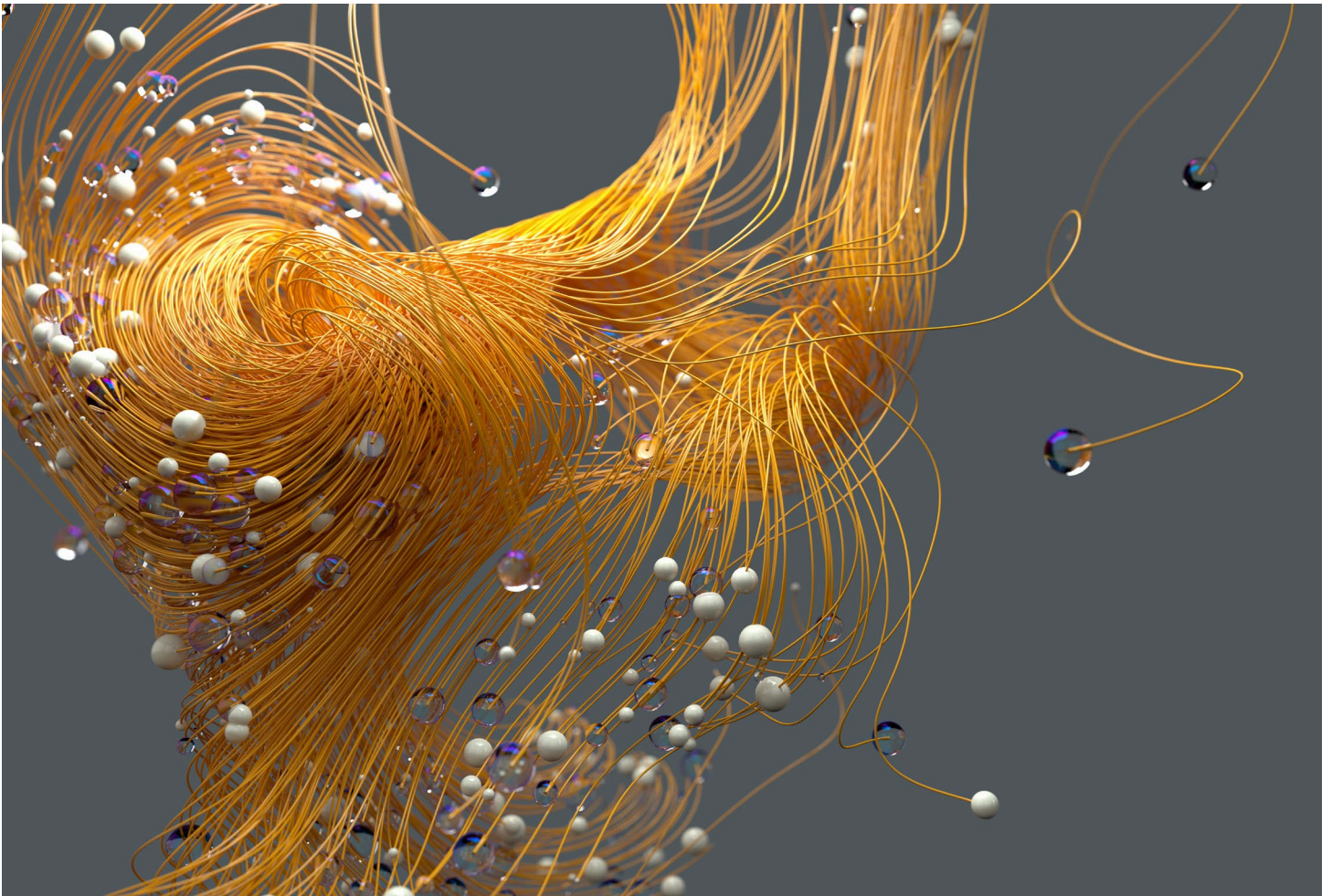


September 12, 2024

# 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 surgeries<sup>1</sup>. S&P Global Ratings added emphasis on improving operations and reduced reliance on supplemental funding, as well as stable leverage measures<sup>2</sup>. 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 2025<sup>3</sup>. Challenges certainly remain and will evolve, but these important steps forward should empower both the system borrowers and the institutional investors in the sector.

