reform, and Enforcement (Hospice CARE) Act, if enacted, would make changes to the ways hospices provide respite care. Rep. Earl Blumenauer (D-Oregon) is in the process of drafting the bill that would represent the most significant reforms to date for hospice payment and oversight. The legislation is currently in a discussion draft phase, which has been circulated among the nation's major industry trade associations and their members for feedback. Blumenauer announced the bill at the Hospice News Elevate conference in Washington D.C. There, the Congress member pledged to work with hospice providers to fine tune the bill's language. The bill's wide-ranging provisions include some items pertaining to respite care. It would, for example, change the current statutory language that limits inpatient respite care to no more than five consecutive days to no more than five days during an election period.

How To Realize The Promise Of A Value-Based Care Future²

Forbes | August 5, 2024

Healthcare reform has been on Americans' minds for decades—especially as healthcare costs outpace average incomes, and the burden of paying for care falls on U.S. employers and consumers. Our fee-for-service (FFS) model dates back to the 1930s. It was perpetuated by Centers for Medicare and Medicaid Services (CMS) calculations in the 1980s that deemphasized preventive and primary care in reimbursements and instead rewarded costly and complex procedures. These misaligned incentives created a system that is good at taking care of sick people, but not good at preventing sickness or promoting health. Fixing a U.S. healthcare system operating on misaligned incentives takes time. In 2022, 40% of payments were still entirely fee-for-service (no link to quality or value), while only 9.6% were entirely population-based (no FFS component). Most non-Medicare patients get their insurance from employers. But many employers still don't fully understand their role in a VBC future or the tools at their disposal to incentivize lower costs and better quality.

CMS, HHS Can Use Existing Federal Authority To Regulate AI Safety In Hospitals: JAMA³

Fierce Healthcare | July 31, 2024

As artificial intelligence rapidly makes inroads in healthcare, federal agencies already have the authority to regulate AI at the hospital bedside, according to some healthcare researchers. Many groups have called for new regulation of AI in healthcare. But, researchers at the University of Pennsylvania and Duke University School of Medicine contend in a recent JAMA Health Forum viewpoint article that the Department of Health and Human Services (HHS) and the Centers for Medicare & Medicaid Services (CMS) should use the existing mandates in the Medicare and Medicaid Conditions of Participation (CoPs) to oversee AI safety in hospitals. Medicare's CoPs set health and safety standards for healthcare organizations and are designed to protect patient health and safety regardless of healthcare intervention or technology.

continued...

Exploring The Rise In Mental Health Care Use By Demographics And Insurance Status²

KFF | August 1, 2024

Many people in the United States experience mental health conditions, which raises questions about mental health service utilization patterns and what barriers exist with connecting people to services. Prior research suggests that mental health service utilization increased over time. This analysis explores more recent data, from 2019 to 2022, to understand the latest trends in utilization of mental health services and how it differs by demographics and insured status. In this analysis, receipt of mental health care is measured as the share of people who say they received mental health counseling and/or prescription medication for mental health concerns in the last year. Estimates shown are KFF analyses of National Health Interview Survey (NHIS) data among adults in the U.S. from 2019 to 2022. Specifically, the share of adults saying they received mental health counseling in the past year increased from 10% in 2019 to 13% in 2022. Similarly, the share of adults reporting they took prescription medication for mental health conditions increased from 16% to 19% during the same period. Receipt of prescription medication remained consistently higher than counseling (19% vs. 13%, respectively, in 2022).

CMS Finalizes 2.9% Pay Bump For Inpatient Hospitals In FY2025²

Fierce Healthcare | August 1, 2024

The Biden administration has finalized proposed payment rates for inpatient services in the coming year, and they're not likely to be welcomed by hospitals. Initially, the Centers for Medicare & Medicaid Services (CMS) proposed a 2.6% payment increase for 2025, which providers decried as inadequate. In the final Inpatient Prospective Payment System (IPPS) rule, that increase was bumped up to 2.9%. CMS said in a press release that its new rates will likely increase payments to inpatient hospitals by \$2.9 billion. However, Soumi Saha, senior vice president for government affairs at Premier, said in a statement that the "payment update only forces hospitals to stretch further to cover basic patient needs." Alongside the payment rates, CMS finalized a policy update as part of an initiative to address homelessness. The agency said it is aiming to "better account for the resources involved in furnishing care to individuals experiencing housing insecurity," which will likely lead to higher payouts for hospitals that treat patients with housing needs.

Number Of Americans Without Health Insurance Rises In 2024, Breaking Streak Of Record-Low Figures³

