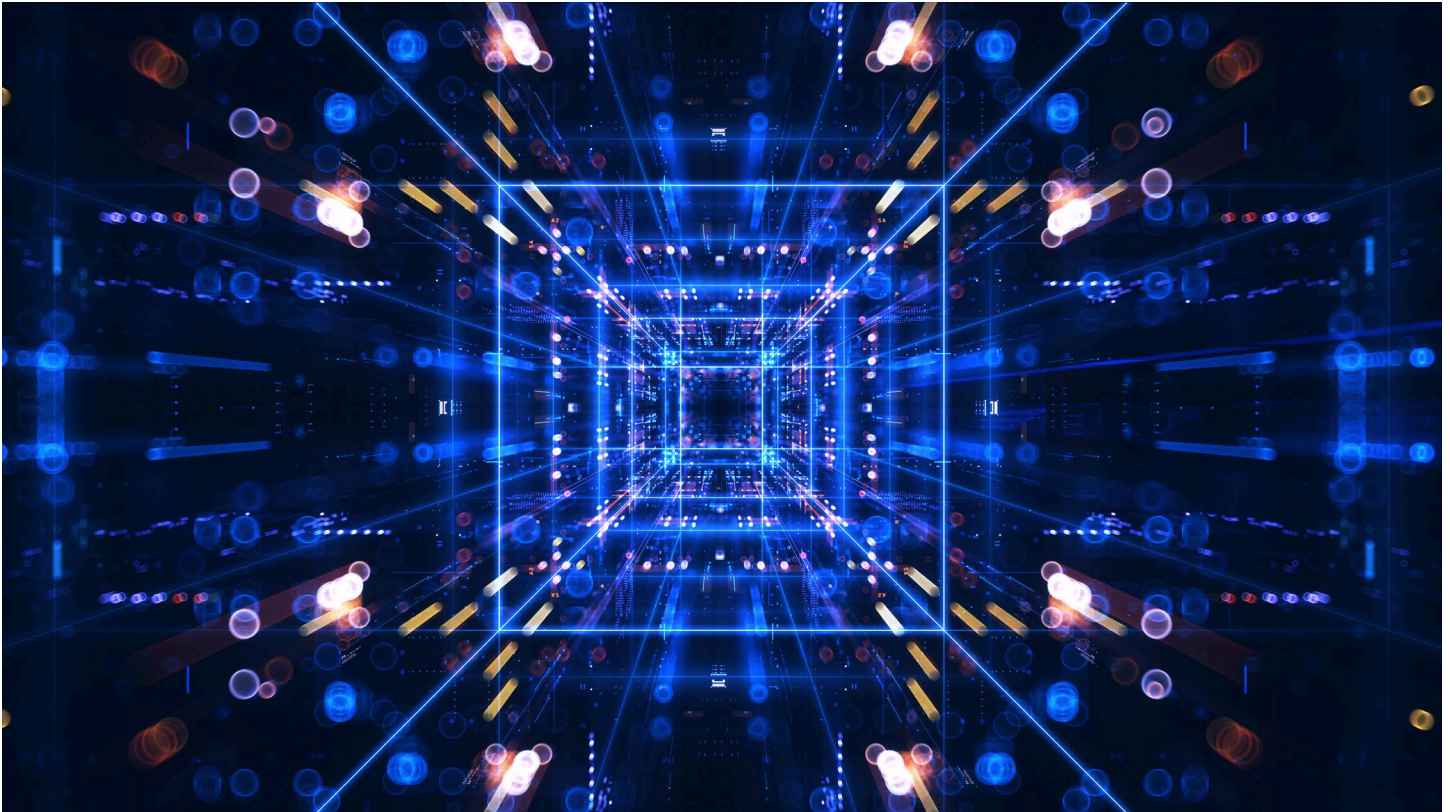


November 7, 2024

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Rate of Hospital Consolidation in the US: Too Little, Too Slow

Banker Commentary

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Rate of Hospital Consolidation in the US: Too Little, Too Slow

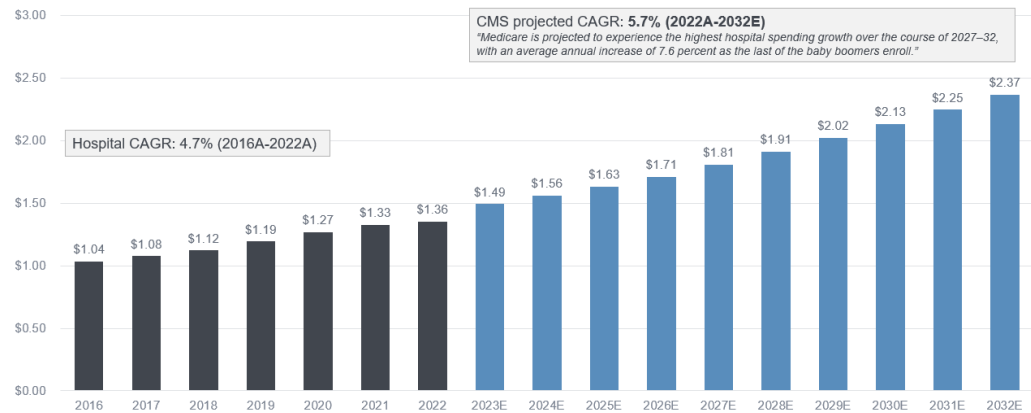
Banker Commentary by David Cohen

[Insights: 2024 Q3 Report](#)

As many stakeholders focus on hospital mergers, I reviewed recent data to update our prior analysis and contextualize the level of consolidation amongst health systems and health plans. I used data from our [Health Systems M&A](#) as well as CMS cost reports for acute care hospital revenues to assess hospital consolidation and concentration. For health plan concentration, I used commercial enrollment data. We selected commercial enrollment, as hospital pricing for commercial members is negotiated between the managed care organizations (MCOs) and hospital operators (such pricing has been a key topic when evaluating hospital consolidation). Below are the takeaways:

Takeaway #1: CMS Projects Hospital Care to Cost \$2.4 trillion in 2032 / Approximately 6% Revenue Growth is Expected for Each Health System Without M&A Growth

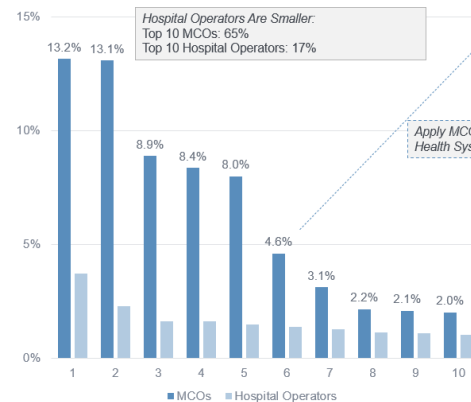
National Health Expenditure Amounts per CMS – Hospital Care (in \$ trillions)



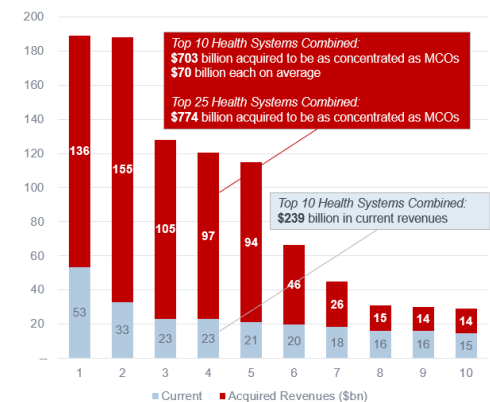
Takeaway #2: Payors Are Substantially More Concentrated than Health Systems

We compared the % market share for the top ten MCOs (based on membership) as compared to the market share for the top ten health systems (based on revenues). When the current MCO market share is applied to the ten health systems, those health systems would theoretically need to add \$703 billion in revenues to reach an equivalent market share.

