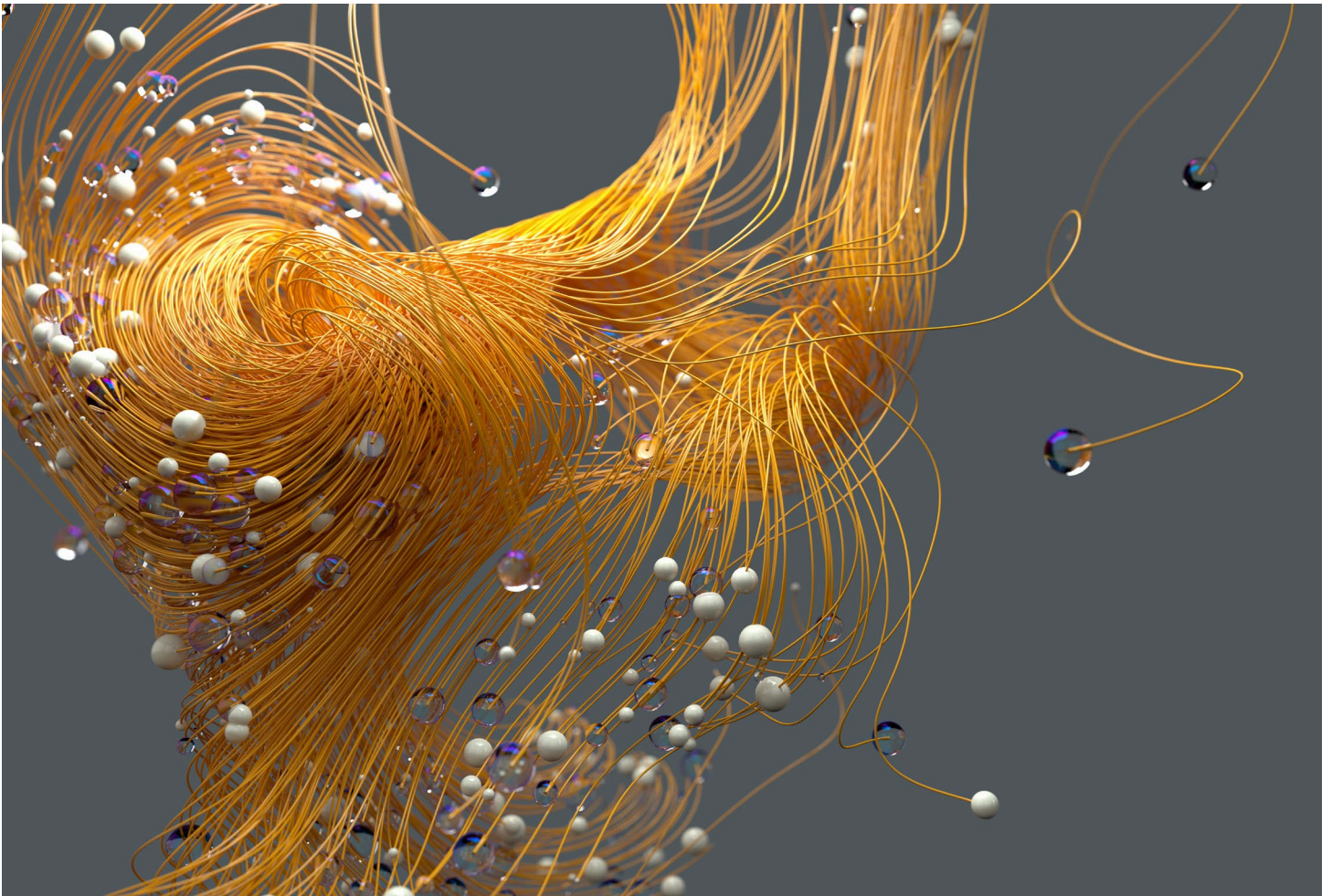


September 12, 2024

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Favorable Indicators Align for Not-for-Profit Healthcare Borrowers

Banker Commentary

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Favorable Indicators Align for Not-for-Profit Healthcare Borrowers

Banker Commentary by Joe Pollock

In the wake of recent challenges including COVID, staffing cost increases, and ongoing cyber threats to systems and their partners, for example, Change Healthcare, it will be a long time before we hear anyone call management in not-for-profit healthcare “easy.” However, the silver lining for the near-term borrowing outlook is getting brighter, in part due to the lessons learned from these headwinds, but also the alignment of a variety of favorable forces.

Post-COVID volatility in rates kept many borrowers on the sidelines throughout 2022 and 2023, with 2024 offering the first test of healthy supply being absorbed by market demand. According to data from Bloomberg, supply in 2024 exceeded recent years by a large margin across all municipal and municipal healthcare issuance. For all municipal bond issuance, year-to-date supply in 2024 has exceeded 2023 by 36% and 2022 by 23%. For municipal healthcare issuance specifically, supply in 2024 has exceeded 2023 by 174% and 2022 by 37%.

While this increase would by itself represent a borrowing headwind, market demand absorbed this issuance in an orderly fashion, especially for well-organized and properly marketed issues. Volume in 2024 included a noteworthy number of “mega-deals” with headline par amounts exceeding \$1 billion. This strong market demand throughout the year provided borrowers with the opportunity to implement different borrowing strategies, with some borrowers favoring recently reduced long-term rates and some electing to focus on the 5-10 year portion of the curve in hopes of even lower long-term rates in the medium term.

Systems across the rating spectrum, especially at the higher end, continue to make progress coming back from COVID-induced credit challenges and revisiting expansion plans that have been on hold. In their recent median reports, rating agencies cited a variety of indicators showing that systems are making good progress toward pre-pandemic credit profiles. Moody’s cited stabilized margins, revenue and expense growth parity, steady cash reserve levels, improved leverage and utilization growth in key areas like outpatient surgeries¹. S&P Global Ratings added emphasis on improving operations and reduced reliance on supplemental funding, as well as stable leverage measures². Fitch Ratings noted slight improvement in sector medians for 2024, the beginning of a slow and sustained recovery for the sector, and continued operational improvement expected in 2025³. Challenges certainly remain and will evolve, but these important steps forward should empower both the system borrowers and the institutional investors in the sector.

¹ Not-for-Profit and Public Healthcare – US Medians – Operating performance stabilizes as expense and revenue growth gap narrows August 6, 2024

² S&P Global Ratings U.S. Not-For-Profit Health Care System Median Financial Ratios--2023

³ Fitch Ratings 2024 Median Ratios: Not-for-Profit Hospitals and Healthcare Systems

continued...

Entering 2024, market participants telegraphed expectations for numerous reductions in the Federal Funds target rate, only to be met by persistently strong economic prints that tied the FOMC's hands.

At long last, Federal Reserve Chair Jerome Powell has signaled to the market that we have seen enough evidence to begin the target rate reduction process in September, with the Federal Funds target rate reaching 3.0% by the end of 2025⁴. This expectation for orderly reduction of overnight interest rates will be tested by ongoing economic prints, and the impact on the overall shape of the yield curve. With all that in mind, borrowers currently have credible evidence for lower borrowing costs ahead in the near term.

The capital financing decisions that systems face are increasing in complexity as internal and external factors evolve. The good news is that many headwinds of our post-COVID environment are abating and providing a favorable environment for systems to continue their critical growth and expansion plans. The Healthcare Public Finance Team at Cain Brothers is standing by to help systems navigate the entire range of financing decisions and execute lending and capital markets solutions crafted to fit systems' specific goals.