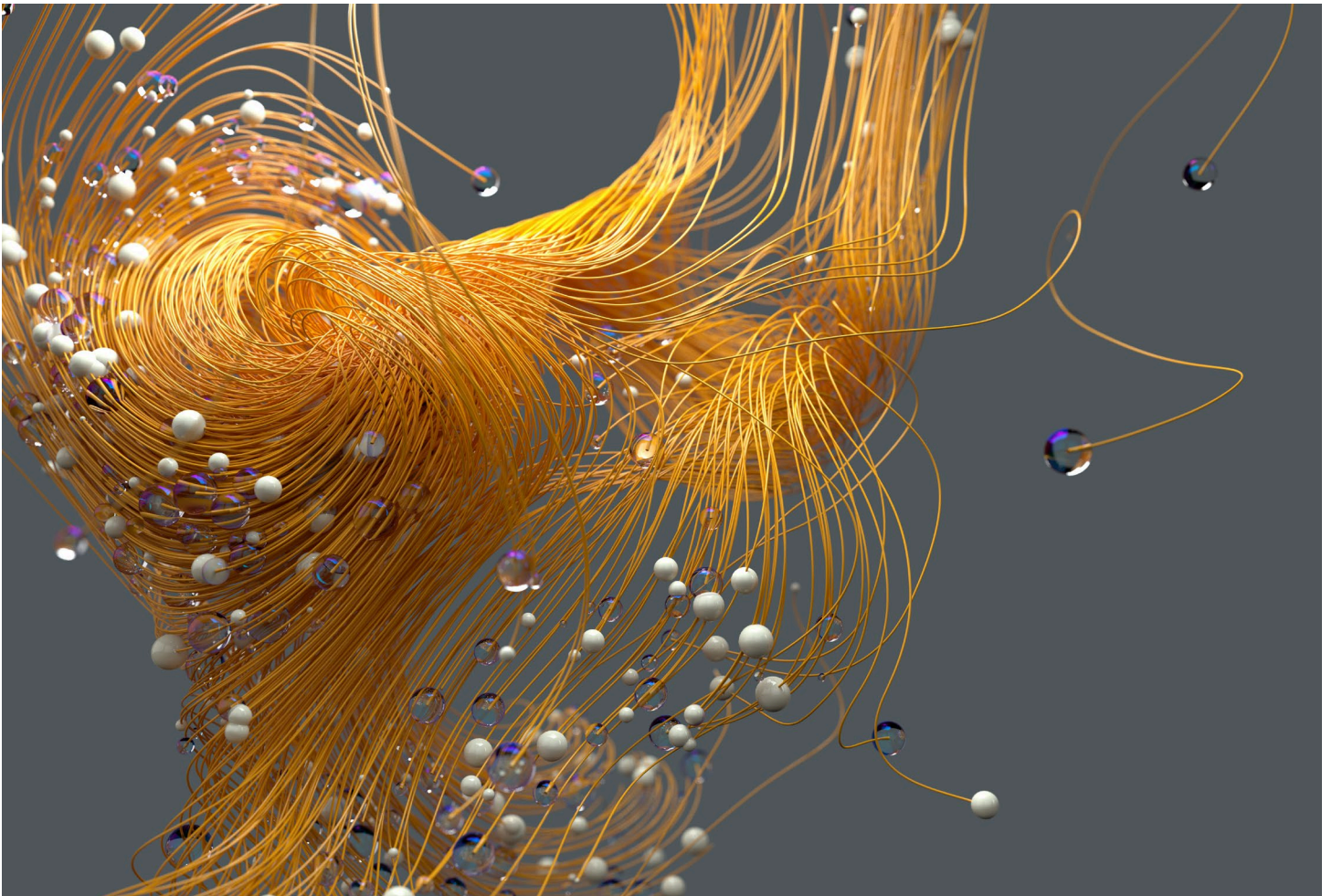
CBS News | August 6, 2024

More than 8% of Americans did not have health insurance during the first months of 2024, according to new survey findings published by the Centers for Disease Control and Prevention, breaking a streak of record-low uninsured rates following the COVID-19 pandemic. An estimated 27.1 million Americans of all ages were uninsured through March, according to the quarterly figures published Tuesday. The CDC publishes estimates on insurance coverage every three months based on results from the agency's National Health Interview Survey. The increase amounts to 3.4 million more Americans who did not have health insurance during the first quarter of this year compared to the same time in 2023, the CDC estimates, when around 7.7% of Americans were uninsured. Future rounds of the survey will paint a clearer picture of how high the uninsured rate will rise this year. The increases so far are not large enough to be statistically significant, said Christy Hagen of the CDC's National Center for Health Statistics.

August 21, 2024

Cain Brothers Industry Insights

Healthcare Market Report



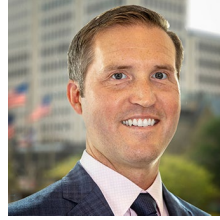
Banker commentary:

Acquisition Opportunities for Not-for-Profit Senior Living Organizations

Banker Commentary

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Acquisition Opportunities for Not-for-Profit Senior Living Organizations

Banker Commentary by Kyle Hemminger

Senior living organizations continue to face many operating headwinds including stagnant occupancy, expense pressures, competitive forces, and market variables. While progress is being made in terms of revenue and margin growth, the improvement has been slower than most organizations expected and, certainly, than they would have preferred. In addition to the challenging operating environment, debt markets, although improving, remain impaired especially for organizations with unstabilized operations. In combination, the operating headwinds and more restrictive debt markets present an attractive opportunity for not-for-profit organizations with solid financial performance to grow via acquisitions. Further, growth-oriented organizations are not limited to just underperforming communities, because the current “buyer’s market” includes opportunities to acquire stabilized communities as well.

Operating conditions have improved, but there’s no “silver bullet” for staffing issues, which likely remain an ongoing challenge that requires active management. Larger organizations with deeper benches and more resources have a greater likelihood of successfully navigating staffing challenges. On the revenue side, many organizations have been able to increase pricing to offset expense inflation, increasing operating margins along with occupancy growth. However, the sustainability of continued rate increases is uncertain.

Accessing capital via either bank or bond financing remains challenging for organizations with unstabilized operations. The inability to access capital can become a downward spiral if organizations are unable to reinvest in their physical plant to maintain marketability and to meet evolving consumer preferences. In turn, these challenges can then lead to falling occupancy and cash flow, which puts additional pressure on financial performance and further restricts access to capital.