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

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

<sup>3</sup> Fitch Ratings 2024 Median Ratios: Not-for-Profit Hospitals and Healthcare Systems

## continued...

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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 2025<sup>4</sup>. 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.

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<sup>4</sup> 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)

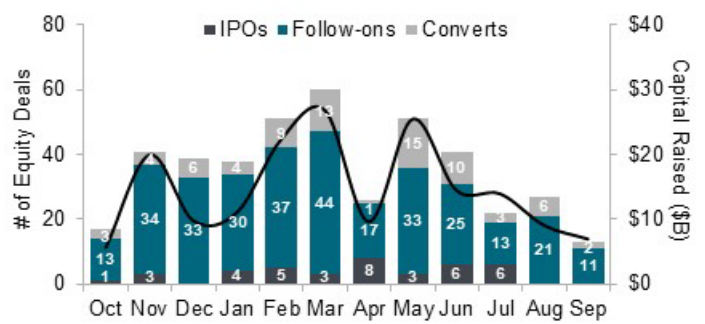
Date	Company	Investor(s)	Type	Amount	Description
9/5/2024	Thatch	Index Ventures and General Catalyst (co-leads), SemperVirens, The General Partnership, Andreessen Horowitz (a16z), Avid Ventures	Series A	\$38	Personalized health benefits platform
9/4/2024	Vesta Healthcare	RA Capital (lead), Oak HC/FT, 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)



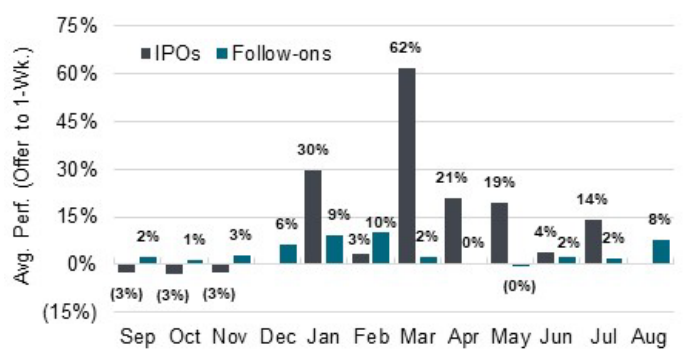
## ECM Activity (Last 4 Weeks & YoY)

	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%
<b>Total</b>	<b>13,997</b>	<b>30</b>	<b>100%</b>	<b>11,923</b>	<b>26</b>	<b>100%</b>

	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%
<b>Total</b>	<b>140,307</b>	<b>329</b>	<b>100%</b>	<b>100,416</b>	<b>286</b>	<b>100%</b>

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



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

Issuer Information				Deal Sizing			Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
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

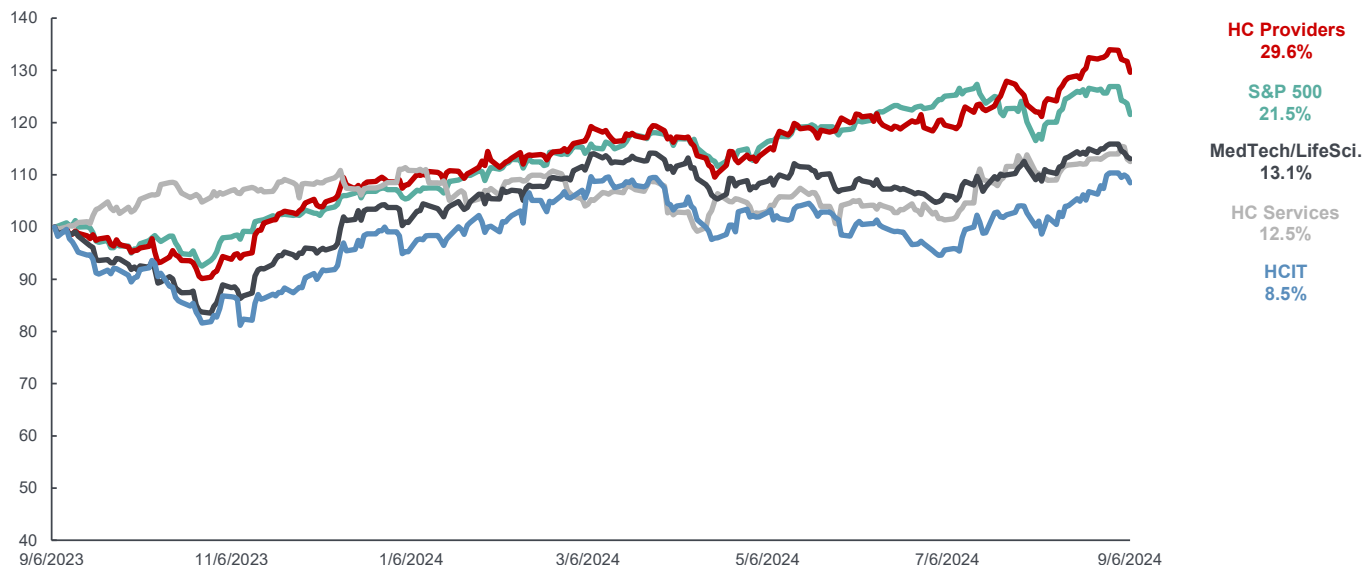
# Public Equity Market Activity & Indices