⁴ Bloomberg World Interest Rate Probability ("WIRP") as of September 5, 2024

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
9/6/2024	Genetics & IVF Institute	Amulet Capital Partners*	NA	NA	NA	Provider of reproductive tissue banking and related reproductive technology services
9/5/2024	MyndYou	WindRose Health Investors	NA	NA	NA	Provider of conversational AI solutions for healthcare
9/5/2024	Rexall Pharmacy Group and Well.ca (McKesson)	Birch Hill Equity Partners	NA	NA	NA	Online pharmacy and retailer
9/5/2024	The Rawlings Group, Apixio Payment Integrity, and VARIS	New Mountain Capital	NA	NA	NA	Technology-enabled platform focused on subrogation, coordination of benefits, pharmacy payment integrity, and complex claim solutions
9/4/2024	Foundation Wellness (Gridiron Capital)	Bansk Group	NA	NA	NA	Consumer health & wellness platform managing a family of specialty orthotics brands and other branded footcare-focused solutions
9/4/2024	Haven Hospice	BrightSpring Health Services [NASDAQ: BTSG]	\$60	NA	NA	Provider of comprehensive hospice care services
9/4/2024	MediQuant	Revelstoke Capital Partners	NA	NA	NA	Cloud-based data archiving and interoperability solutions for hospitals and health systems
9/3/2024	Physician Services Group of South Carolina	Fulcrum Equity Partners	NA	NA	NA	Provider of transitional and geriatric care for patients residing in skilled nursing and assisted living facilities
8/26/2024	United Urology Group (Audax Private Equity)	OneOncology	NA	NA	NA	Provider of comprehensive range of urologic care and ancillary services, including uropathology, radiation therapy, and pharmacy
8/22/2024	Houston Healthcare	Emory Healthcare	NA	NA	NA	Not-for-profit with two hospitals, five outpatient facilities and nine physician practices
8/22/2024	Knowtion Health (Sunstone Partners)	Arsenal Capital Partners and Sunstone Partners	NA	NA	NA	Provider of revenue cycle insurance claim resolution services supported by AI-enabled technologies
8/21/2024	University Hospitals' outreach laboratory services business	Quest Diagnostics (NYSE: DGX)	NA	NA	NA	Provider of laboratory services
8/16/2024	Avantor's Clinical Services Business	Audax Private Equity	NA	NA	NA	Provider of clinical trial and laboratory supply chain services to pharmaceutical and biotechnology companies, CROs, and diagnostic laboratories
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

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

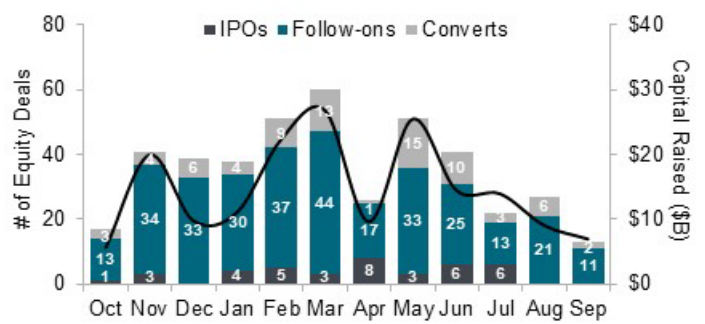
Date	Company	Investor(s)	Type	Amount	Description
9/5/2024	Thatch	Index Ventures and General Catalyst (co-leads), SemperVirens, The General Partnership, Andreessen Horowitz (a16z), Avid Ventures	Series A	\$38	Personalized health benefits platform
9/4/2024	Vesta Healthcare	RA Capital (lead), Oak HC/FT, Chrysalis Ventures, CareCentrix/Walgreens, Nationwide, Kaiser Permanente Ventures, Lux Capital, Generator Ventures, Deerfield Management	Series C	\$65	Virtual care provider group for people with home care
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

Equity Capital Markets

Market Overview

- Last week ECM desks pushed ahead with a solid slate of secondary offerings:
 - 0 IPOs; 16 follow-ons; 2 converts
- IPO activity is not expected to break out in the near term given FOMC & election related uncertainties but there is growing confidence that next year will bring a more normalized pace of activity and a greater number of higher-profile IPOs
- The funding window remains open for follow-on issuance in the wake of Q2 earnings and the past week's deals displayed constructive discounts / trading performance that improves the new issue outlook

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

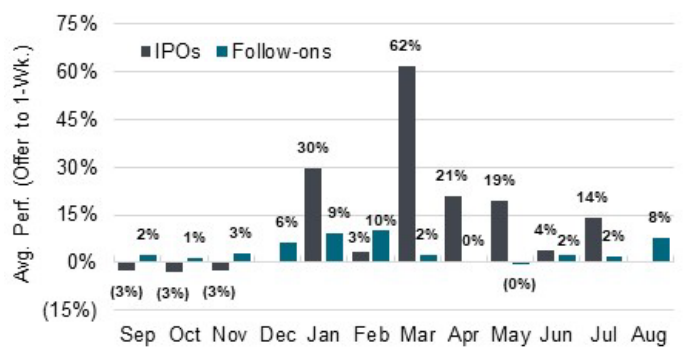


ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	0	0	0%	0	0	0%
CONV	2,620	5	19%	7,837	11	66%
FO	11,377	25	81%	4,086	15	34%
Total	13,997	30	100%	11,923	26	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	20,287	35	14%	8,737	16	9%
CONV	42,226	63	30%	38,062	57	38%
FO	77,794	231	55%	53,616	213	53%
Total	140,307	329	100%	100,416	286	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	\$546.4	\$2,992.6	18.3%	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	\$6,098.8	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
9/6/2024	PACS Group	Services	Marketed	PACS	\$600.0	\$5,778.8	10.4%	16.8%	(8.3%)	2.3%	-
9/4/2024	Sotera Health	Medical Products	Bought	SHC	\$381.3	\$4,364.3	8.7%	0.0%	(1.0%)	8.1%	-
8/15/2024	Sonida Senior Living	Services	Marketed	SNDA	\$116.1	\$593.3	19.6%	100.0%	(15.6%)	(2.0%)	(1.9%)
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%)

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

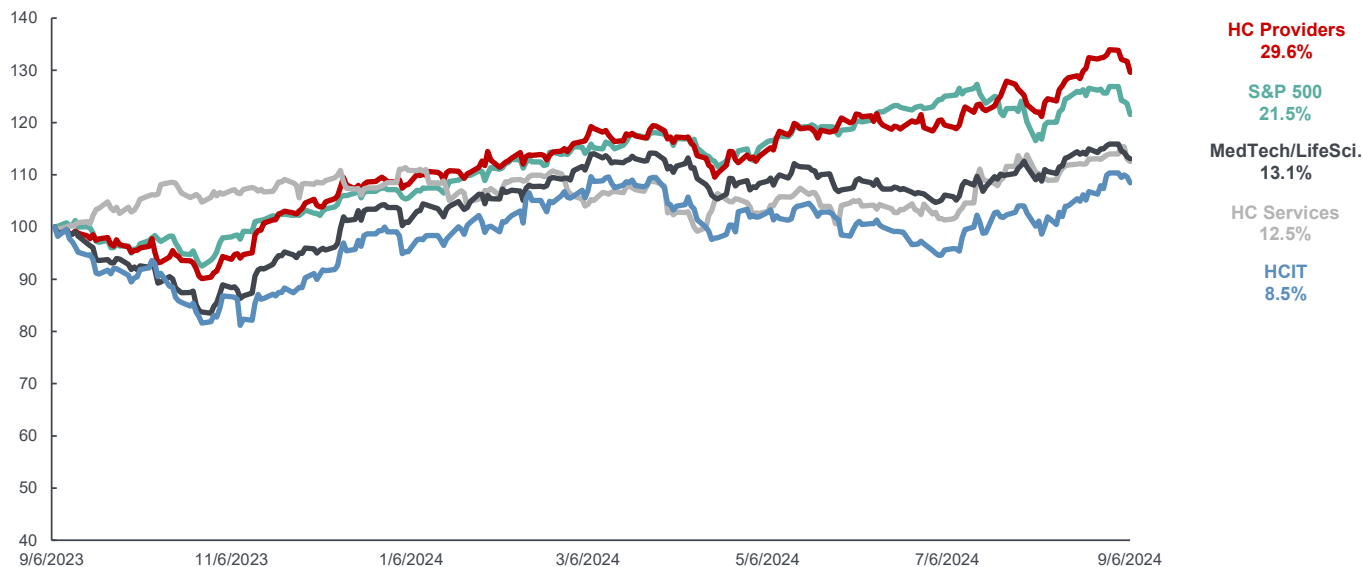
Public Equity Market Activity & Indices

Equity Indices (as of September 2, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	41,563	40,345	16.9%	(2.9%)
S&P 500	5,648	5,408	21.5%	(4.2%)
NASDAQ	17,714	16,691	21.4%	(5.8%)
Russell 2000	2,218	2,091	12.7%	(5.7%)
NYSE Healthcare	28,158	28,479	20.7%	1.1%