A challenging operating environment and an inability to access capital can lead to financial distress. For many not-for-profit senior living organizations, the ability to grow via acquisition has historically been limited to distressed affiliation opportunities of other not-for-profit senior living organizations. Distressed affiliations (and acquisitions) present risks, including the ability to successfully turnaround the target, cultural fit, and reputational risk for the acquirer. On the other hand, distressed or unstabilized acquisitions also present significant opportunities especially when the net is widened to include for-profit communities. Often, these acquisitions can be acquired below replacement costs, which presents that opportunity for significant value creation, if the acquirer successfully stabilizes operations. Many distressed for-profit communities have attractive real estate but have reached a ceiling on occupancy, the limits of their capital partners, and/or lender triggering the need to monetize the asset. A not-for-profit acquirer generally has a long-term horizon when compared to a

continued...

typical equity investor and the potential advantage to eliminate real estate taxes, which can provide some expense relief while occupancy improves.

However, acquisitions do not need to be limited to only financially challenged opportunities. For-profit organizations, outside of real estate investment trusts, are currently less active on stabilized “cap rate” acquisitions as they see greater value creation in distressed communities, and their cost of debt capital often exceeds the stabilized cap rate. Some organizations with stabilized operations, however, need to exit via a sale due to investor hold periods or debt maturities. The acquisition of stabilized communities can be accretive to cash flow and increase portfolio diversity (geographically, service line, and operating model) without the risks associated with more traditional not-for-profit growth via either new development or expansions, which present construction and lease-up risk. Creditworthy not-for-profits with access to the tax-exempt bond market have an advantage in bidding on stabilized communities as, in most cases, cap rates currently exceed tax-exempt interest rates by a couple hundred basis points, creating positive leverage. Unfortunately, many real estate brokers overlook not-for-profit organizations as potential acquirers, given concerns about the not-for-profit’s ability to move and close quickly (i.e., in combination, certainty of execution). Growth-oriented organizations should develop criteria with which to quickly screen potential acquisitions. Further, evidencing access to a line-of-credit and/or an investment grade rating can increase a not-for-profit’s likelihood of being successful in an auction.

It is an opportune time for not-for-profit senior living organizations to grow via acquisitions as headwinds (both operating and capital markets) present opportunities. Unstabilized acquisitions certainly have risks, but also present significant value propositions, while stabilized acquisitions offer not-for-profit organizations the opportunity to expand their missions and build scale without less risk. Growth-oriented organizations should define acquisition criteria now for both distressed and stabilized communities and understand their optimal financing alternatives (bridge vs. permanent financing) to position the organization for success. Cain Brothers is actively assisting not-for-profit organizations in the development of acquisition criteria, identifying and pursuing acquisition opportunities, and evaluating financing alternatives.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
8/14/2024	Chartis	Blackstone (majority) and Audax Private Equity	NA	NA	NA	Healthcare advisory firm
8/13/2024	MedSpeed	Water Street Healthcare Partners	NA	NA	NA	Provider of same-day logistics services to the healthcare industry
8/13/2024	Steward Medical Group and Steward Health Care Network	Rural Healthcare Group (Kinderhook)	NA	NA	NA	Primary care provider organization in Massachusetts and nine other states
8/13/2024	Xtend Healthcare (Navient (Nasdaq: NAVI))	CorroHealth	\$365	NA	NA	Healthcare revenue cycle management organization
8/12/2024	CuraLinc Healthcare	Lightyear Capital	NA	NA	NA	Provider of employee assistance, student and workforce mental health programs
8/12/2024	QGenda (Francisco Partners)	Hearst	NA	NA	NA	Healthcare workforce management solutions
8/9/2024	First Horizon Management	Honor Health Care Network	NA	NA	NA	Skilled and unskilled home health care services provider
8/8/2024	Crozer Health (Prospect Medical)	CHA Partners	NA	NA	NA	Pennsylvania four-hospital system
8/8/2024	EHE Health	Consello Capital	NA	NA	NA	National network provider of preventive healthcare
8/8/2024	VFP Pharmacy Partners (BelHealth Investment Partners)	Undisclosed	NA	NA	NA	Independent national fertility pharmacy
8/7/2024	Care Connectors Medical Group	Epilog Partners, HealthQuest Capital, Echo Health Ventures and Blue Venture Fund	NA	NA	NA	National, on-demand platform for value-based care enablement
8/6/2024	Aarista	HCAP Partners	NA	NA	NA	Multidisciplinary healthcare technology company in post-acute care sector
8/6/2024	ASP Global (Incline Management)	Platinum Equity	NA	NA	NA	Develops, sources and distributes consumable medical products for healthcare providers and distributors
8/5/2024	Brookwood Baptist Health (70%) Tenet Healthcare [NYSE:THC]	Orlando Health	\$1,300	NA	21.7x	Five hospitals based in Alabama
8/1/2024	ANI Healthcare Solutions	EnableComp (WCAS)	NA	NA	NA	Denial management company
8/1/2024	Piedmont Family Practice	University of Virginia Health System	NA	NA	NA	Family medicine clinic based in Virginia