## 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

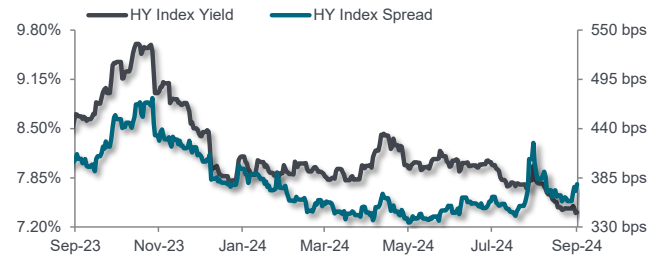
### High Yield

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

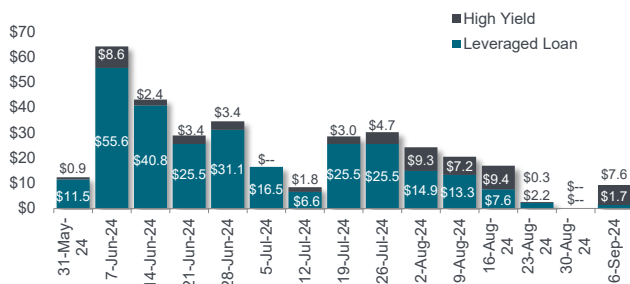
### Term Loan B Market

- 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 Yields<sup>1</sup> (\$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

