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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)

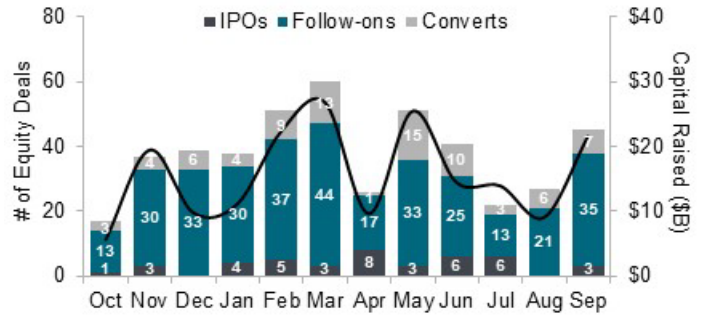
Date	Company	Investor(s)	Type	Amount	Description
9/16/2024	Brisk Health	Undisclosed	Undisclosed	\$100	Integrated health care payer and provider empowering older adults to remain independent in their homes and communities
9/10/2024	Habitat Health	Town Hall Ventures, New Enterprise Associates, and Kaiser 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)

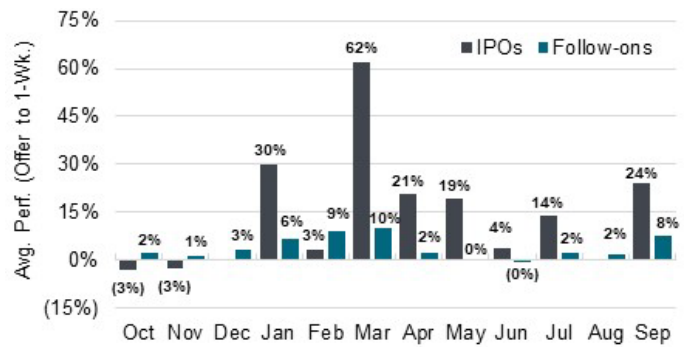


ECM Activity (Last 4 Weeks & YoY)