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
8/13/2024	PayZen	NEA (lead), 7wireVentures, SignalFire, Viola Ventures, and others	Series B	Equity: \$32 Debt: \$200	Healthcare fintech company
7/31/2024	Spring Health	Generation Investment Management (lead), Kinnevik, William K Warren Foundation, RRE, and Northzone	Series E	\$100	Comprehensive mental health solution for employers and health plans
7/31/2024	WellBe Senior Medical	Excellus BlueCross BlueShield and Intermountain Ventures	Undisclosed	Undisclosed	Provider of home-based medical care
7/30/2024	Flo Health	General Atlantic	Series C	\$200	Women's health capp
7/26/2024	CoachCare	Integrity Growth Partners (lead), Topmark Partners	Growth	\$48	Remote patient monitoring platform
7/25/2024	Medicom Technologies	UPMC Enterprises, Tampa General Hospital Ventures, Cone Health Ventures, Oval Park Capital, Grayhawk Capital, Carolina Angel Network and the Triangle Tweener Fund	Strategic	Over-subscribed	Decentralized health information network for providers, patients, and research organizations
7/24/2024	Pearl	Left Lane Capital (lead), Smash Capital, Alpha Partners, Craft Ventures and Neotribe Ventures	Series B	\$58	AI-driven company for the dental industry
7/24/2024	TMRW Life Sciences	5AM Ventures (lead), FIOS Venture Holdings, DF Investment Partners, Transformation Capital, Life Sciences Innovation Fund, Casdin Capital and GV	Series D	\$28	Automated specimen management and storage platform for frozen human sperm, eggs and embryos
7/17/2024	Truvian Health	Wittington Ventures and Great Point Ventures (co-leads), DNS Capital, Medical Excellence Capital, Tao Capital, TYH Capital, and 7wireVentures	Undisclosed	\$74	Central laboratory equivalent blood tests
7/16/2024	Thyme Care	Concord Health Partners, CVS Health Ventures, Town Hall Ventures, a16z Bio + Health, AlleyCorp, Echo Health Ventures, Frist Cressey Ventures, and Foresite Capital	Series C	\$95	Value-based cancer care enabler
7/11/2024	Earned Wealth	Summit Partners and Silversmith Capital Partners (leads), Juxtapose, Hudson Structured Capital Management, and Breyer Capital	Undisclosed	\$200	Tech-enabled financial services firm for medical professionals
7/9/2024	NOWDiagnostics	DigitalDx Ventures (lead), Labcorp Venture Fund and Kompass Kapital Management	Series B	\$23	Developer of over-the-counter and point-of-care diagnostic tests
7/8/2024	HarmonyCares	General Catalyst, McKesson Ventures (leads), K2 HealthVentures, Rubicon Founders, Valtruis, HLM Capital, and Oak HC/FT	Undisclosed	\$200	Provider of value-based in-home longitudinal care
7/1/2024	K Health	Claire Group (lead), Mangrove Capital Partners, Valor Equity Partners, and Atreides Management	Undisclosed	\$50	AI primary care platform
7/1/2024	N-Power Medicine	Merck Global Health Innovation Fund (lead)	Series B	\$72	Integrated platform providing a single workflow for both clinical trial and routine patient management
6/26/2024	Sidicare Health	Koch Disruptive Technologies (lead), GreatPoint Ventures, BOND, Cathay Innovation, Drive Capital, Duke University, Menlo Ventures, and Morpheus	Series D	\$165	Tech enabled health insurance company
6/25/2024	eVisit	MedStar Health and UPMC Enterprises	Strategic	Undisclosed	Virtual care platform for large healthcare systems

Equity Capital Markets

Market Overview

- Last week was the final week for existing publics to access the market prior to the seasonal slowdown in August:
 - 0 IPOs; 11 follow-ons; 3 converts
- The lone healthcare offering of the week was a \$116MM marketed follow-on priced by Sonida Senior Living → SNDA's stock price had more than triple YTD with proceeds raised being used to purchase a portfolio of 8 senior housing assets in Florida & North Carolina
- There were no new U.S. IPOs last week and activity is expected to remain light until after the Labor Day holiday due to seasonality, the recent market volatility and requirements to include 2Q financial statements

ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	6,195	3	33%	0	0	0%
CONV	2,021	6	11%	7,607	10	46%
FO	10,529	28	56%	9,102	29	54%
Total	18,745	37	100%	16,709	39	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	20,269	35	15%	8,737	16	9%
CONV	40,766	61	31%	32,767	49	35%
FO	70,683	217	54%	50,828	205	55%
Total	131,719	313	100%	92,332	270	100%

Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
7/24/2024	Concentra Group Holdings	Services	CON	\$528.8	\$2,974.9	17.8%	100.0%	\$23.50	\$23.00 - \$26.00	(4.3%)	(0.8%)
7/17/2024	Ardent Health Partners	Services	ARDT	\$220.8	\$2,255.4	9.8%	100.0%	\$16.00	\$20.00 - \$22.00	0.4%	4.7%
6/13/2024	Tempus AI	Healthcare Technology	TEM	\$410.7	\$6,108.9	6.7%	100.0%	\$37.00	\$35.00 - \$37.00	8.8%	(26.3%)
6/6/2024	Waystar Holding	Healthcare Technology	WAY	\$1,076.3	\$3,583.2	30.0%	100.0%	\$21.50	\$20.00 - \$23.00	(3.7%)	3.0%
4/10/2024	PACS Group*	Services	PACS	\$517.5	\$3,153.2	16.4%	87.0%	\$21.00	\$20.00 - \$22.00	9.5%	11.4%