Top 10 Entities Ranked by % of Members/Revenues



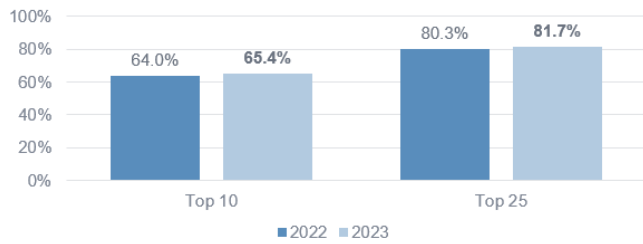
Health Systems – Acquired Revenues to be as Concentrated as MCOs (\$bn)



continued...

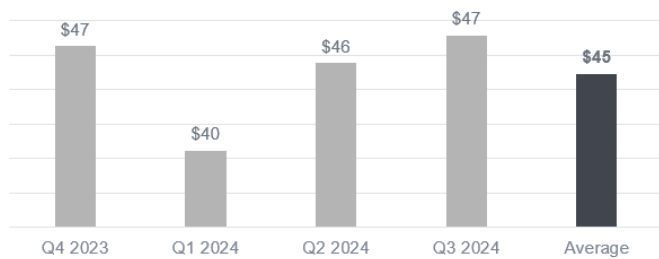
Takeaway #3: Payors Are More Concentrated Than a Year Ago – Top 10 MCOs Have 1.4% Higher Share Than Just a Year Prior

Top 10 / 25 MCO Entities (% of Total Commercial Members)



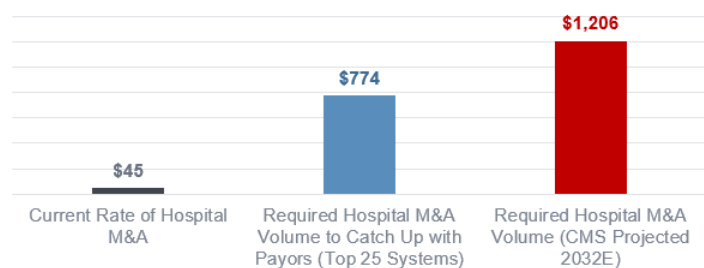
To measure rate of consolidation in hospital operators, we used the aggregate revenues for the announced M&A targets in recent quarters: they indicate an average of \$45 billion per year:

Annual Hospital M&A Volume (Combined Target Revenues in \$bn)



Applying the current market share for the top 25 MCOs (estimated to be approximately 82% based on their share of the U.S. commercial population (approximately 203 million members)) to the top 25 health systems, it would require the acquisition of \$774 billion in revenues to match the relative share of MCOs; an almost three-fold increase. At current rate of \$45 billion in annual hospital M&A volume, it will take 17 years to match the level of concentration as MCOs. When you adjust for the overall growth in the healthcare expenditure, the 17-year calculation is more likely to take 27 years for hospital mergers to catch up. What is interesting is that this amount is required to only catch up with MCOs as of current level of MCO consolidation, and as noted above, MCOs continue to consolidate and are more concentrated that a year ago.

Quarterly M&A Scale (Combined Target Revenues in \$bn)



Despite the meaningfully different landscapes between MCO and health system consolidation, hospital mergers continue to be frequently challenged by regulators. However, based on recent data -- 17 or 27 years imputed above we have concluded that the rate of hospital consolidation in the US is too little, too slow.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
11/1/2024	StrideCare	Webster Equity Partners	NA	NA	NA	Provider of lower extremity care, including foot and ankle ailments, as well as complex wound care, vascular health, and vein care
10/31/2024	Health Monitor Network (WestView Capital Partners) *	Gridiron Capital Partners	NA	NA	NA	Healthcare marketing platform that provides innovative, high-quality medical education to patients and healthcare professionals directly at the point-of-care
10/30/2024	AdvancedMD (Global Payments)	Francisco Partners	\$1,125	NA	NA	Cloud-based provider of medical office software
10/29/2024	Experic	1315 Capital	NA	NA	NA	Contract development and manufacturing organization and clinical trial supply services company
10/28/2024	Archer Review	Leeds Equity Partners	NA	NA	NA	Provider of test preparation solutions for high-stakes medical exams
10/25/2024	Bonafide	WellSky (TPG, Leonard Green)	NA	NA	NA	Enterprise software solution for durable medical equipment and home medical equipment companies
10/23/2024	Caregiver Services	Help at Home (Centerbridge Partners, Vistria Group)	NA	NA	NA	Provider of caregiving and caregiver-referral services
10/24/2024	CorroHealth	Patient Square Capital and Carlyle	NA	NA	NA	Provider of revenue cycle management solutions to health systems and health plans
10/23/2024	Golden Ceramic Dental Lab	The Zabel Companies	NA	NA	NA	Full-service dental laboratory specializing in implants, removables, crowns and bridges, orthodontics, digital dentures, clear aligners, and sleep solutions
10/23/2024	RelayHub	Resurgens Technology Partners	NA	NA	NA	School Medicaid workflow solution
10/21/2024	Birmingham Heart Clinic	US Heart & Vascular (Ares, Rubicon)	NA	NA	NA	Provider of comprehensive cardiovascular care services
10/21/2024	Centers Plan for Healthy Living (Centers Health Care)	Elevance Health	~\$1,000	NA	NA	New York-based Medicaid long-term care plan
10/19/2024	Three Oaks Hospice (Petra Capital)	Martis Capital	\$150-\$160	NA	~13.5x	Texas based hospice provider
10/18/2024	Carebridge	Elevance Health	NA	NA	NA	Tennessee-based in-home healthcare coordinator
10/15/2024	DirectMed Imaging (NMS Capital)	Frazier Healthcare Partners	NA	NA	NA	Provider of aftermarket parts and component repairs for diagnostic imaging equipment
10/14/2024	Gynesonics (Bain Capital, MVM Partners, Amzak Health Investors, Endeavour Vision, Kaiser Permanente Ventures and Runway Growth Capital)	Hologic	350	NA	NA	Minimally invasive solutions for women's health
10/11/2024	Curation Health (Echo Health Ventures)	Reveleer (Oak HC/FT)	NA	NA	NA	Provider of clinical insights at the point of care
10/9/2024	Eyemart Express (FFL Partners and Leonard Green & Partners)	VSP Vision	NA	NA	NA	Local eye care provider with nearly 250 stores in 42 states