	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

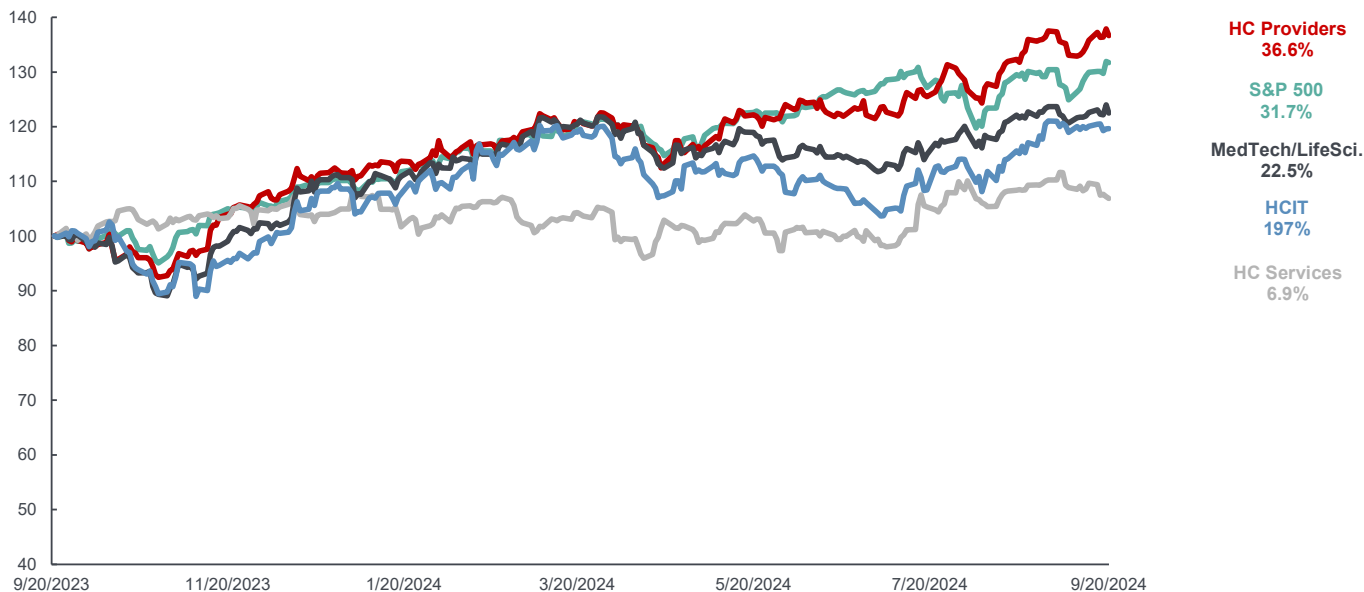
Public Equity Market Activity & Indices

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 Indicies	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

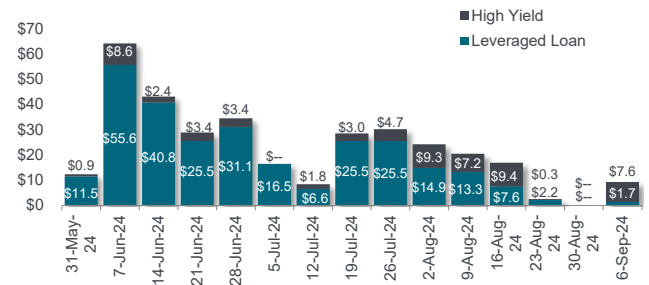
High Yield

- 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

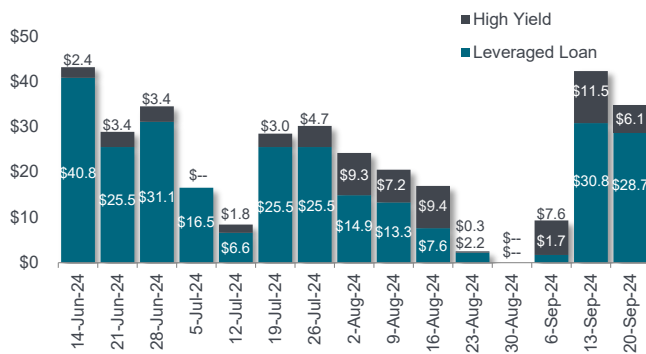
Term Loan B Market

- 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)

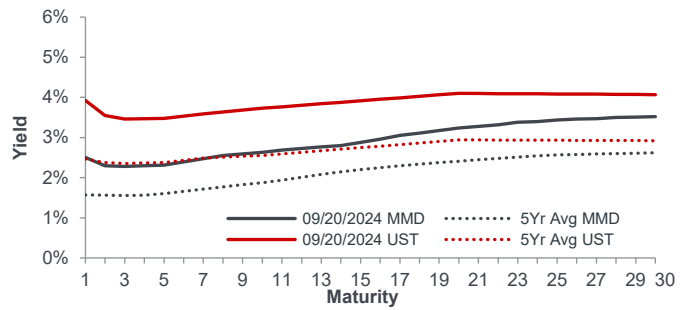
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
8/14/2024	ANI Pharmaceuticals	Public	B2 / BB-	Acquisition	\$75mm 5-year Revolver \$325mm 5-year TLA	Leverage-based Grid SOFR+225-300 CSA: 10	Max. Total First Lien Net Leverage Ratio: 3.0x Min Total Interest Coverage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