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	44.3%	(2.8%)
Alternate Site Services	23.7%	(2.3%)
Diagnostics	22.3%	(3.4%)
Distribution	16.9%	(5.5%)
Healthcare IT	8.5%	(1.7%)
Healthcare REITs	54.4%	2.4%
Managed Care	17.0%	(0.6%)
Medical Technology	#VALUE!	#VALUE!
Outsourced Services	(9.3%)	(3.3%)
Pharma Services	12.7%	(3.7%)
Pharmacy	(21.7%)	0.3%
Primary Care	(58.6%)	(5.0%)
Post-Acute Care Services	29.2%	(1.8%)
Post-Acute Care Facilities	30.7%	(1.7%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Investment grade bond issuance ramped up quickly last week as the "summer slowdown" came to an end, with 60 issuers tapping the market to raise \$84.6 billion

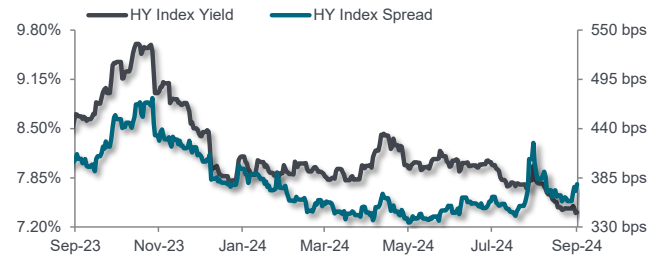
High Yield

- The high yield new issue market ramped up last week with 11 issuers tapping the market to raise \$7.6 billion

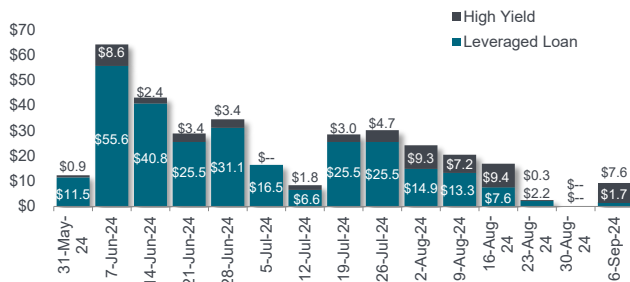
Term Loan B Market

- September has opened with a flurry of newly launched transactions as issuers and arrangers are looking to take advantage of the strong market technicals after last month's pullback

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			09/06/24	
Ba1	S+225 / 7.6%	S+219 / 7.5%	--	
Ba2	S+226 / 7.6%	S+236 / 7.5%	S+213 / 7.5%	
Ba3	S+280 / 8.2%	S+238 / 7.7%	S+283 / 8.2%	
Single-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			09/06/24	
B1	S+332 / 8.8%	S+313 / 8.6%	S+250 / 7.9%	
B2	S+396 / 9.4%	S+373 / 9.1%	S+361 / 9.2%	
B3	S+405 / 9.5%	S+392 / 9.4%	S+481 / 10.5%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
9/5/2024	McKesson Corp	Sr Notes	\$500	A3/BBB+/A-	4.250%	9/15/2029	+72	26 bps
9/4/2024	Agilent Technologies Inc	Sr Notes	\$600	Baa1/BBB+/BBB+	4.200%	9/9/2027	+60	25 bps
9/4/2024	Agilent Technologies Inc	Sr Notes	\$600	Baa1/BBB+/BBB+	4.750%	9/9/2034	+102	23 bps
9/4/2024	Stryker Corp	Sr Notes	\$750	Baa1/BBB+/-	4.250%	9/11/2029	+72	28 bps
9/4/2024	Stryker Corp	Sr Notes	\$750	Baa1/BBB+/-	4.625%	9/11/2034	+92	28 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)

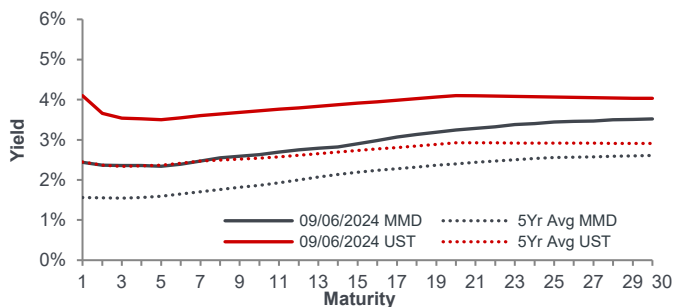
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
7/17/2024	Baxter International	Public	Baa2 / BBB	Refinancing	\$2,050mm TLA	Ratings-based Grid SOFR+125-162.5 CSA: 10	Max. Total Net Leverage Ratio: 4.75x
7/2/2024	UFP Technologies	Public	NR / NR	Acquisition	\$150mm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

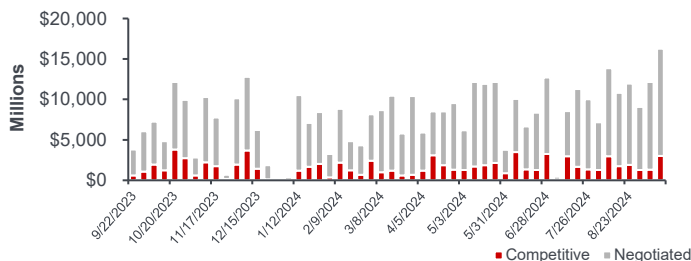
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 19 bps week-over-week, closing at 3.72% on Friday. 10-year MMD decreased 8 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 135% in 2024 vs 2023
- Muni bond funds Investors added \$956 million and high yield funds gained \$341 million for the week ended September 4

MMD & UST Yield Curve



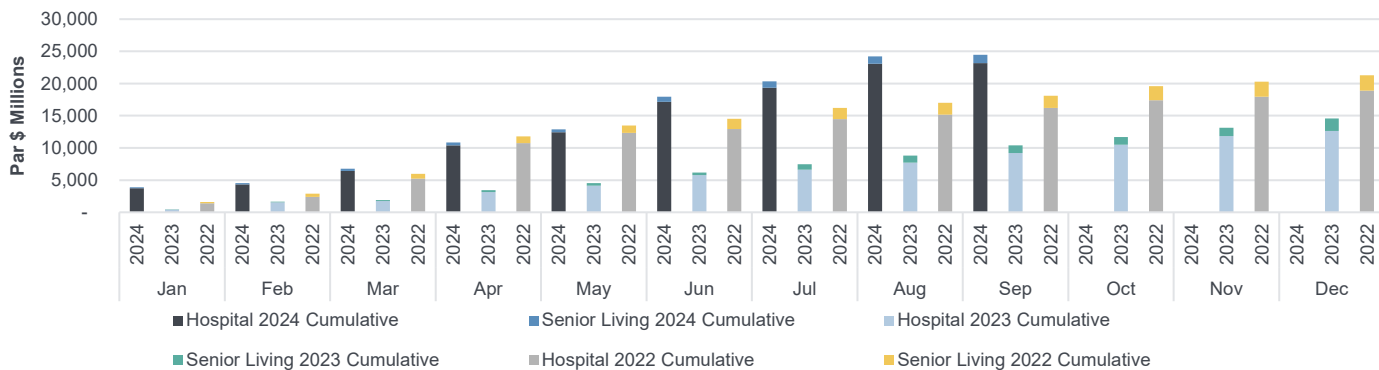
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.66%	(25 bps)	2	2.37%	(8 bps)	65%
10	3.72%	(19 bps)	10	2.63%	(8 bps)	71%
30	4.03%	(17 bps)	30	3.52%	(8 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 9/2										
Eskaton Properties, Inc.	82,895	CA	CMFA	TE	NR / NR / BBB	2044	2034(C)	5.00%	4.05%	4.41%
Presbyterian Retirement	82,270	FL	OCHFA	TE	NR / NR / A-	2054	2034(C)	5.00%	4.41%	4.71%
Solvita Project	76,625	OH	CMO	TE	Baa1 / NR / NR	2054	2034(C)	5.25%	4.34%	4.79%
Exp. Pricings, Week of 9/9										
Endeavor Health Credit Group	281,020	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-
Texas Children's Hospital	224,880	TX	HCCEFFC	TE	Aa2 / AA- / AA-	-	-	-	-	-