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

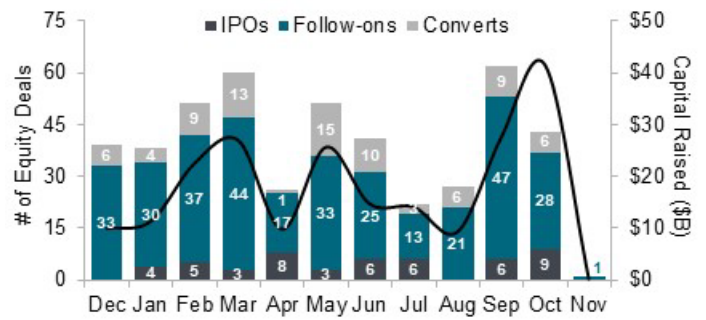
Date	Company	Investor(s)	Type	Amount	Description
10/29/2024	Petfolk	Deerfield Management (lead), Movendo Capital, White Star Capital, Cutting Horse VC, Idea Farm Ventures, and Parkview International	Series C	\$36	Provider of veterinary and urgent care through its network of "connected care" clinics
10/24/2024	PeopleOne Health	GV (lead), Glen Tullman	Series B	\$32	Next generation of value-based primary care
10/15/2024	Alchemy	"a16z" Bio + Health with participation from Earvin "Magic" Johnson, Sandberg Bernthal Venture Partners, Banc of California, Twine Ventures, Springbank and AlleyCorp	Seed	\$31	In-house pharmacy programs with a focus on serving clinics with large HIV and Hepatitis C patient populations
10/8/2024	Maven Clinic	StepStone Group (lead), General Catalyst, Sequoia, Oak HC/FT, Icon Ventures, Dragoner Investment Group, and Lux Capital	Series F	\$125	Virtual clinic for women's and family health
10/8/2024	Eleanor Health	General Catalyst (lead), Town Hall Ventures, Echo Health Ventures, Northpond Ventures, Rethink Impact and Emerson Collective	Series D	\$30	Outpatient addiction treatment provider
10/2/2024	Rippl	Kin Ventures (lead), ARCH Venture Partners, General Catalyst, GV, F-Prime, Mass General Brigham Ventures, 1843 Capital and JSL Health	Series A	\$23	Virtual dementia care
10/1/2024	Nym	PSG (lead), Google Ventures, Addition, Samsung Next and Dynamic Loop Capital	Growth	\$47	Autonomous medical coding
10/1/2024	StrataPT	Council Capital (lead)	Undisclosed	\$25	Billing-aware practice management platform for outpatient therapy clinics
9/25/2024	Zing Health	Health 2047 Capital Partners, CRG, and First Trust Capital Partners (lead investors), Newlight Partners, Town Hall Ventures, Health 2047, and Leavitt Equity Partners	Undisclosed	\$140	Medicare Advantage insurer
9/24/2024	Centivo	Cone Health Ventures and MemorialCare Innovation Fund (leads), B Capital, Cox Enterprises, F-Prime Capital, Ingleside Investors, Morgan Health, Trinity Capital and JPMorgan Chase	Equity and Debt	\$75	Primary care-centered health plan offers employers a replacement to traditional health insurance carriers
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

Equity Capital Markets

Market Overview

- Last week was the largest week for ECM \$ raised since 2020:
 - Last week: 0 IPOs; 14 follow-ons; 3 convertibles
- The largest transaction was Boeing's \$24.25 BN equity raise; Boeing's successful deal demonstrated investor willingness to put money to work even in difficult corporate situations
 - No IPOs priced last week and the calendar is tight into year-end given the U.S. election, FOMC rate decision and holidays
 - Follow-on issuance should continue through Thanksgiving with the bulk of earnings already reported and success of several recent transactions

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

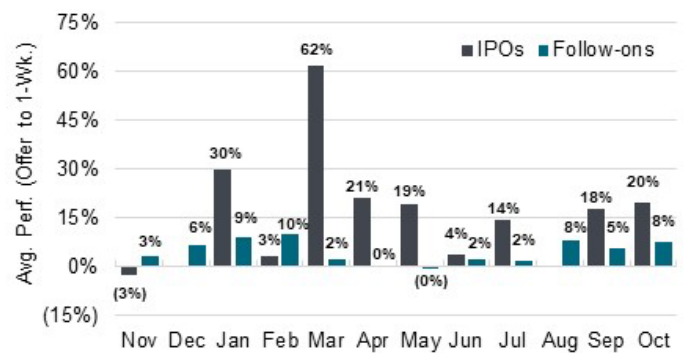


ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	2,047	6	5%	302	2	6%
CONV	10,360	6	27%	2,463	3	47%
FO	26,611	27	68%	2,499	10	47%
Total	39,018	39	100%	5,263	15	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	25,750	50	13%	10,966	22	10%
CONV	58,372	76	29%	42,594	62	37%
FO	118,118	296	58%	61,060	245	53%
Total	202,240	422	100%	114,620	329	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
10/10/2024	Ceribell	Medical Products	CBLL	\$207.3	\$578.3	35.8%	100.0%	\$17.00	\$14.00 - \$16.00	47.1%	55.9%
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%

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
10/29/2024	PROCEPT BioRobotics	Medical Products	Marketed	PRCT	\$201.2	\$5,231.5	3.8%	100.0%	0.0%	2.2%	-
10/2/2024	Pennant Group	Services	Marketed	PNTG	\$124.8	\$1,097.8	11.4%	100.0%	(13.2%)	9.1%	9.4%
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%

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

Transaction occurred the past week

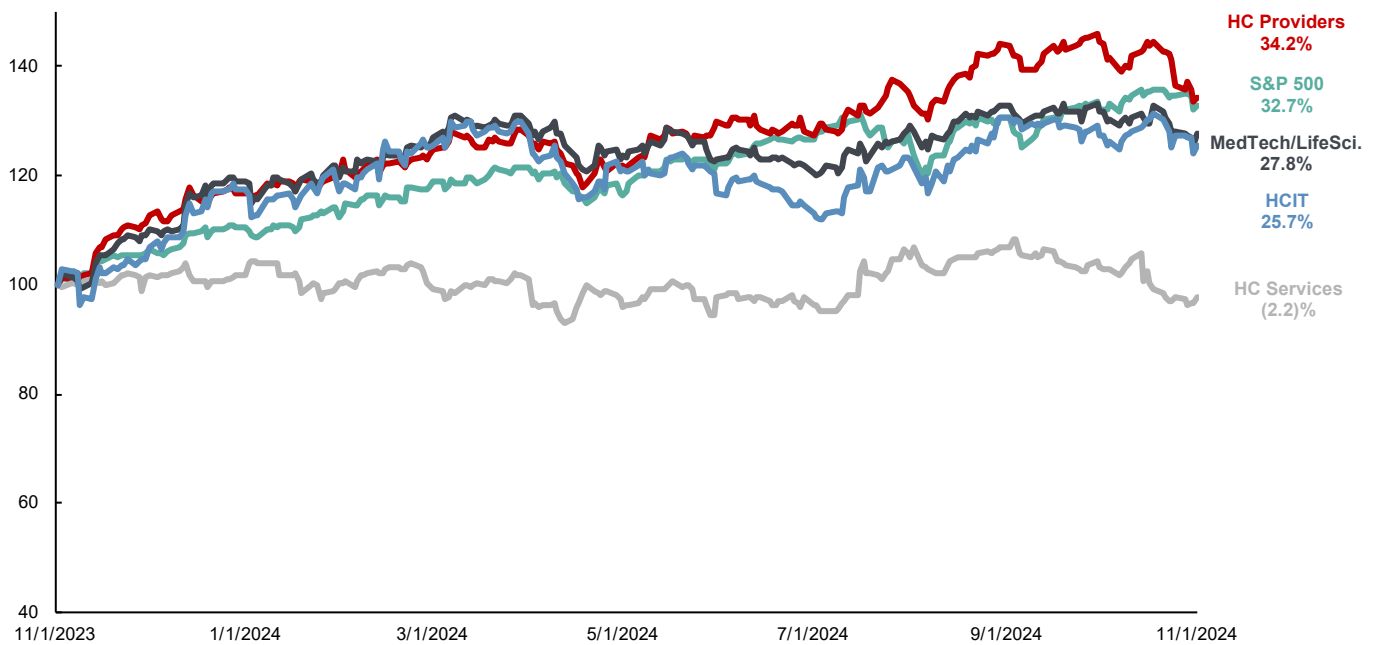
Public Equity Market Activity & Indices

Equity Indices (as of November 1, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	42,114	42,052	24.3%	(0.1%)
S&P 500	5,808	5,729	32.7%	(1.4%)
NASDAQ	18,519	18,240	37.2%	(1.5%)
Russell 2000	2,208	2,210	28.9%	0.1%
NYSE Healthcare	26,539	26,361	16.2%	(0.7%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	58.3%	(1.4%)
Alternate Site Services	25.0%	(6.4%)
Diagnostics	20.5%	(2.3%)
Distribution	15.6%	2.4%
Healthcare IT	25.7%	(1.3%)
Healthcare REITs	56.8%	1.8%
Managed Care	(1.9%)	(0.2%)
Medical Technology	28.5%	0.2%
Outsourced Services	(2.3%)	1.1%
Pharma Services	25.5%	(1.8%)
Pharmacy	(27.1%)	(1.9%)
Primary Care	(54.7%)	0.2%
Post-Acute Care Services	38.7%	(1.3%)
Post-Acute Care Facilities	41.5%	0.2%