Public Finance Market

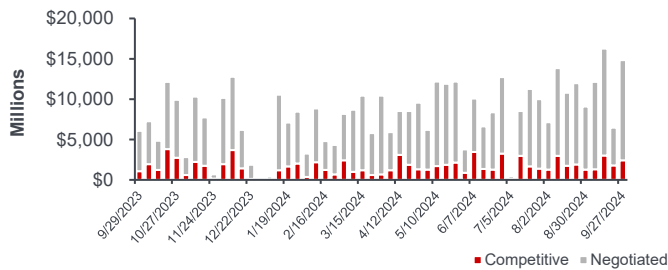
Market Overview

- 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



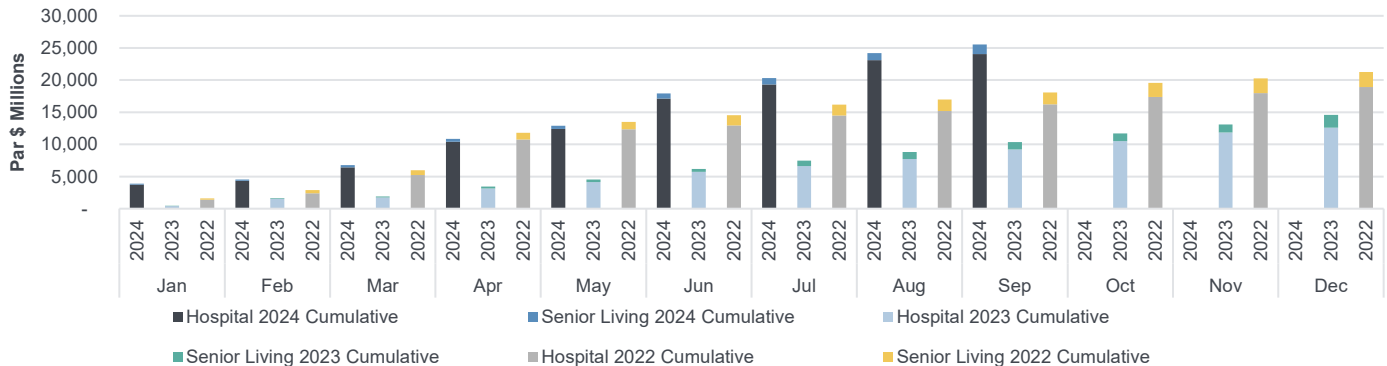
Weekly New Issue Volume (\$MM)



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/>

Recent Cain Brothers Transactions

Pending



Indiana University Health
has agreed to sell its health plan business to



Sell-Side Advisor

September 2024



has formed a strategic partnership with



Financial Advisor

September 2024



has acquired



Buy-Side Advisor

September 2024



Senior Secured Credit Facilities

provided by




August 2024



\$33,785,000
Adjustable-Rate Hospital Revenue Refunding Bonds (Tax Exempt)

Sole Manager

Pending



a subsidiary of



has agreed to be acquired by



Financial Advisor

June 2024




has been acquired by




Sell-Side Advisor

Pending



has agreed to be acquired by



Sell-Side Advisor

June 2024




The Continuing Care Community of the Archdiocese of New York

has transferred its Managed Long Term Care Members to




Sell-Side Advisor

Pending



has entered into an affiliation agreement with



Buy-Side Advisor

April 2024



\$108,295,000
Fixed Rate Bonds

Sole Manager



April 2024



\$800,000,000
9.750% Senior Secured Notes due 2029

Joint Bookrunner


April 2024

\$30,685,000
FHA 232/223(f) Refinancing

Mortgage Banking Advisor

April 2024



\$116,000,000
Senior Secured Credit Facilities

Lead Left Arranger, Sole Bookrunner & Administrative Agent

March 2024



a portfolio company of



has been acquired by



Sell-Side Advisor

March 2024



has acquired



Buy-Side Advisor

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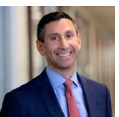
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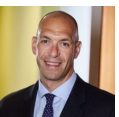
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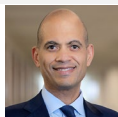


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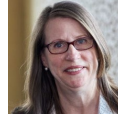
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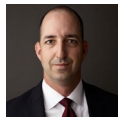
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