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

Industry Voices – Strategies To Stem Losses Of America’s Primary Care Doctors ¹

Fierce Healthcare | September 6, 2024

Primary care burnout affects 13.5% to 60% of primary care physicians, and the most common predictor is the practice environment. And 1 in 3 primary care clinicians told the Primary Care Collaborative (PDF) they expect to leave primary care within five years. This mass exodus only adds to our country’s crisis-level shortage of primary care. As the population ages and healthcare needs increase, the crisis escalates—particularly in non-metropolitan areas. As described in the Primary Care Collaborative’s 2022 Evidence Report (PDF), the percentage of Americans without an ongoing primary care relationship has risen from 16% in 2000 to 25% in 2020. But the primary care workforce crisis isn’t just about premature departures from practice. The number of new primary care physicians joining the workforce annually is not keeping pace with the public need, and the projected shortage is expected to reach 68,020 (PDF) full-time equivalent primary care physicians by 2036. Like many, we believe this is too conservative an estimate.

Claim Denial Prediction: Harnessing AI For Healthcare Revenue Cycle Management ²

Forbes | September 6, 2024

Claim denials pose a significant challenge in healthcare, leading to financial losses, operational inefficiencies and disruptions in patient care. Managing and mitigating these denials requires substantial time and resources, often diverting attention from patient-centric activities. The advent of artificial intelligence (AI) offers the transformative potential to address these challenges. By integrating AI into revenue cycle management (RCM), healthcare organizations can proactively predict and prevent claim denials, streamline processes and enhance efficiency. Claim denials occur for various reasons, including coding errors, incomplete documentation and noncompliance with payer requirements. Each denial not only delays reimbursement but also adds to administrative costs, ultimately affecting healthcare providers’ financial health. Traditional methods of handling claim denials are often reactive and labor-intensive, leading to significant revenue leakage. A proactive, data-driven approach is more critical than ever to tackle this persistent issue. AI technology brings a new dimension to RCM by leveraging advanced algorithms and machine learning models to predict claim denials before they happen.

Biden Administration Finalizes Rules To Ensure Insurers Pay For Mental Health Care ³

Stat | September 9, 2024

The Biden administration on Monday announced it would finalize a highly anticipated proposal meant to force health insurers to cover mental health care on the same basis as physical health conditions. It is the latest salvo in a long-running federal government effort to crack down on insurance plans skimping on treatment for conditions including anxiety, depression, and addiction. Despite longstanding law requiring health insurers to cover mental health as comprehensively as physical health, many Americans — even those with health insurance — still face financial obstacles when seeking care. The administration said the new rules will compel insurers to act on analyses they were already required to conduct to ensure they were covering mental health conditions on par with others.

continued...

Telehealth Delivery Varies Widely Across Physician Age Groups, Practice Areas²

Fierce Healthcare | September 3, 2024

Telehealth provision, though remaining a significant aspect of medical delivery since the start of the COVID-19 pandemic, differs widely among physician age groups and practice areas, a new study published in Health Affairs. Other research has previously documented telehealth patterns in terms of the demographic characteristics of Medicare beneficiaries, but the report is among the first national comparisons of such rates across Medicare-billing physicians and practices to also include data from more than two years after the start of the pandemic. As such, the study could help offer insight into longer-term telehealth use and delivery, the authors said.

Will 2025 Mark a Turning Point For Medicare Advantage?²

HealthLeaders | September 4, 2024

Medicare Advantage makes up 54% of overall Medicare enrollment, with 64% penetration estimated by 2033. But will 10% growth over the next nine years be enough for today's market leaders? Plan executives at Aetna, Centene and Humana have either already announced or anticipate MA market exits and/or membership declines for the upcoming enrollment year. Meanwhile, significant growth continues in select markets and plan categories. In advance of AEP 2025, the Kaiser Family Foundation has published its August update of Medicare Advantage in 2024: Enrollment Update and Key Trends. We've known for some time that Medicare Advantage enrollment would and has eclipsed original Medicare. But how much growth is left in the tank? MA as a percentage of total enrollment eclipsed 50% in 2023 when its market share was 51%. This is up from just 19% in 2007. Since then, MA penetration has grown from 1-3% annually and was at its highest, 4%, from 2020 to 2021.

Providers, Vendors Building Health AI Have 'Shared Responsibility' To Ensure Safe Adoption Industrywide³

Fierce Healthcare | September 9, 2024

here's no shortage of providers and vendors working to develop and deploy artificial intelligence in healthcare—but not all who are delivering care are in a position to make use of these novel technologies without risking harm. Industry groups like The Coalition for Health AI (CHAI) have come together in recent months to outline guidance for the responsible use of AI. These types of frameworks span pre-deployment, implementation and post-deployment, and outline criteria for developers and end users that address concerns like performance drift, safety and bias. However, to ensure AI makes a positive difference for patients—or even becomes trusted enough for use by the healthcare workforce—the onus is on third-party developers and the health systems building their tools from scratch to support provider organizations who lack the tech expertise to meet these guidelines, healthcare leaders explained Thursday at the HIMSS 2024 AI in Healthcare Forum.

September 26, 2024

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Back to the Future: Self-Directed Care in the U.S.

Banker Commentary

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Back to the Future: Self-Directed Care in the U.S.

Banker Commentary by Matt Margulies

The Self-Directed or Consumer-Directed home care sector is one of the fastest growing segments of the broader home healthcare market fueled by increasing demand for personalized care and autonomy. This model allows individuals, typically those eligible for Medicaid, to hire, train, and supervise their caregivers. It provides an alternative to traditional agency-directed home care, offering consumers greater control over their care decisions. The ~\$30 billion Self-Directed market accounts for ~35% of total spend on Medicaid Personal Care Services (PCS) today and is expected to be greater than 50% within five years. Self-Directed care is a move “back to the future” as it represents a shift back to traditional, community-based caregiving practices, yet with modern enhancements.

Overview of Self-Directed Home Care

Self-directed care is a service delivery model that empowers individuals to take control of their care. Instead of relying on a home care agency to provide care services, consumers can hire caregivers of their choice. This could include family members, friends, or other individuals who the participant trusts and with whom they feel comfortable (caregiver eligibility based on relationship to the patient varies state to state). The concept behind self-direction aligns with the broader movement toward patient-centric care, emphasizing independence, dignity, and choice. With the shift toward home-based care, self-directed models cater to individuals with disabilities, the elderly, and others with long-term care needs. PCS and Home and Community-Based Services (HCBS) waivers are often the primary vehicles through which self-directed care is funded.

Key Trends in Self-Directed Care

To understand the meteoric growth in self-directed care, one must first look to the rapid expansion of the overall PCS market. Fueled by favorable demographics, Medicaid expansion, the obvious cost savings as compared to institutional care settings, patient preference, the proliferation of managed Medicaid coverage, regulatory support from the Federal and state governments and technological innovations (e.g., telehealth, remote patient monitoring and electronic visit verification), PCS has grown by 35% since 2018.

Further, the larger healthcare ecosystem has grown to more highly value PCS's role in overall patient care. PCS caregivers are uniquely positioned to monitor, observe, and prevent adverse events for patients due to their consistent, hands-on involvement in the daily lives of those they care for. Their proximity to the patient, frequent interaction and understanding of the patient's personal habits and environment make them critical in safeguarding health and wellbeing. PCS caregivers can be instrumental in reducing ED visits, hospitalizations, falls, and other adverse health events, while improving medication adherence, nutrition, and the mental health of patients.