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Investment grade bond primary market issuance saw 18 deals price last week for a total of \$27.5BN in issuance; October total issuance finished at \$95.0 BN

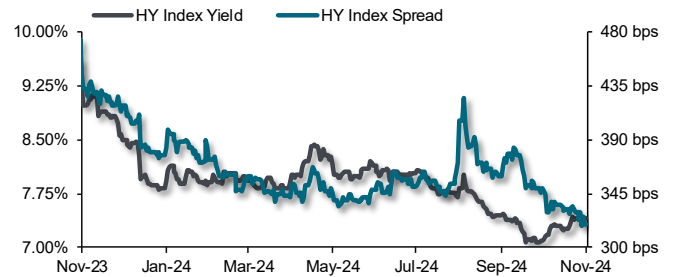
High Yield

- The high yield market closed out October with above-average issuance of \$21.0 BN for the calendar month despite multi-month highs for base rates and mixed labor market data

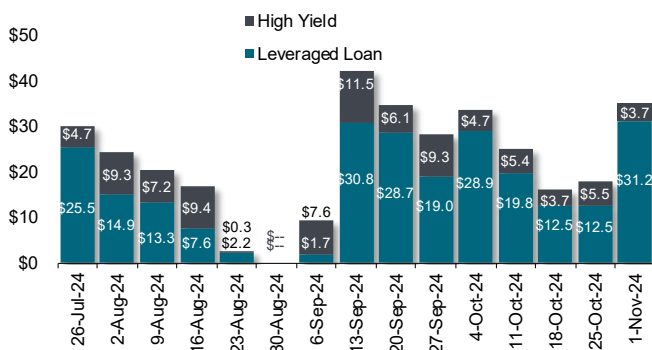
Term Loan B Market

- New issue CLO volume has remained strong, with over \$65 BN more in issuance this year as opposed to last year at this point

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q24	3Q24	30-Day Rolling Average 11/01/24
Ba1	S+219 / 7.5%	S+192 / 7.0%	S+196 / 6.8%
Ba2	S+236 / 7.5%	S+192 / 7.0%	S+210 / 6.9%
Ba3	S+238 / 7.7%	S+268 / 7.9%	S+270 / 7.6%
Single-B Issuers	2Q24	3Q24	30-Day Rolling Average 11/01/24
B1	S+313 / 8.6%	S+333 / 8.6%	S+377 / 8.7%
B2	S+373 / 9.1%	S+363 / 8.9%	S+383 / 8.7%
B3	S+392 / 9.4%	S+394 / 9.3%	S+401 / 8.9%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
10/22/2024	Elevance Health Inc	Sr Notes	\$350	Baa2/A/BBB+	4.500%	10/30/2026	+48	37 bps
10/22/2024	Elevance Health Inc	Sr Notes	\$750	Baa2/A/BBB+	4.750%	2/15/2030	+80	35 bps
10/22/2024	Elevance Health Inc	Sr Notes	\$750	Baa2/A/BBB+	4.950%	11/1/2031	+90	35 bps
10/22/2024	Elevance Health Inc	Sr Notes	\$1,200	Baa2/A/BBB+	5.200%	2/15/2035	+105	30 bps
10/22/2024	Elevance Health Inc	Sr Notes	\$1,350	Baa2/A/BBB+	5.700%	2/15/2055	125	35 bps
10/22/2024	Elevance Health Inc	Sr Notes	\$800	Baa2/A/BBB+	5.850%	11/1/2064	+138	37 bps
9/17/2024	Universal Health Services Inc *	Sr Notes	\$500	Baa3/BBB-/BBB-	4.625%	10/15/2029	+120	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
10/24/2024	R1 RCM	Sr. Sec. Notes	\$1,300	B3/B-/NR	6.875%	11/15/2031	277 bps	7.00%-7.25%
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

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
10/31/2024	Southern Veterinary Partners	Shore Capital	B2 / B	Recapitalization	\$2,900	SOFR+325, 0% @ 99.5	8.031%
10/29/2024	Therakos	CVC	B2 / B	LBO	\$585	SOFR+525, 0% @ 96	10.935%

Most Recent Healthcare Pro Rata Issuances (\$MM)

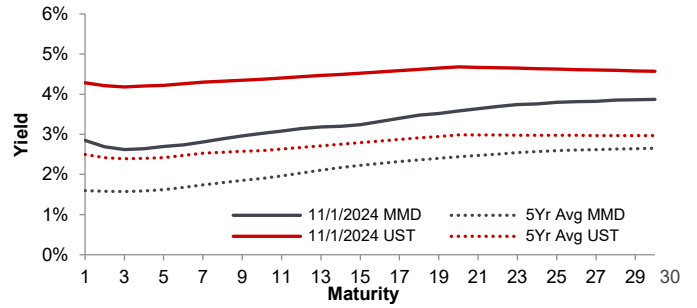
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
9/30/2024	Emergent BioSolutions	Public	B3 / B-	Refinancing	\$100mm 5-year ABL Revolver	Leverage-based Grid SOFR+175-225	Min Fixed Charge Coverage: 1.0x Min Liquidity

Public Finance Market

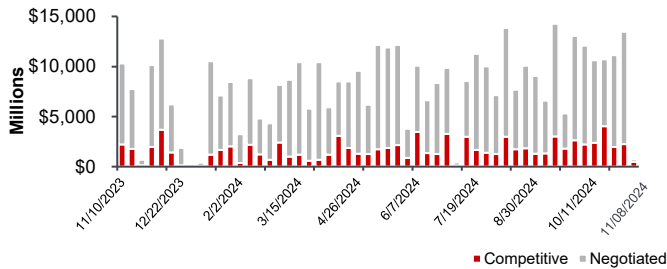
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 12 bps week-over-week, closing at 4.37% on Friday. 10-year MMD increased 5 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 133% in 2024 vs 2023
- Muni bond funds Investors added \$659 MM and high yield funds gained \$64 MM for the week ended November 1st