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

Issuer Information					Deal Sizing			Pricing		Performance	
Pricing Date	Company	Sector	Deal Type	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Discount to File	1-Day	1-Week
8/15/2024	Sonida Senior Living	Services	Marketed	SNDA	\$116.1	\$593.3	19.6%	100.0%	(15.6%)	(2.0%)	-
6/26/2024	Addus HomeCare	Services	Marketed	ADUS	\$186.3	\$2,135.9	8.7%	100.0%	(9.6%)	5.8%	8.7%
5/30/2024	Bruker	Medical Products	Bought	BRKR	\$408.0	\$10,979.4	3.7%	100.0%	(6.3%)	(3.6%)	(6.5%)
5/21/2024	LifeStance Health Group	Services	Marketed	LFST	\$125.0	\$2,859.5	4.4%	0.0%	(16.4%)	(7.0%)	(8.0%)
5/14/2024	Kenvue	Consumer Health	Marketed	KVUE	\$3,646.6	\$39,502.6	9.2%	0.0%	(2.6%)	2.7%	(0.2%)

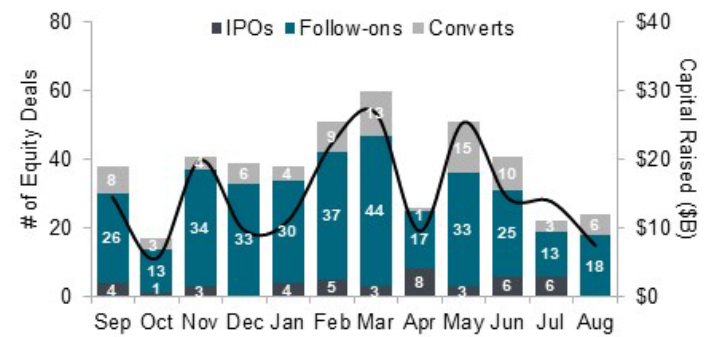
Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
5/23/2024	HAEMONETICS	Medical Products	HAE	\$700.0	\$4,580.3	15.3%	2.50%	30.00%
3/6/2024	Tandem Diabetes Care	Medical Products	TNDM	\$316.3	\$1,778.9	17.8%	1.50%	27.50%
3/4/2024	iRhythm Technologies	Medical Products	IRTC	\$661.3	\$3,378.2	19.6%	1.50%	35.00%
12/6/2023	Merit Medical Systems	Medical Products	MMSI	\$747.5	\$3,784.4	19.8%	3.00%	32.50%
12/5/2023	Evolent Health	Healthcare Technology	EVH	\$402.5	\$3,066.0	13.1%	3.50%	42.50%

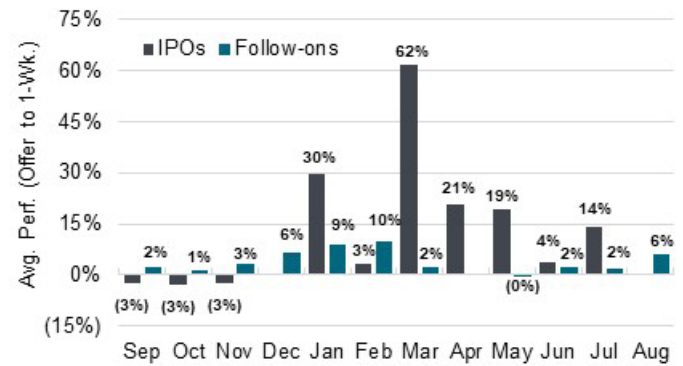
Sources: Bloomberg, Capital IQ, Dealogic, and Press Releases

Note: Transactions include IPOs, follow-ons (including bought deals) and convertible offerings of \$25mm or more priced on a U.S.-based exchange; Price performance includes both marketed and bought deal follow-ons; * denotes Cain Brothers / KBCM transaction