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The specific demand for, and growth of, self-directed care is the result of a booming surge in individuals eligible for long term services and supports (LTSS), a growing workforce shortage, decreasing availability of informal caregivers (i.e., family members and neighbors) who themselves must work in today's economic environment, and governmental support and policy. Individual states are supporting self-directed expansion because of federally funded incentives and the significant savings (>\$50 billion annually) believed achievable by shifting individuals from institutions and agencies to self-directed programs.

The delivery of self-directed care requires a fiscal intermediary (FI) to administer the program. In summary, the FI is responsible for (i) enrolling the participant (patient) and verifying eligibility and authorized hours of care (this is done by the state or participant's managed care plan (MCO)); (ii) enrolling, onboarding and training the direct care worker (DCW); (iii) managing and verifying the DCW's timesheets via electronic visit verification technology, followed by claim submission to the state or MCO; and (iv) paying the DCW. The robust IT capabilities and business operations required to expertly administer a self-directed program are immense and outside the scope of this article.

While the specific payment model varies state to state, FIs generate revenue and profit via (i) the spread between the hourly rate they are paid by the state or MCO, and the billable rate paid to the DCW and (ii) in some instances, a PMPM administrative fee. Self-Directed program state contracting also varies considerably across the country. Most state programs offer contracts to FIs that have guaranteed terms, rates and complete or substantial exclusivity (there are states that have broad FI networks). The FIs in turn benefit from a highly recurring and predictable revenue model.

FIs typically come in two flavors: purpose-built enterprises solely focused on providing fiscal intermediary services, and PCS platforms that provide both agency-directed home care and fiscal intermediary services. Pure-play FIs include companies such as Public Partnerships, GT Independence, and Consumer Direct Care Network. Companies such as Honor Health Network and Help at Home provide both traditional agency-staffed PCS and self-directed fiscal intermediary services.

Despite its rapid growth, the Self-Directed Care sector faces several challenges that must be addressed to ensure its sustainability and expansion.

- **Variability in State Programs:** Because they are largely administered at the state level through Medicaid waivers, special legislation or budgetary provisions, self-directed care programs have considerable variation in program design, eligibility criteria, and reimbursement rates. This patchwork of state programs creates disparities in access to self-directed care services across the country. Creating standardized metrics to assess the quality and outcomes of self-directed care programs across states could help reduce variability and improve program design.
- **Caregiver Training and Oversight:** While self-directed care empowers individuals to choose their caregiver, it also raises concerns about caregiver qualifications and training. Unlike agency-directed care, where agencies are responsible for vetting and training caregivers, participants in self-directed programs assume the vetting responsibility with training being provided by the FI. Regardless, DCW training is typically less intensive than what's received by agency-directed caregivers. This dynamic can lead to inconsistencies in care quality. To address this, FIs continue to innovate their technology to improve the vetting of DCWs and the quality of care they provide via ever evolving training programs at onboarding and by providing DCWs with ongoing virtual tools and resources. Further, states should invest in training programs for family caregivers and other participants in self-directed care to ensure that caregivers are equipped with the skills needed to provide high-quality care.
- **Fraud:** The inherent challenge of managing and monitoring a disparate work force of thousands of DCWs who "work for the participant" is immense. The potential for DCWs to falsify timesheets is real. However, FIs continue to develop better electronic visit verification solutions, and in some cases utilize random spot checks at participants' homes to combat this issue.

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- Financial Sustainability: While self-directed care is often more cost-effective than institutional care, concerns remain about the long-term financial sustainability of these programs. As demand grows, states will be forced to balance the need for expanding access to self-directed care with budgetary constraints.

The Future Outlook

Self-directed care is here to stay as it becomes a larger and larger portion of overall home healthcare spend. It is a vital part of the broader U.S. healthcare continuum and is well positioned to become an increasingly vital part of overall healthcare delivery as states and FIs continue to innovate technology solutions and care delivery design. We are headed back to the future, and self-directed care may be leading the way.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
9/20/2024	Lakeview Health*	Bradford Health Services (Lee Equity Partners)	NA	NA	NA	Provides detoxification, residential, partial hospitalization, and intensive outpatient treatment services for individuals with substance use disorders and eating disorders
9/20/2024	Integrated Oncology Network	Cardinal Health (NYSE: CAH)	\$1,115	NA	NA	Physician-led independent community oncology network
9/17/2024	Trials24	SubjectWell (WindRose Health Investors)	NA	NA	NA	Provider of global digital patient recruitment solutions
9/16/2024	VIO Med Spa	Freeman Spogli	NA	NA	NA	Franchisor of full-service med spas
9/17/2024	SubPop Health	MedeAnalytics (JLL Partners)	NA	NA	NA	Marketplace for self-insured employers
9/12/2024	eClinical Solutions	GI Partners (majority) and Summit Partners (minority)	NA	NA	NA	Provider of digital clinical software and services
9/12/2024	Zipari	mPulse	NA	NA	NA	Healthcare consumer experience technology
9/11/2024	Indiana University Health's Health Plan*	Elevance	NA	NA	NA	Medicare Advantage plans in 36 counties with 19,000 members and Fully-Insured Commercial plans for employers with 12,000 members
9/10/2024	Equiti Health (GTCR)	Heritage Group	NA	NA	NA	Provider of tech-enabled, healthcare-focused language interpretation services
9/10/2024	PharmaForceIQ	Eir Partners	NA	NA	NA	AI-driven, precision omnichannel orchestration and measurement solution to pharmaceutical and life science companies
9/9/2024	GeBBS Healthcare Solutions	EQT	NA	NA	NA	Revenue cycle management, health information management, and medical billing services
9/9/2024	PAR Excellence (Northlane Capital Partners)	OceanSound Partners	NA	NA	NA	Provider of supply chain integrity and cost management solutions to the healthcare industry
9/6/2024	Genetics & IVF Institute	Amulet Capital Partners*	NA	NA	NA	Provider of reproductive tissue banking and related reproductive technology services
9/5/2024	MyndYou	WindRose Health Investors	NA	NA	NA	Provider of conversational AI solutions for healthcare
9/5/2024	Rexall Pharmacy Group and Well.ca (McKesson)	Birch Hill Equity Partners	NA	NA	NA	Online pharmacy and retailer
9/5/2024	The Rawlings Group, Apixio Payment Integrity, and VARIS	New Mountain Capital	NA	NA	NA	Technology-enabled platform focused on subrogation, coordination of benefits, pharmacy payment integrity, and complex claim solutions
9/4/2024	Foundation Wellness (Gridiron Capital)	Bansk Group	NA	NA	NA	Consumer health & wellness platform managing a family of specialty orthotics brands and other branded footcare-focused solutions
9/4/2024	Haven Hospice	BrightSpring Health Services [NASDAQ: BTSG]	\$60	NA	NA	Provider of comprehensive hospice care services

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

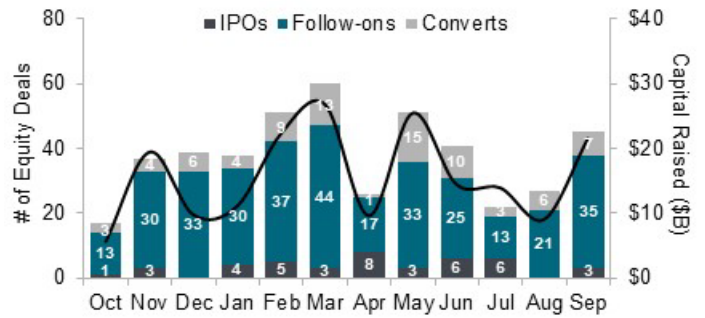
Date	Company	Investor(s)	Type	Amount	Description
9/16/2024	Brisk Health	Undisclosed	Undisclosed	\$100	Integrated health care payer and provider empowering older adults to remain independent in their homes and communities
9/10/2024	Habitat Health	Town Hall Ventures, New Enterprise Associates, and Kaiser Permanente	Undisclosed	\$50	Integrated health care payer and provider empowering older adults to remain independent in their homes and communities
9/5/2024	Thatch	Index Ventures and General Catalyst (co-leads), SemperVirens, The General Partnership, Andreessen Horowitz (a16z), Avid Ventures	Series A	\$38	Personalized health benefits platform
9/4/2024	Vesta Healthcare	RA Capital (lead), Oak HC/FT, Chrysalis Ventures, CareCentrix/Walgreens, Nationwide, Kaiser Permanente Ventures, Lux Capital, Generator Ventures, Deerfield Management	Series C	\$65	Virtual care provider group for people with home care
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

Equity Capital Markets

Market Overview

- Propelled by the FOMC rate cut last week, the ECM window remained open:
 - 0 IPOs; 9 follow-ons; 3 converts
- Many IPO aspirants continue to target 2025, but select issuers are moving forward → Within the healthcare sector Guardian Pharmacy Services is on the road for pricing Wednesday 9/25
- Follow-on activity continues to benefit from recent broadening with the market and will remain active through the end of September when issuance will slow due to earnings related blackouts.