MMD & UST Yield Curve



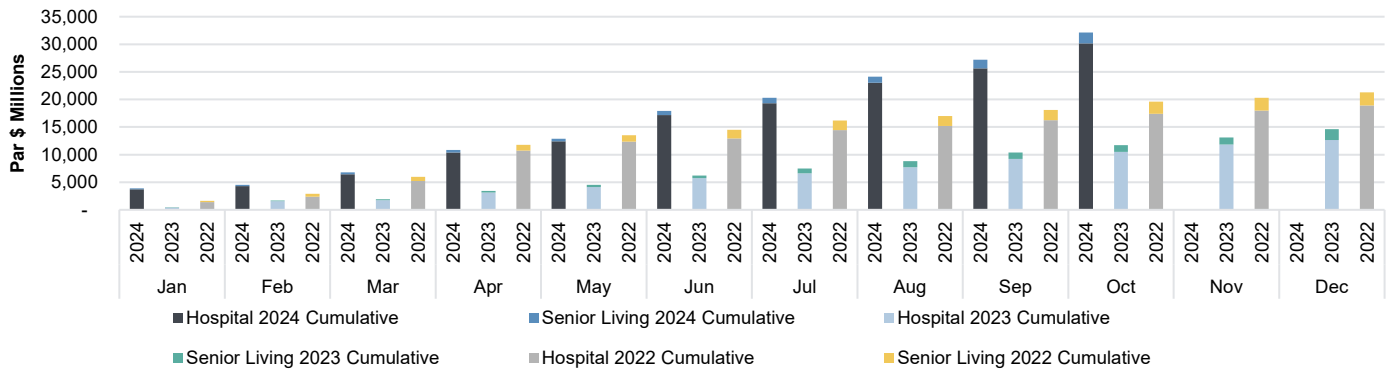
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.21%	10 bps	2	2.69%	4 bps	64%
10	4.37%	12 bps	10	3.02%	5 bps	69%
30	4.57%	6 bps	30	3.87%	5 bps	85%

Healthcare Public Issuance Overview



Recent Healthcare Public Issuance

Healthcare Public Issuance										
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
Recent Pricings, Week of 10/28										
Moldaw Residences	59,450	CA	CSCDA	TE	NR / AA- / NR	2049	2034(C)	5.00%	4.20%	4.56%
Thomas Jefferson University	611,840	PA	PAHEFA	TE	NR / A / A	2051	2034(C)	4.25%	4.55%	N/A
Thomas Jefferson University	250,295	PA	PAHEFA	TE	NR / A / A	2054	2034(C)	4.38%	4.66%	N/A
Thomas Jefferson University	168,725	PA	PAHEFA	TAX	NR / A / A	2037	MWC	5.36%	5.36%	N/A
Woodway Drive LLC	25,500	NH	NFA	TAX	NR / NR / NR	2034	MWC	4.53%	4.53%	N/A
Woodway Drive LLC	2,900	NH	NFA	TAX	NR / NR / NR	2034	MWC	6.34%	6.34%	N/A
Exp. Pricings, Week of 11/4										
No Expected Pricings	-	-	-	-	-	-	-	-	-	-

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

Hospital Groups Blast Senators' Site-Neutral Medicare Payment Reform Plan¹

Fierce Healthcare | November 4, 2024

Senators Bill Cassidy, M.D., R-Louisiana, and Maggie Hassan, D-New Hampshire, published a policy paper advocating to impose site-neutral Medicare payments on hospitals. The lawmakers argue that site-neutral Medicare payment reform would lead to lower healthcare costs for patients and save taxpayer dollars. Currently, Medicare payment rates recognize fundamental differences between patient care in hospital outpatient departments compared to other settings. Medicare patients and taxpayers share the cost of hospital "facility fees." These fees, which can be hundreds of dollars, are typically charged when a patient receives basic care—such as a steroid shot or allergy test—in a hospital setting regardless of what the procedure is, Cassidy and Hassan contend.

CMS Finalizes 2.9% Pay Increase For Outpatient Facilities, ASCs, With New Maternal Health Mandates²

Fierce Healthcare | November 2, 2024

Under a final rule issued by the Centers for Medicare and Medicaid Services, hospital outpatient facilities and ambulatory surgical centers will get a 2.9% Medicare pay increase next year, up from the 2.6% boost in reimbursement that was floated in the draft rule. The Calendar Year 2025 Outpatient Prospective Payment System (OPPS) and ASC Payment Systems final rule updates payment rates for hospital outpatient and ASC services for CY 2025 by 2.9% (3.4% market basket, less 0.5 percentage points for multifactor productivity). These payment updates are estimated to result in an additional \$2.2 billion in OPPS payments for hospitals compared to 2024, CMS said in a press release issued Friday. These payment policies affect approximately 3,500 hospitals and approximately 6,100 ASCs.

Lobbying Groups Pushing Priorities In Year-End Package And In 2025³

Fierce Healthcare | October 31, 2024

All year, lawmakers have debated contentious policies impacting payers, including Medicare Advantage and the future of pharmacy benefit managers. Some policy wishes and proposals, backed by some of Washington's most influential lobbying groups, culminated in bipartisan bills. But most of this legislation has stagnated, either in a committee or a chamber of Congress. These priorities are under a cloud of uncertainty before what could be the closest election in recent memory, with each potential administration likely to tackle pressing health issues differently. Will any legislation surrounding prior authorization, price transparency or individual coverage health reimbursement arrangements (IHRAs), for example, make it in an end-of-year package? Movement on new electronic prior auth standards may be possible, we learned.

1. <https://www.fiercehealthcare.com/finance/hospital-groups-blast-senators-site-neutral-payment-reform-plan>

2. <https://www.fiercehealthcare.com/providers/cms-finalizes-29-pay-increase-outpatient-facilities-ascs-new-maternal-health-mandates>

3. <https://www.fiercehealthcare.com/special-reports/lobbying-groups-pushing-priorities-year-end-package-and-2025>

continued...

Medicare Saves Record \$2.1 BN From Largest Accountable Care Program1

Healthcare Dive | October 31, 2024

The Medicare Shared Savings Program, or MSSP, is the largest ACO program in Medicare with almost 11 million beneficiaries covered by 480 ACOs. Participating ACOs receive a portion of the savings they generate compared to a benchmark, while ACOs with spending exceeding the benchmark might have to pay a penalty. The goal is to improve outcomes and lower healthcare costs by incentivizing providers to better manage patient care. The CMS on Tuesday lauded seven straight years of savings in MSSP. Under the Biden administration, the agency has gone all-in on accountable care — its goal is to bring all 34 million beneficiaries in traditional Medicare into value-based arrangements by 2030. Last year, 453 of the 480 ACOs participating in MSSP achieved total savings of \$5.2 billion, according to the CMS. Medicare retained \$2.1 billion while another \$3.1 billion was divvied out in shared savings. In comparison, in 2022 Medicare saved \$1.8 billion while ACOs earned \$2.5 billion.

SUD Treatment Providers Eye ‘New Frontier’ While Navigating LingerinG Challenges2

Behavioral Health Business | October 30, 2024

Macroeconomic factors, including interest rates and inflation, are beginning to improve, creating tailwinds for the substance use disorder (SUD) treatment industry. LingerinG impacts of now-improvinG economic turbulence will continue to affect the industry, however. In turn, investors have had to become more disciplined, industry experts said at the Behavioral Health Business INVEST conference. Operators, meanwhile, are copinG with disproportionate reimbursement rates while lookinG to expand into the SUD industry’s promisinG “new frontier.” The Federal Reserve announced a one-half-percentage-point rate cut on Sept. 18, and experts predict additional cuts in months to come, all of which is good news for the behavioral health industry. New York City-based Lee Equity’s past and present portfolio features several behavioral health companies, includinG previous investments Summit Behavioral Health and Eating Recovery Center. In October 2022, the firm acquired Birmingham, Alabama-based SUD treatment provider Bradford Health, which operates centers in Alabama, Tennessee, Mississippi, North Carolina and Arkansas.