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



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



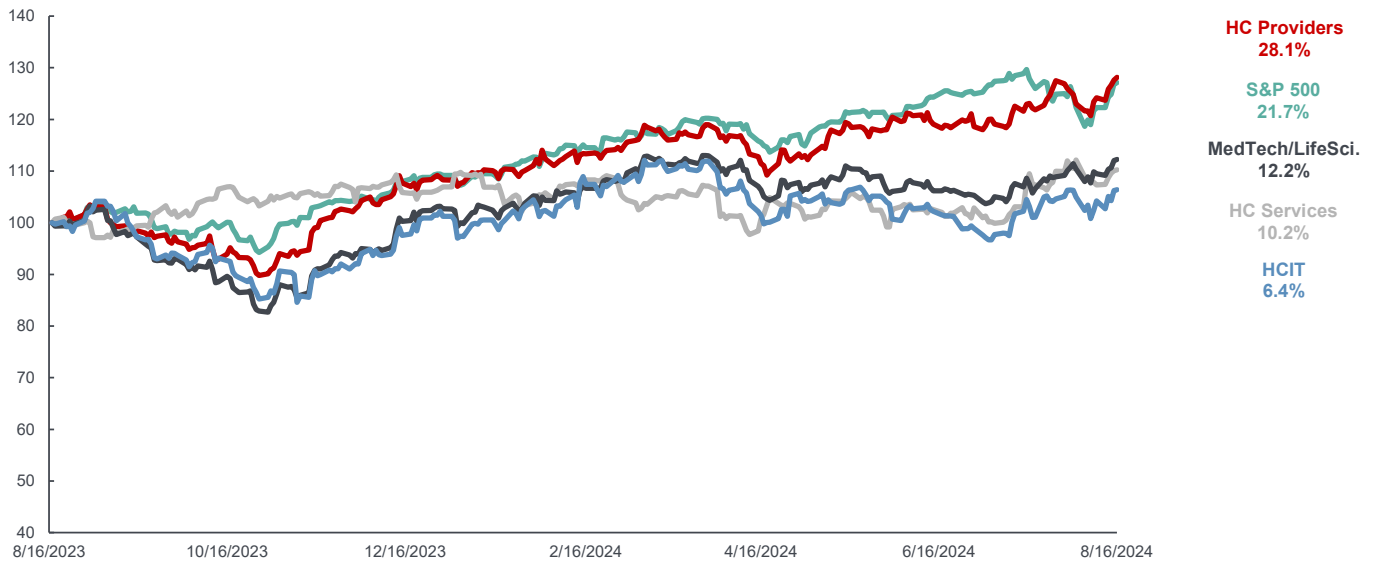
Public Equity Market Activity & Indices

Equity Indices (as of August 16, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	39,498	40,660	17.9%	2.9%
S&P 500	5,344	5,554	27.1%	3.9%
NASDAQ	16,745	17,632	32.4%	5.3%
Russell 2000	2,081	2,142	15.8%	2.9%
NYSE Healthcare	27,094	27,607	16.4%	1.9%

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	43.3%	3.9%
Alternate Site Services	15.7%	4.3%
Diagnostics	21.8%	3.0%
Distribution	21.3%	2.3%
Healthcare IT	6.4%	2.1%
Healthcare REITs	45.2%	(1.1%)
Managed Care	13.7%	2.8%
Medical Technology	11.3%	2.8%
Outsourced Services	(11.5%)	(0.7%)
Pharma Services	18.6%	0.4%
Pharmacy	(23.6%)	2.4%
Primary Care	(53.5%)	(1.9%)
Post-Acute Care Services	36.4%	2.2%
Post-Acute Care Facilities	32.8%	1.3%

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Issuance continued at a brisk pace last week, with 25 issuers tapping the market to raise \$29.0BN; new issue stats for the week showed that despite the lower all-in yields, investor appetite remains robust

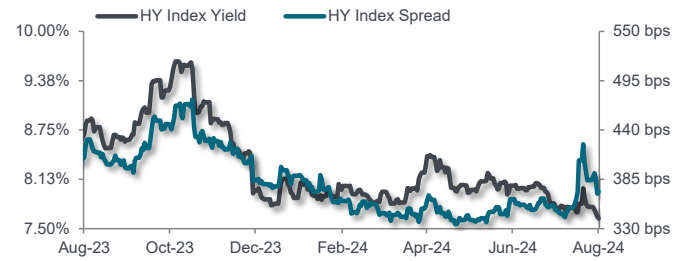
High Yield

- Plummeting yields, steady spreads against the backdrop of a strong consumer sentiment and cooling inflation lured borrowers into the market

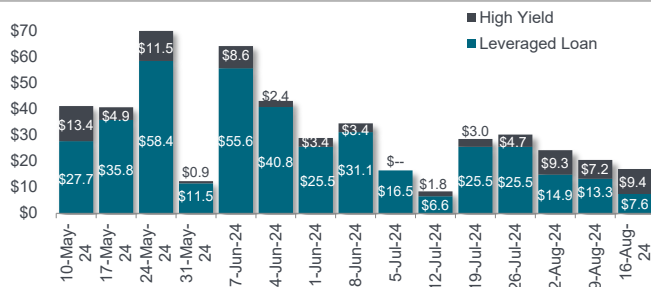
Term Loan B Market

- While repricing activity has come to a halt, this week saw a number of low rated first time issuers hit the market

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			08/16/24	
Ba1	S+225 / 7.6%	S+219 / 7.5%	--	
Ba2	S+226 / 7.6%	S+236 / 7.5%	S+205 / 7.4%	
Ba3	S+280 / 8.2%	S+238 / 7.7%	S+265 / 8.1%	
Single-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			08/16/24	
B1	S+332 / 8.8%	S+313 / 8.6%	S+342 / 8.8%	
B2	S+396 / 9.4%	S+373 / 9.1%	S+353 / 8.9%	
B3	S+405 / 9.5%	S+392 / 9.4%	S+417 / 9.7%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
8/15/2024	Quest Diagnostics Inc*	Sr Notes	\$400	Baa1/BBB+/BBB	4.600%	12/15/2027	+70	30 bps
8/15/2024	Quest Diagnostics Inc*	Sr Notes	\$600	Baa1/BBB+/BBB	4.625%	12/15/2029	+85	30 bps
8/15/2024	Quest Diagnostics Inc*	Sr Notes	\$850	Baa1/BBB+/BBB	5.000%	12/15/2034	+113	28 bps
8/12/2024	Eli Lilly & Co	Sr Notes	\$750	A1/A+/-	4.150%	8/14/2027	+35	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
8/16/2024	Prime Healthcare*	Sr. Sec. Notes	\$1,500	B3/B-/B	9.375%	9/1/2029	556 bps	9.50% area
8/8/2024	DaVita	Sr. Notes	\$1,000	Ba3/BB-/NR	6.875%	9/1/2032	-	6.875% area
6/26/2024	Concentra	Sr. Notes	\$650	B1/B/NR	6.875%	7/15/2032	256 bps	7.00% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
7/26/2024	Zest Anchors (Zest Dental Solutions)	BC Partners	B3 / B	Refinancing	\$315	SOFR+525, 0% @ 100	10.597%
7/22/2024	MedRisk LLC	CVC	B3 / B-	Acquisition	\$445	SOFR+CSA+375, 0.75% @ 99.75	9.262%