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

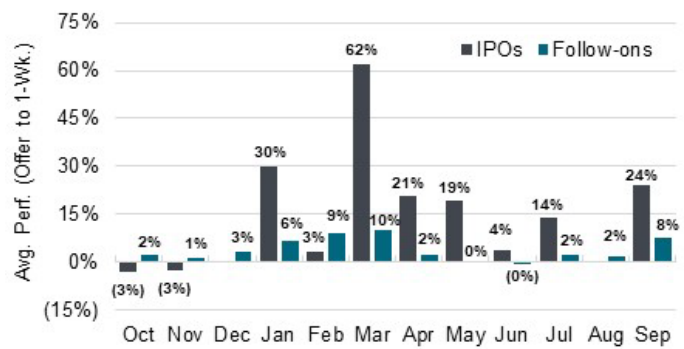


ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	809	3	4%	1,927	4	14%
CONV	4,695	7	22%	5,390	8	39%
FO	16,096	35	75%	6,388	23	47%
Total	21,600	45	100%	13,705	35	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	21,096	38	14%	10,664	20	10%
CONV	45,521	68	29%	38,407	58	36%
FO	88,260	255	57%	57,257	229	54%
Total	154,877	361	100%	106,327	307	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	\$546.4	\$2,992.6	18.3%	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	\$6,098.8	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
9/12/2024	GE HealthCare Technologies	Medical Products	Bought	GEHC	\$1,290.0	\$39,939.7	3.2%	0.0%	(1.7%)	1.1%	5.4%
9/6/2024	PACS Group	Services	Marketed	PACS	\$690.0	\$5,778.8	11.9%	16.8%	(8.3%)	2.3%	10.3%
9/4/2024	Sotera Health	Medical Products	Bought	SHC	\$381.3	\$4,364.3	8.7%	0.0%	(1.0%)	8.1%	6.2%
8/15/2024	Sonida Senior Living	Services	Marketed	SNDA	\$116.1	\$593.3	19.6%	100.0%	(15.6%)	(2.0%)	(1.9%)
6/26/2024	Addus HomeCare	Services	Marketed	ADUS	\$186.3	\$2,135.9	8.7%	100.0%	(9.6%)	5.8%	8.7%

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

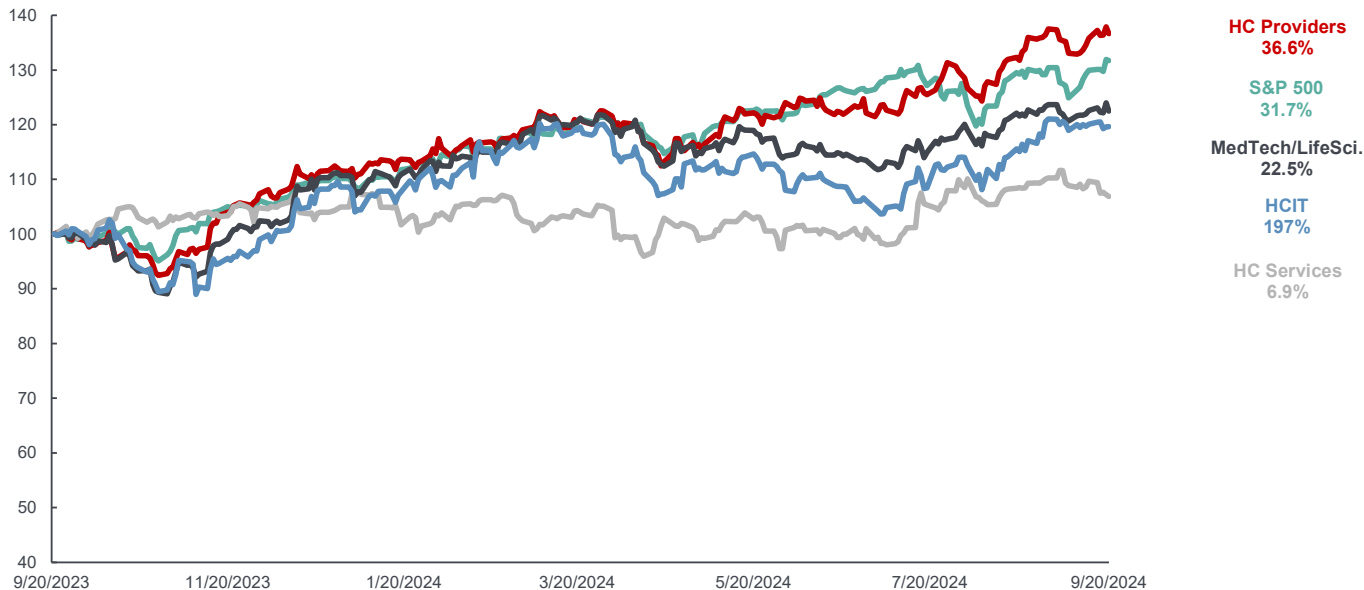
Public Equity Market Activity & Indices

Equity Indices (as of September 23, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	41,394	42,063	23.5%	1.6%
S&P 500	5,626	5,703	31.7%	1.4%
NASDAQ	17,684	17,948	35.7%	1.5%
Russell 2000	2,182	2,228	25.0%	2.1%
NYSE Healthcare	28,190	27,855	19.5%	(1.2%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	61.2%	2.4%
Alternate Site Services	27.2%	(0.2%)
Diagnostics	23.8%	(1.4%)
Distribution	13.3%	(2.6%)
Healthcare IT	19.7%	(0.4%)
Healthcare REITs	55.9%	(3.4%)
Managed Care	11.0%	(2.7%)
Medical Technology	22.3%	(0.1%)
Outsourced Services	(6.4%)	(0.4%)
Pharma Services	24.5%	(0.3%)
Pharmacy	(27.0%)	(1.2%)
Primary Care	(52.4%)	2.0%
Post-Acute Care Services	28.1%	0.9%
Post-Acute Care Facilities	31.7%	0.2%

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Investment Grade Bond primary market activity slowed last week with 12 deals coming to market to raise \$14.7BN as issuers were wary of volatility in the midst of the first FOMC meeting with a rate action in the past two years

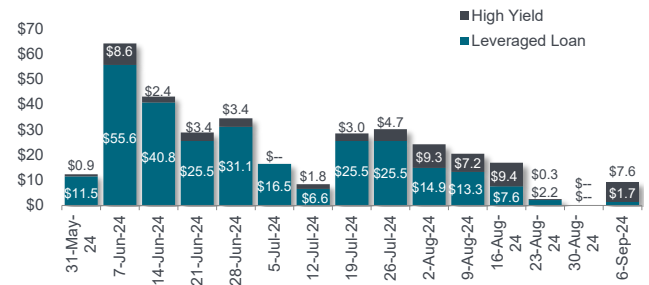
High Yield

- After a market wide slow down in issuance in the first half of 2023 private credit has experienced a steady uptick in deal volume through the first half of 2024