Why Home Health Deserts Are SpreadinG Across Rural States3

Modern Healthcare | November 1, 2024

Home health deserts are increasinG at an alarminG rate across some rural states as home health companies close or reduce services due to financial challenges. Home health companies in Maine, Nebraska and Minnesota say a proposed Medicare rate cut, low Medicare Advantage reimbursements and workforce shortages are forcing them to make difficult business decisions — leavinG many communities with limited access or no access to post-acute care in the home. But the Medicare Payment Advisory Commission, which advises Congress, has downplayed access problems in rural areas and said federal reimbursements are adequate to support services there.

1. <https://www.healthcaredive.com/news/medicare-shared-savings-program-record-2023/731509/>

2. <https://bhbusiness.com/2024/10/30/sud-treatment-providers-eye-new-frontier-while-navigating-lingerinG-challenges/>

3. <https://bhbusiness.com/2024/10/11/telehealth-is-where-the-puck-is-going-in-youth-behavioral-health>

November 21, 2024

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

The Duals Opportunity

Banker Commentary

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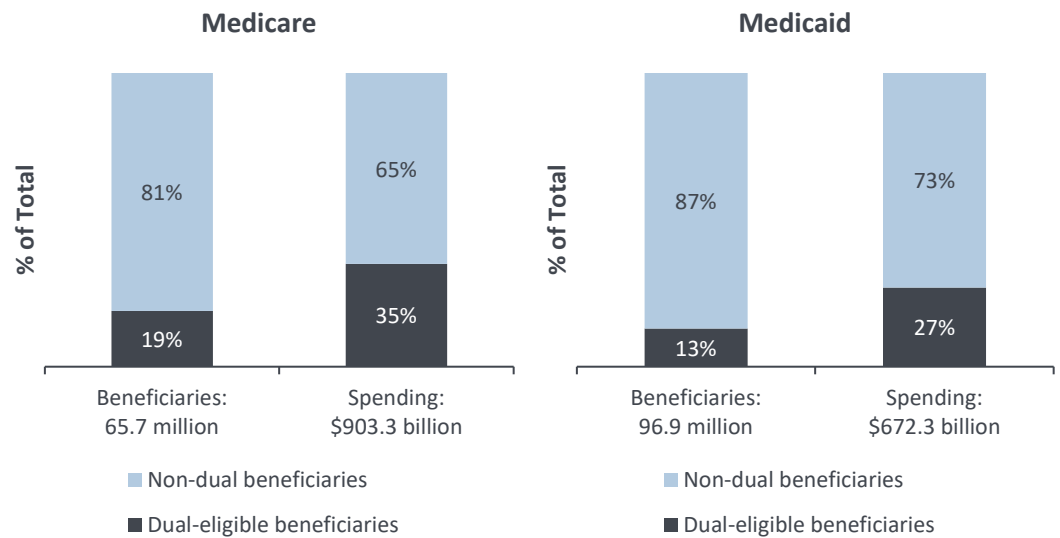
The Duals Opportunity

Banker Commentary by Stacy Guffanti

Today, there are 12.8 million¹ Americans who are dual-eligible beneficiaries, meaning they receive benefits under both Medicare and Medicaid. These individuals on average have more complex healthcare needs than a traditional

Medicare beneficiary. Dual-eligible enrollment in managed care is estimated to grow at more than a 9% CAGR through 2027 and is expected to exceed Medicare Advantage growth, making this segment of the population a significant growth opportunity for managed care organizations². While dual-eligibles today represent only about 19% of total Medicare beneficiaries and 13% of total Medicaid beneficiaries¹, they represent a disproportionate share of Medicare and Medicaid spending.

Dual-eligible beneficiaries as a share of Medicare and Medicaid enrollment and spending¹



Of the 12.8 million dual-eligibles, almost half are enrolled in either a Dual-Eligible Special Needs Plan (D-SNP), a Medicare-Medicaid Plan (MMP), or a PACE organization³. These types of plans are required to provide some level of coordination of Medicare and Medicaid benefits. However, there is a wide disparity as to how much coordination as Medicaid is administered differently by each state. The reality is that most dual eligible beneficiaries today receive fragmented care because of lack of integration and coordination between Medicare and Medicaid, which drives higher costs and worse outcomes. A small minority of dual-eligible individuals, approximately 8%³, are in a truly integrated plan meaning one that covers both their Medicare and Medicaid benefits and operates both benefits under the same parent organization (i.e., exclusively aligned enrollment). There is a significant opportunity to improve integration between Medicare and Medicaid for dual-eligible individuals.

CMS's 2025 Medicare Advantage and Part D Final Rule includes new provisions that are intended to increase the percentage of dually eligible managed care enrollees who receive Medicare and

continued...

Medicaid services from the same organization. The goal is to create a more seamless experience for these individuals through improved provider network coordination, more effective care management, expanded access to integrated materials and unified appeal processes across Medicare and Medicaid. Two key components of the Final Rule include a new integrated care special enrollment period and a limit on enrollment in certain D-SNPs to those individuals who are also enrolled in an affiliated Medicaid managed care organization.⁴ While the new rules are complex and there remain questions as to how the rules will be implemented, as CMS is leaving implementation of the rule to each state, it is a positive move by CMS to increase coordination that will hopefully lead to better outcomes, lower costs, and a better experience for dual-eligibles.

Our view is that as CMS and state Medicaid organizations, through the Final Rule and other policy initiatives, move to increase the level of integration between Medicare and Medicaid for the dual-eligible population, it will cause plans to reconsider their strategies around both product lines, particularly Medicaid. This will especially be the case if states choose to take the position to exclusively align dual-eligible beneficiaries, meaning only managed care organizations with Medicaid and Medicare can enroll full dual-eligible individuals. Molina and Centene in this case would be particularly well positioned given their strong footprint in Medicaid across the country.

While the future of how this rule will ultimately play out remains in question, we believe it will be a driver of additional M&A within Medicaid, particularly for plans that don't have a strong Medicaid footprint. As state Medicaid procurement cycles are lengthy, M&A provides a path for plans to gain meaningful Medicaid penetration. As Humana noted in its most recent earnings call, one of the four drivers of its business is "deploying growth capital in a way that complements our Medicare Advantage core business but really focused around CenterWell and Medicaid."⁵ Despite headwinds resulting from the end of redetermination, we expect large nationals and multi-state regional plans to prioritize Medicaid M&A opportunities.

¹ [January 2024 MedPAC MACPAC Dually Eligible Data Book](#)

² [What to expect in US healthcare in 2024 and beyond | McKinsey](#)

³ [Integrated Care Programs for Dually Eligible Individuals: Current Evidence and Opportunities for Future Research](#)

⁴ [Contract Year 2025 Medicare Advantage and Part D Final Rule \(CMS-4205-F\) | CMS](#)

⁵ [Humana Reports Third Quarter 2024 Financial Results; Updates Full Year Adjusted 2024 Financial Guidance | Humana Inc.](#)