Most Recent Healthcare Pro Rata Issuances (\$MM)

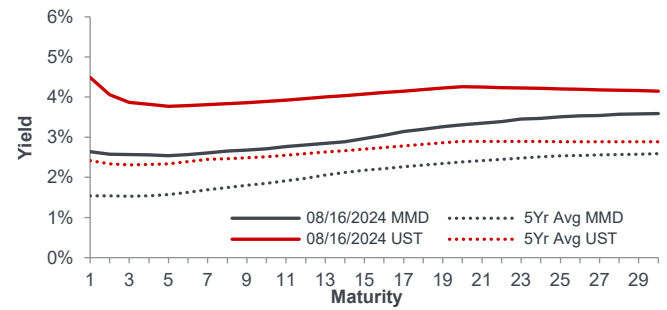
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
7/17/2024	Baxter International	Public	Baa2 / BBB	Refinancing	\$2,050mm TLA	Ratings-based Grid SOFR+125-162.5 CSA: 10	Max. Total Net Leverage Ratio: 4.75x
7/2/2024	UFP Technologies	Public	NR / NR	Acquisition	\$150mm 5-year Revolver \$125mm TLA	Leverage-based Grid SOFR+125-225 CSA: 10	Max. Total Leverage Ratio: 3.75x Min. Fixed Charge Coverage Ratio: 1.25x

Public Finance Market

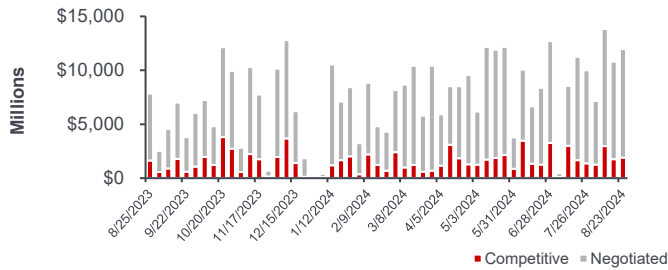
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 5 bps week-over-week, closing at 3.89% on Friday. 10-year MMD increased 1 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 156% in 2024 vs 2023
- Muni bond funds Investors added \$529 million and high yield funds gained \$231 million for the week ended August 14

MMD & UST Yield Curve



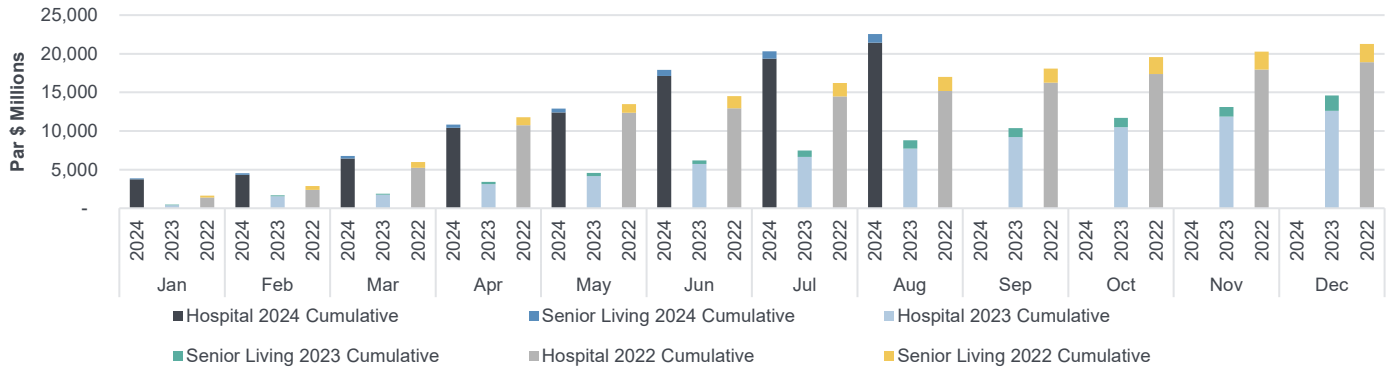
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.06%	1 bps	2	2.58%	(6 bps)	64%
10	3.89%	(5 bps)	10	2.71%	1 bps	70%
30	4.15%	(8 bps)	30	3.59%	1 bps	87%

Healthcare Public Issuance Overview



Recent Healthcare Public Issuance

Healthcare Public Issuance ⁽¹⁾										
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
Recent Pricings, Week of 8/12										
Karnes County Hospital Dist*	33,785	TX	KCHD	TE	NR / NR / A	2044	2029(C)	5.00%	3.54%	4.54%
Erlanger Health	319,410	TN	CTHE	TE	NR / A / A-	2054	2034(C)	5.25%	4.28%	4.75%
Inspira Health Obligated Group	251,570	NJ	NJHCFFA	TE	A2 / NR / AA-	2054	2034(C)	5.25%	4.14%	4.69%
El Paso County Hospital District	187,120	TX	EPCHD	TE	NR / NR / A-	2043	2034(C)	5.00%	3.89%	4.29%
Halifax Hospital Medical Center	73,360	FL	HHMC	TE	NR / A- / A-	2054	2034(C)	5.25%	4.28%	4.76%
Exp. Pricings, Week of 8/19										
BayCare Health System	1,302,745	FL	HCIDA	TE	Aa2 / NR / AA	-	-	-	-	-
Endeavor Health Credit Group	281,020	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-
Maine Health and Higher Edu.	85,415	ME	MHHEFA	TE	Aa3 / AA / A+	-	-	-	-	-
La Maestra Community Health	13,790	CA	CMFA	TE	NR / AA- / NR	-	-	-	-	-