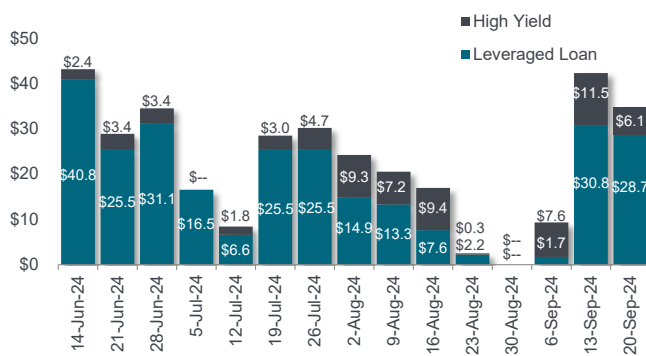
Term Loan B Market

- Alongside several event driven transactions, repricing activity have returned to the market after taking a pause last month

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			09/20/24	
Ba1	S+225 / 7.6%	S+219 / 7.5%	S+175 / 6.7%	
Ba2	S+226 / 7.6%	S+236 / 7.5%	S+183 / 6.9%	
Ba3	S+280 / 8.2%	S+238 / 7.7%	S+256 / 7.6%	
Single-B Issuers	1Q24	2Q24	30-Day Rolling Average	
			09/20/24	
B1	S+332 / 8.8%	S+313 / 8.6%	S+336 / 8.5%	
B2	S+396 / 9.4%	S+373 / 9.1%	S+380 / 9.1%	
B3	S+405 / 9.5%	S+392 / 9.4%	S+348 / 8.6%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
9/17/2024	Universal Health Services Inc*	Sr Notes	\$500	Baa3/BBB-/BBB-	4.625%	10/15/2029	+120	20 bps
9/17/2024	Universal Health Services Inc*	Sr Notes	\$500	Baa3/BBB-/BBB-	5.050%	10/15/2034	+145	25 bps
9/16/2024	Laboratory Corp of America*	Sr Notes	\$650	Baa2/BBB/--	4.350%	4/1/2030	+95	25 bps
9/16/2024	Laboratory Corp of America*	Sr Notes	\$500	Baa2/BBB/--	4.550%	4/1/2032	+110	20 bps
9/16/2024	Laboratory Corp of America*	Sr Notes	\$850	Baa2/BBB/--	4.800%	10/1/2034	+120	25 bps
9/16/2024	Novartis Capital Corp	Sr Notes	\$1,000	Aa3/AA-/--	3.800%	9/18/2029	+45	30 bps
9/16/2024	Novartis Capital Corp	Sr Notes	\$850	Aa3/AA-/--	4.000%	9/18/2031	+57	28 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
9/17/2024	HAH Group	Sr. Sec. Notes	\$675	B2/B-/NR	9.750%	10/1/2031	622 bps	9.50%-9.75%
9/11/2024	Perrigo	Sr. Notes	\$715	Ba3/B+/BB	6.125%	9/30/2032	258 bps	6.50% area
8/16/2024	Prime Healthcare*	Sr. Sec. Notes	\$1,500	B3/B-/B	9.375%	9/1/2029	556 bps	9.50% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
9/17/2024	Help At Home LLC	Centerbridge Partners	B2 / B-	Dividend Recap	\$825	SOFR+500, 0% @ 98.5	10.340%
9/13/2024	Ardent Health Services LLC	Equity Group	B2 / B	Refinancing	\$778	SOFR+275, 0% @ 100	7.833%

Most Recent Healthcare Pro Rata Issuances (\$MM)

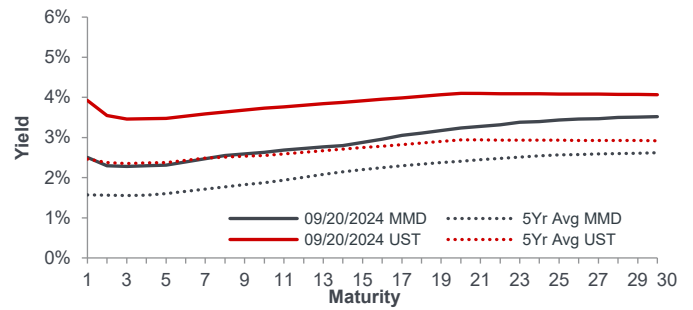
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
8/14/2024	ANI Pharmaceuticals	Public	B2 / BB-	Acquisition	\$75mm 5-year Revolver \$325mm 5-year TLA	Leverage-based Grid SOFR+225-300 CSA: 10	Max. Total First Lien Net Leverage Ratio: 3.0x Min Total Interest Coverage Ratio: 3.0x

Public Finance Market

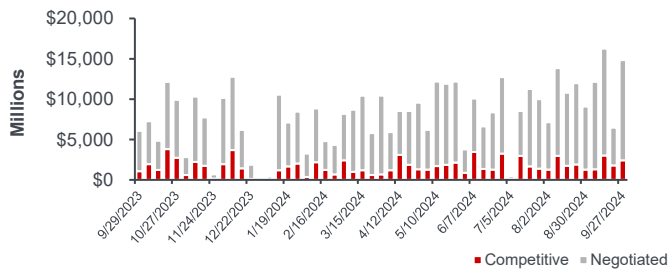
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 7 bps week-over-week, closing at 3.73% on Friday. 10-year MMD was unchanged week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 146% in 2024 vs 2023
- Muni bond funds Investors added \$716MM and high yield funds gained \$389 million for the week ended September 20

MMD & UST Yield Curve



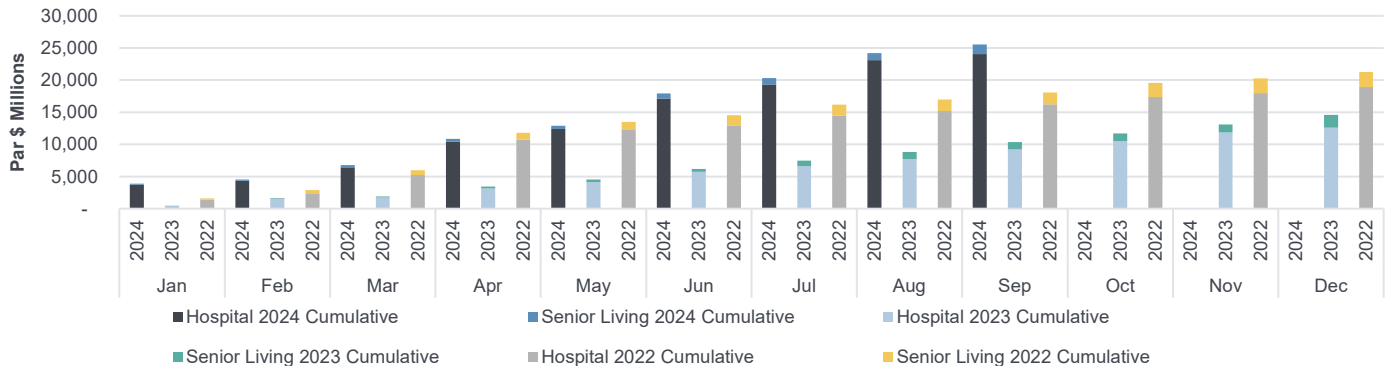
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.55%	(2 bps)	2	2.30%	(5 bps)	65%
10	3.73%	7 bps	10	2.63%	0 bps	71%
30	4.07%	9 bps	30	3.52%	0 bps	86%