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
11/14/2024	Black Hills Surgical Hospital (Medical Facilities)	Sanford Health	\$194	1.8x	NA	Orthopedic focused surgical hospital based in South Dakota
11/14/2024	SciSafe (BioLife Solutions)	1315 Capital	\$73	7.0x	NA	Provider of biological and pharmaceutical storage services
11/13/2024	US VisionMed Partners	Kian Capital Partners and RF Investment Partners	NA	NA	NA	Nationwide management services organization supporting medically focused optometry practices
11/12/2024	Advanced Diabetes Supply Group (Court Square Capital Partners)	Cardinal Health	\$1,100	NA	NA	National distributor of durable medical equipment specializing in diabetes supplies
11/11/2024	GI Alliance (majority stake)	Cardinal Health	\$3,900	NA	NA	Physician-led, national management services organization supporting independent gastroenterology practices
11/11/2024	Eventus WholeHealth (Balance Point, Enhanced Healthcare, Leavitt Equity)	General Atlantic	NA	NA	NA	Provider of in-person, value-based primary care and behavioral health services for long term care residents
11/11/2024	Mission Autism Clinics (Seven Isles Capita)	Helping Hands Family	NA	NA	NA	Provider of in-center ABA therapy for school and community-based care for children, teens and young adults
11/8/2024	Radar Healthcare	Marlin Equity Partners	NA	NA	NA	Provider of risk, quality, and compliance software for the healthcare and social care sectors
11/8/2024	Prospect Health	Astrana Health	\$745	0.6x	9.2x	Integrated care delivery system with a network of around 3,000 primary care providers and 10,000 specialists
11/8/2024	Summa Health	HATCo (General Catalyst)	\$485	NA	NA	Integrated healthcare delivery systems in Ohio
11/6/2024	Accentra Home Health & Hospice	Choice Health at Home (Trive Capital)	NA	NA	NA	Multi-agency home health and hospice organization in Oklahoma
11/6/2024	Avid Bioservices	GHO Capital Partners and Ampersand Capital Partners	\$1,100	6.3x	NM	Biologics contract development and manufacturing organization
11/6/2024	Retina Consultants of America (Webster Equity Partners)	Cencora	\$4,600	NA	NA	Management services organization of retina specialists
11/6/2024	Intraprise Health	Health Catalyst	NA	NA	NA	Healthcare cybersecurity company
11/5/2024	BOLDSCIENCE	minds + assembly (Amulet Capital Partners)	NA	NA	NA	Full-service medical communications agency
11/4/2024	Riccobene Associates Family Dentistry (The Beekman Group)	Comvest Private Equity	NA	NA	NA	Dental services organization based in North Carolina
11/4/2024	UCI Medical Affiliates (BlueCross BlueShield of South Carolina)	Novant Health	NA	NA	NA	52 urgent care facilities and 20 physical therapy clinics located across South Carolina
11/1/2024	StrideCare	Webster Equity Partners	NA	NA	NA	Provider of lower extremity care, including foot and ankle ailments, as well as complex wound care, vascular health, and vein care

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
11/13/2024	MB2 Dental	Warburg Pincus	Recap	\$525	Nationwide dental partnership organization
11/7/2024	Performance Home Medical	Grant Avenue Capital	Undisclosed	\$55	Medical equipment provider
11/4/2024	Praia Health	Labcorp	Strategic	Undisclosed	Consumer experience platform
10/29/2024	Petfolk	Deerfield Management (lead), Movendo Capital, White Star Capital, Cutting Horse VC, Idea Farm Ventures, and Parkview International	Series C	\$36	Provider of veterinary and urgent care through its network of "connected care" clinics
10/24/2024	PeopleOne Health	GV (lead), Glen Tullman	Series B	\$32	Next generation of value-based primary care
10/15/2024	Alchemy	"a16z" Bio + Health with participation from Earvin "Magic" Johnson, Sandberg Bernthal Venture Partners, Banc of California, Twine Ventures, Springbank and AlleyCorp	Seed	\$31	In-house pharmacy programs with a focus on serving clinics with large HIV and Hepatitis C patient populations
10/8/2024	Maven Clinic	StepStone Group (lead), General Catalyst, Sequoia, Oak HC/FT, Icon Ventures, Dragoner Investment Group, and Lux Capital	Series F	\$125	Virtual clinic for women's and family health
10/8/2024	Eleanor Health	General Catalyst (lead), Town Hall Ventures, Echo Health Ventures, Northpond Ventures, Rethink Impact and Emerson Collective	Series D	\$30	Outpatient addiction treatment provider
10/2/2024	Rippl	Kin Ventures (lead), ARCH Venture Partners, General Catalyst, GV, F-Prime, Mass General Brigham Ventures, 1843 Capital and JSL Health	Series A	\$23	Virtual dementia care
10/1/2024	Nym	PSG (lead), Google Ventures, Addition, Samsung Next and Dynamic Loop Capital	Growth	\$47	Autonomous medical coding
10/1/2024	StrataPT	Council Capital (lead)	Undisclosed	\$25	Billing-aware practice management platform for outpatient therapy clinics
9/25/2024	Zing Health	Health 2047 Capital Partners, CRG, and First Trust Capital Partners (lead investors), Newlight Partners, Town Hall Ventures, Health 2047, and Leavitt Equity Partners	Undisclosed	\$140	Medicare Advantage insurer
9/24/2024	Centivo	Cone Health Ventures and MemorialCare Innovation Fund (leads), B Capital, Cox Enterprises, F-Prime Capital, Ingleside Investors, Morgan Health, Trinity Capital and JPMorgan Chase	Equity and Debt	\$75	Primary care-centered health plan offers employers a replacement to traditional health insurance carriers
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

Equity Capital Markets

Market Overview

- Last week steady equity issuance continued on the heels of the post-election market rally:
 - Last week: 0 IPOs; 11 follow-ons; 2 convertibles
- The coming week will present one of the few remaining unhindered weeks of the year to issue equity with the IPO market expected to be largely done for the year.
 - There is one IPO on the road this week, a ~\$180 MM offering from Chinese robotaxi outfit Pony AI, which is scheduled to price late on Wednesday after a short roadshow and underpinned by cornerstone demand.
 - Post-earnings secondaries remain the most likely source of near-term issuance as sponsors will look to cash in while stocks are at record highs post-election.

ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	802	2	2%	645	4	5%
CONV	10,748	9	24%	1,830	2	14%
FO	32,711	41	74%	10,724	28	81%
Total	44,261	52	100%	13,200	34	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	25,776	51	12%	11,309	24	9%
CONV	60,950	81	29%	42,824	63	34%
FO	126,393	316	59%	71,491	271	57%
Total	213,118	448	100%	125,625	358	100%

Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
10/10/2024	Ceribell	Medical Products	CBLL	\$207.3	\$578.3	35.8%	100.0%	\$17.00	\$14.00 - \$16.00	47.1%	55.9%
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%

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
11/7/2024	GE HealthCare Technologies	Medical Products	Bought	GEHC	\$1,173.1	\$40,355.6	2.9%	0.0%	0.0%	(2.7%)	(6.1%)
10/29/2024	PROCEPT BioRobotics	Medical Products	Marketed	PRCT	\$201.2	\$5,231.5	3.8%	100.0%	0.0%	2.2%	4.9%
10/2/2024	Pennant Group	Services	Marketed	PNTG	\$124.8	\$1,097.8	11.4%	100.0%	(13.2%)	9.1%	9.4%
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%

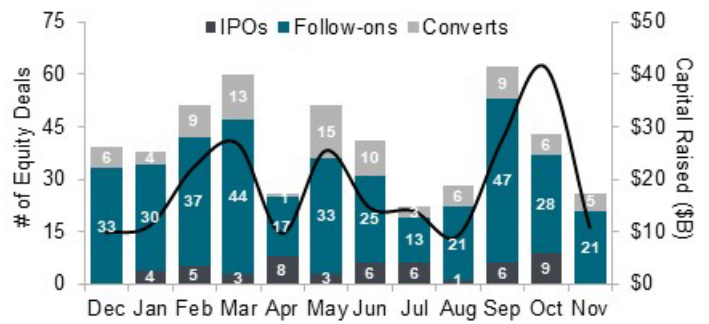
Most Recent Healthcare Convertible Debt Offerings (\$MM)