Sources: Bloomberg, TM3

* Denotes Cain Brothers/KeyBanc Capital Markets participation

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

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Relevant News

Aon Projects Employer Health Costs Will Rise 9% Next Year¹

Fierce Healthcare | August 16, 2024

Employers' health costs are expected to rise by an average of 9% next year, according to a new report from Aon. The analysts estimated that the average cost for employer-sponsored care would top \$16,000 per employee in 2025. This is notably higher than the increase employers felt between 2023 and 2024, which was 6.4% after they deployed cost-saving options like increasing employee cost-sharing. The 9% estimate does not account for any similar moves in 2025, the Aon researchers said. The average budgeted healthcare cost in 2024 is \$14,823 per employee, the study shows. "In the healthcare sector, both rising employment levels and wage increases fueled by economy-wide inflation during the past few years are pushing healthcare costs higher," said Debbie Ashford, the North America chief actuary for Health Solutions at Aon, in a press release.

Telehealth Takes A Tumble, But Experts Say The Fight Isn't Over²

Healthcare Brew | August 14, 2024

Telehealth has taken more hits lately than a piñata at a birthday party. In April, UnitedHealth Group announced it was shutting down its Optum Virtual Care program. Days later, Walmart announced it would shutter both Walmart Health and Walmart Health Virtual Care. And in July, Teladoc posted a net loss of \$838 million in Q2. The drop was largely driven by an impairment charge of ~\$800 million for BetterHelp, the virtual mental health platform it acquired in 2015, Fierce Healthcare reported. Executives attributed the decline to increased customer acquisition costs, among other factors. But while telehealth might currently be down, it's not out. There are still plenty of industry experts that believe in its value and usefulness to patients.

Medicare Advantage Home Health Utilization Lags Behind Traditional Medicare³

Home Health Care News | August 14, 2024

Yet another study suggests that Medicare Advantage (MA) beneficiaries have less access to quality home health services. In a study comparing traditional Medicare beneficiaries and MA beneficiaries in 2019, traditional Medicare beneficiaries were more likely to utilize outpatient, inpatient and home health care services than beneficiaries in MA plans. That was the case regardless of whether the MA plan had a monthly premium or not. The Research Institute for Home Care (RIHC) funds research related to home-based care delivery. It recently published research around hospital-to-home transitions. Its latest published research is centered around MA beneficiaries of all plan types, as well as comparisons between traditional beneficiaries and their MA member counterparts.

continued...

Why Disruptors Are Now Setting Their Sights On The Senior Care Market²

HealthLeaders Media | August 7, 2024

Disruptors looking for the secret sauce for success in the primary care market are setting their sights on a new strategy: Senior care. CVS Health recently announced plans to open 25 new Oak Street Health Centers this year alongside CVS pharmacies and another 11 stores next year, with the new stores focusing on senior care. Just last month, Humana announced that it would open 23 new senior primary care centers, operating under the CenterWell Senior Primary Care and Conviva Care Centers brands, in select Walmart Supercenters. The two announcements may point to a trend: Developing retail healthcare clinics for the fastest growing segment of the nation's population. In a recent HealthLeaders podcast Chris Palmieri, president and CEO of the Commonwealth Care Alliance, said the primary care space is still considered the entry point for consumer access to care.

The State On The Brink Of An ASC Boom²

Beckers ASC Review | August 7, 2024

ASCs are flourishing across the country, with payers, patients and health systems taking note of the cost-savings potentials. One of the biggest hindrances to ASC growth is certificate-of-need laws, which require healthcare providers and systems to get permission from the state before expanding facilities or building new ones. "I think certificate-of-need laws reduce the positive impact ASCs could have on the healthcare system," Michael Chwalek, senior financial analyst at Ambulatory Surgical Centers of America, told Becker's. "They restrict the number of ASCs through rationing and creating a significant barrier to entry. The time and legal and consulting fees required to gain certificate-of-need approval significantly increase the risk of starting a center." Many states are amending these laws, opening the door for new ASC development. In May, Tennessee Gov. Bill Lee signed legislation that modifies the state's certificate-of-need requirements. Beginning Dec. 31, 2027, ASCs will no longer be required to obtain a certificate, with additional regulatory requirements.

Health Agency Approach On Civil Penalties Shaken by High Court³

Bloomberg Law | August 12, 2024

Federal health agencies are expected to navigate with caution when issuing enforcement actions after a US Supreme Court ruling dealt a blow to their ability to leverage financial penalties, attorneys specializing in health law say. The US Department of Health and Human Services, the Centers for Medicare & Medicaid Services, and the Food and Drug Administration are likely to face heightened challenges from hospitals, insurers, drugmakers, and others in the health-care orbit after the Supreme Court decision in SEC v. Jarkesy. In that case, the court ruled that parties are entitled to a jury trial when the Securities and Exchange Commission sought civil penalties from them for securities fraud. The decision is likely to ripple across the administrative state and have a significant impact on the HHS and its agencies.