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 9/16										
Yuma Regional Medical Center	301,720	AZ	IDACYA	TE	NR / A / A	2054	2034(C)	5.25%	4.05%	4.65%
Tower Health Project	100,000	PA	BCPMA	TAX	NR / NR / NR	2034	2033(C)	8.00%	8.77%	N/A
Tower Health Project	50,000	PA	BCPMA	TAX	NR / NR / NR	2034	2033(C)	6.00%	6.70%	N/A
Shell Point Obligated Group	98,675	FL	LCIDA	TE	NR / BBB+ / BBB+	2054	2034(C)	5.00%	4.38%	4.69%
Washington Regional Med Center	57,000	AR	ADFA	TE	Baa3 / NR / NR	2036	2031(C)	5.00%	4.15%	4.47%
Calhoun County, Texas	27,280	TX	CCTX	TE	NR / AA- / NR	2044	2033(C)	5.00%	3.80%	4.35%
EveryAge	25,310	NC	NCMCC	TE	NR / NR / BBB-	2054	2034(C)	5.00%	4.70%	4.85%
Exp. Pricings, Week of 9/23										
CentraCare Health System	324,982	MN	CSCM	TE	A2 / NR / AA-	-	-	-	-	-
NYU Langone Hospitals OG	122,860	NY	DASNY	TE	A1 / A+ / NR	-	-	-	-	-
Presbyterian Manors, Inc.	79,420	KS	CWK	TE	NR / NR / 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

The Looming Disruptors Of The GI Industry¹

Becker's Healthcare | September 16, 2024

Reimbursement declines and staffing issues could prove to be challenges to growth for gastroenterology practices. The recommended age for colonoscopies is now 45, down from 50, and colorectal cancer rates are high among the U.S.'s aging population, pointing to increased demand for colonoscopies and other GI procedures. "One major concern for the GI industry over the next decade could be the increasing prevalence of gastrointestinal disorders due to rising obesity rates and an aging population," Haydee Padilla, administrator of Mountain View Surgery Center in Redlands, Calif., told Becker's. While increased demand typically promises future revenue for businesses, the staffing and reimbursement issues facing many GI practices may make for a more uncertain future in the industry. Gastroenterology was also one of 13 specialties that saw declining reimbursement rates despite higher volumes per beneficiary. And cuts could continue next year, as CMS' proposed physician fee schedule for 2025 includes a 2.8% conversion factor decrease. This could have direct implications for gastroenterology, a field where 88% of physicians work in private practice and 42.7% are self-employed.

The Promise And Pitfalls Of Site-Neutral Payments In Medicare²

Health Affairs | September 18, 2024

From 2021 to 2022, Medicare spending increased by 5.9 percent, from \$689 billion in 2021 to \$944 billion in 2022, reaching 21 percent of total National Health Expenditures. Increased Medicare spending has raised concerns about the financial sustainability of the Medicare program. As health care spending has increased over the last decade, bipartisan momentum to address health care costs has emerged. Site-neutral payments in Medicare have emerged as a potential policy option to reduce Medicare spending without impacting beneficiaries' access and quality of care. This option has gained support from many across the health care industry, including former HHS secretaries Alex Azar and Kathleen Sebelius, who co-authored a joint op-ed in STAT to support the adoption of site-neutral payments for health care. This Forefront article discusses reasons leading to the support of site-neutral payment policies and the current and future steps that are required to fill the current gaps and address the concerns surrounding it.

An Examination Of Medicaid Renewal Outcomes And Enrollment Changes At The End Of The Unwinding³

KFF | September 18, 2024

In April 2023, states began the process of unwinding the Medicaid continuous enrollment provision, a pandemic-era policy that protected Medicaid coverage for millions of enrollees. During the unwinding, states redetermined eligibility for everyone on the program and disenrolled those who were no longer eligible or who did not complete the renewal process. Before the start of the coronavirus pandemic in February 2020, there were 71 million people enrolled in Medicaid and CHIP. After the three-year pause in disenrollments, that number grew to a record high of 94 million people by April 2023, the month after the end of continuous enrollment. From the outset of the unwinding, there were major questions related to how many people would be disenrolled versus retain coverage and how that would affect overall Medicaid enrollment. Now that nearly all states have completed the unwinding of the Medicaid continuous enrollment provision, it is possible to take stock of overall renewal outcomes as well as where Medicaid enrollment stands and how current enrollment compares to pre-pandemic levels, nationally and across states. The Medicaid and CHIP enrollment data show more recent changes in enrollment that are not reflected in national survey data that report the overall uninsured rate in 2023 did not change from 2022, although there was an increase in the uninsured rate for children in 2023.

1. <https://www.beckersasc.com/gastroenterology-and-endoscopy/the-looming-disruptors-of-the-gi-industry>

2. <https://www.healthaffairs.org/content/forefront/promise-and-pitfalls-site-neutral-payments-medicare?>

3. <https://www.kff.org/medicaid/issue-brief/an-examination-of-medicaid-renewal-outcomes-and-enrollment-changes-at-the-end-of-the-unwinding/>

continued...

Youth Opioid Crisis: Pandemic Surge Gives Way To New Normal¹

Behavioral Health Business | September 18, 2024

Youth opioid overdoses resulting in an encounter with emergency medical services (EMS) spiked significantly during the onset of the COVID-19 pandemic. These encounters have now largely stabilized, though they remain elevated compared to pre-pandemic rates, according to a new study published in JAMA Network. “Prehospital encounters for youth opioid overdoses were increasing prior to the pandemic, increased with the onset, and then stabilized, remaining higher than pre-pandemic levels,” the study’s authors wrote. “Although overall patterns were largely driven by those aged 18 through 24 years, adolescents aged 12 through 17 years were the only subgroup with an increasing number of encounters both before and during the pandemic.” Researchers analyzed 91,700 youth opioid overdose encounters with EMS for people under 24 from 2018 to 2022 to determine differences between the time before the COVID-19 pandemic and during the pandemic. The study characterized April 2020 to December 2022 as the time during the pandemic and January 2018 to February 2020 as the period before the pandemic.

How To Handle Healthcare Cybersecurity Challenges With Machine Learning Algorithms²

Forbes | September 18, 2024

The healthcare sector is increasingly reliant on digital technologies, demonstrating a strong commitment to using advanced tools for better patient care and more efficient data management. However, this has also made the industry a lucrative target for cybercriminals. Machine learning (ML) algorithms offer a promising solution in this challenging scenario. Here, I’ll dive into how ML goes beyond just being a popular term to become a powerful tool in safeguarding our most sensitive healthcare data. Reason number one is the high value of personal health information (PHI), which includes detailed medical histories, insurance information and personal identifiers. This data can be sold on the black market or used in identity theft schemes. Healthcare systems are also vulnerable due to their integrated platforms, ranging from electronic health records to patient portals, each presenting potential access points for cybercriminals. Last but not least is the critical nature of healthcare services. This aspect makes these organizations attractive targets for ransomware attacks, as they are more likely to pay quickly to resume operations and patient care.

Telehealth Providers At A Crossroads: Navigating Insurance, Compliance And Cash-Only Models Amid State Regulations³

Healthcare Dive | September 20, 2024

Providers using telehealth face an evolving landscape, and they must balance complexities around insurance, regulatory compliance and data privacy, argues one legal expert. As patient care via telehealth continues to grow, providers face critical decisions on whether to align with insurance plans, and therefore meet the stringent requirements under HIPAA, or to operate on a cash-only basis and navigate complex state-by-state data privacy laws. Each choice comes with distinct advantages and challenges that shape the operations and sustainability of telehealth practices. Telehealth providers who opt to align with insurance plans can tap into a wider patient base, thereby potentially increasing their patient volume. Accepting insurance also ensures a steady flow of reimbursements which can be a crucial lifeline for the financial stability of a telehealth practice. However, accepting insurance means that the provider must adhere to the requirements under HIPAA’s Privacy and Security Rules that mandate, among other things, robust standards for safeguarding patient information, necessitating substantial investments in secure communication platforms, advanced data encryption and compliance measures, including risk analyses and comprehensive staff training.

1. <https://bhbusiness.com/2024/09/18/youth-opioid-crisis-pandemic-surge-gives-way-to-new-normal/>

2. <https://www.forbes.com/councils/forbestechcouncil/2024/09/18/how-to-handle-healthcare-cybersecurity-challenges-with-machine-learning-algorithms/>

3. <https://www.healthcaredive.com/news/telehealth-providers-crossroads-regulations-paul-schmeltzer-clark-hill/727296/>