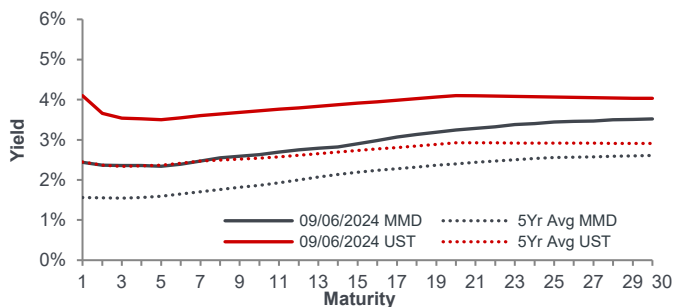


# Public Finance Market

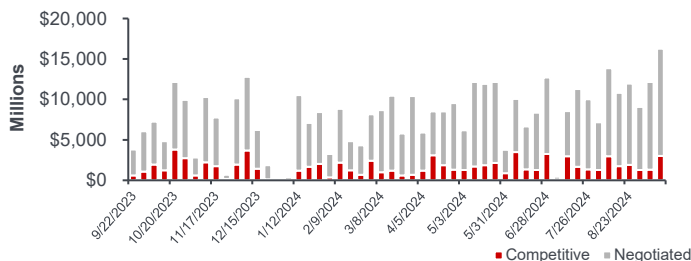
## Market Overview

- 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



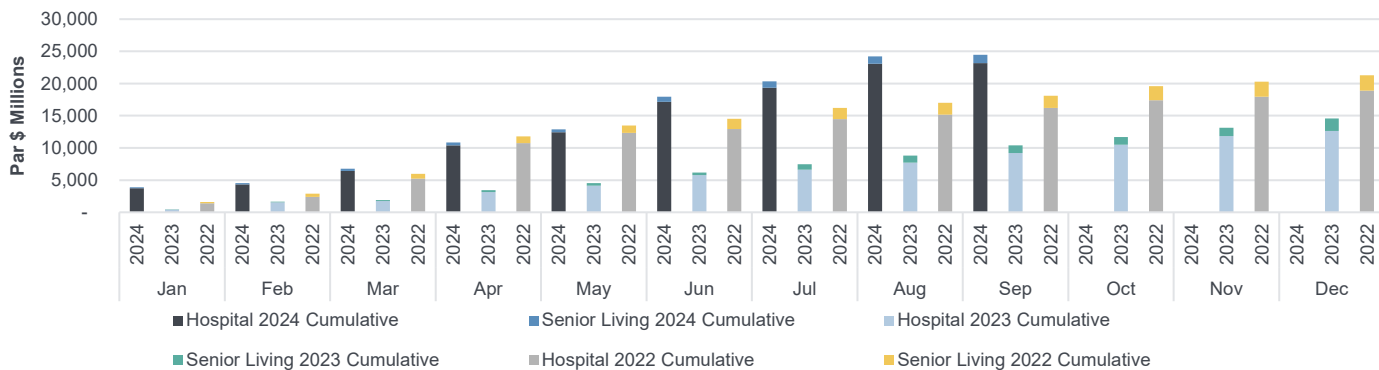
## Weekly New Issue Volume (\$MM)



## 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 <sup>(1)</sup>										
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
<b>Recent Pricings, Week of 9/2</b>										
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%
<b>Exp. Pricings, Week of 9/9</b>										
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

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### Industry Voices – Strategies To Stem Losses Of America’s Primary Care Doctors <sup>1</sup>

**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 <sup>2</sup>

**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 <sup>3</sup>

**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 Areas<sup>2</sup>

**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?<sup>2</sup>

**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 Industrywide<sup>3</sup>

**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.

# Recent Cain Brothers Transactions

<p>September 2024</p>  <p>has acquired</p>  <p>Buy-Side Advisor</p>	<p>September 2024</p>  <p><b>Senior Secured Credit Facilities</b></p> <p>provided by</p>  	<p>August 2024</p>  <p><b>\$33,785,000</b> Adjustable-Rate Hospital Revenue Refunding Bonds (Tax Exempt)</p> <p>Sole Manager</p>	<p>Pending</p>  <p>a subsidiary of</p>  <p>has agreed to be acquired by</p>  <p>Financial Advisor</p>
<p>June 2024</p>  <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	<p>Pending</p>  <p>has agreed to be acquired by</p>  <p>Sell-Side Advisor</p>	<p>June 2024</p>  <p>has transferred its Managed Long Term Care Members to</p>  <p>Sell-Side Advisor</p>	<p>Pending</p>  <p>has entered into an affiliation agreement with</p>  <p>Buy-Side Advisor</p>
<p>April 2024</p>  <p><b>\$108,295,000</b> Fixed Rate Bonds</p> <p>Sole Manager</p>	<p>April 2024</p>  <p><b>\$800,000,000</b> 9.750% Senior Secured Notes due 2029</p> <p>Joint Bookrunner</p>	<p>April 2024</p>   <p><b>\$30,685,000</b> FHA 232/223(f) Refinancing</p> <p>Mortgage Banking Advisor</p>	<p>April 2024</p>  <p><b>\$116,000,000</b> Senior Secured Credit Facilities</p> <p>Lead Left Arranger, Sole Bookrunner &amp; Administrative Agent</p>
<p>March 2024</p>  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Sell-Side Advisor</p>	<p>March 2024</p>  <p>has acquired</p>  <p>Buy-Side Advisor</p>	<p>March 2024</p>  <p>a portfolio company of</p>  <p>Senior Secured Credit Facilities</p> <p>Sole Lead Arranger, Sole Bookrunner &amp; Administrative Agent</p>	<p>March 2024</p>  <p><b>\$379,730,000</b> Follow-on Offering</p> <p>Joint Bookrunner</p>

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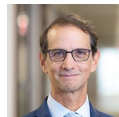


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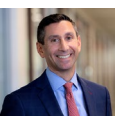
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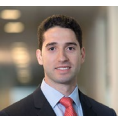
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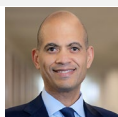


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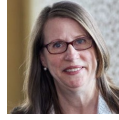
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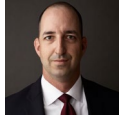
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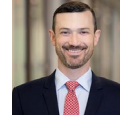
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