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

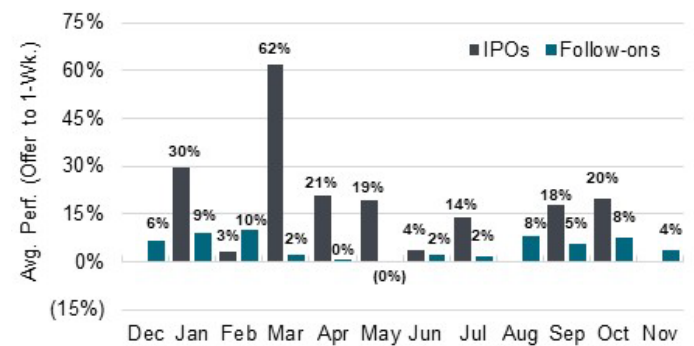
Sources: Bloomberg, Capital IQ, Dealogic, and Press Releases

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

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



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



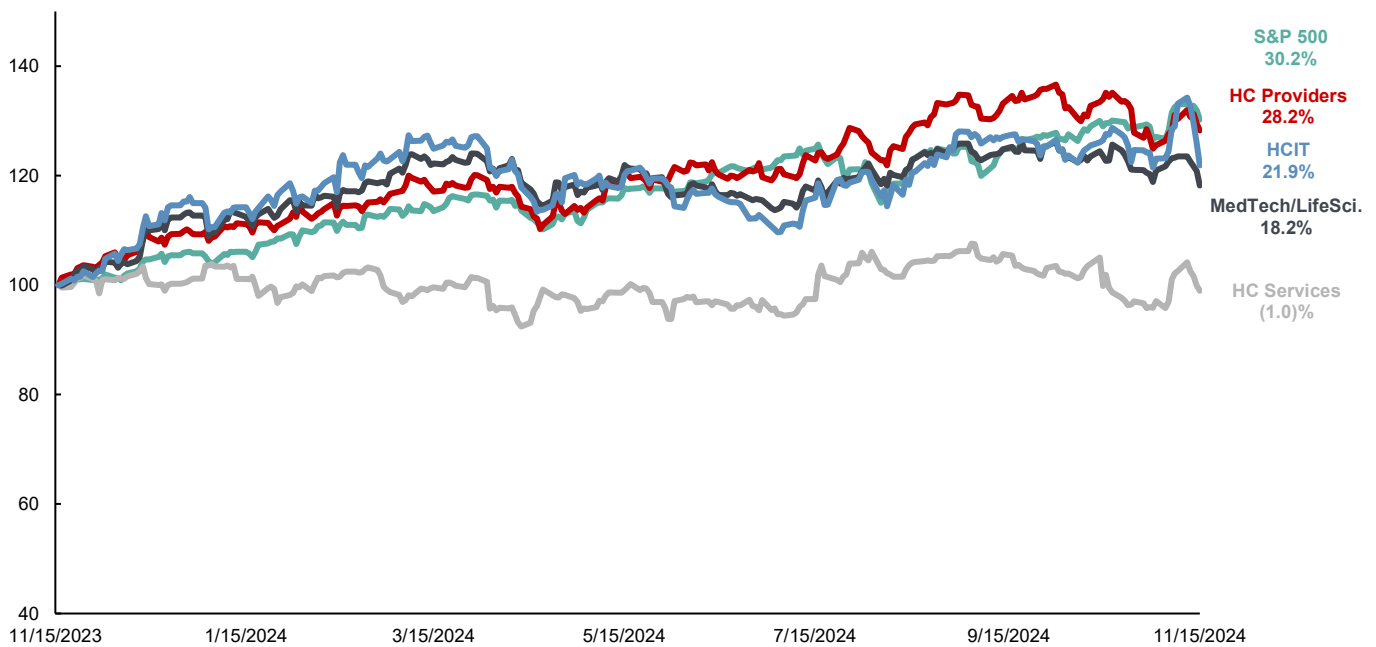
Public Equity Market Activity & Indices

Equity Indices (as of November 15, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	43,989	43,445	24.3%	(1.2%)
S&P 500	5,996	5,871	30.2%	(2.1%)
NASDAQ	19,287	18,680	32.4%	(3.1%)
Russell 2000	2,400	2,304	29.9%	(4.0%)
NYSE Healthcare	26,530	25,147	9.7%	(5.2%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	44.7%	(3.5%)
Alternate Site Services	22.2%	(0.4%)
Diagnostics	19.0%	(0.6%)
Distribution	18.6%	(1.8%)
Healthcare IT	21.9%	(8.5%)
Healthcare REITs	57.5%	(2.3%)
Managed Care	(0.3%)	(3.7%)
Medical Technology	20.0%	(3.6%)
Outsourced Services	(23.5%)	(9.6%)
Pharma Services	6.7%	(10.1%)
Pharmacy	(29.7%)	(4.4%)
Primary Care	(57.3%)	(10.4%)
Post-Acute Care Services	39.4%	(3.0%)
Post-Acute Care Facilities	38.5%	(3.1%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- IG Bond primary market issuance ramped up as 28 issuers tapped the market to raise \$47.9 BN in the holiday shortened week.

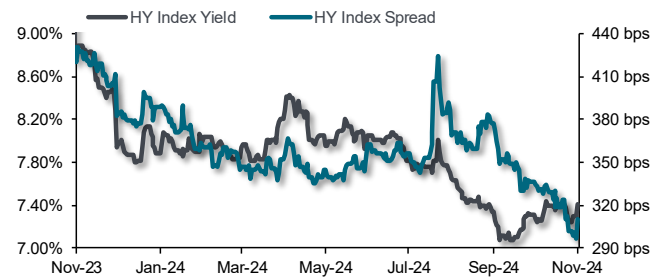
High Yield

- A resurgence in new issue activity and strong market conditions helped move the high yield market back towards the average, with eight issuers tapping the market last week; with spreads near post-GFC tight and Treasury volatility elevated, investors are weighing strong technicals against potential inflation risks.

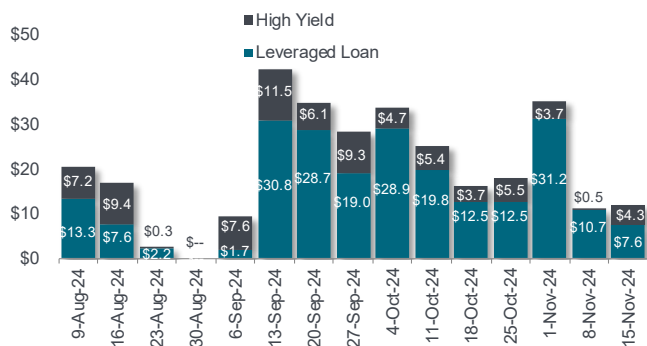
Term Loan B Market

- New-issue CLO volume has remained strong, with over \$75 BN more in issuance this year as opposed to last year at this point.

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q24	3Q24	30-Day Rolling Average 11/15/24
Ba1	S+219 / 7.5%	S+192 / 7.0%	S+188 / 6.6%
Ba2	S+236 / 7.5%	S+192 / 7.0%	S+250 / 7.3%
Ba3	S+238 / 7.7%	S+268 / 7.9%	S+250 / 7.2%
Single-B Issuers	2Q24	3Q24	30-Day Rolling Average 11/15/24
B1	S+313 / 8.6%	S+333 / 8/6%	S+289 / 7.6%
B2	S+373 / 9.1%	S+363 / 8.9%	S+391 / 8.8%
B3	S+392 / 9.4%	S+394 / 9.3%	S+403 / 8.9%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
11/13/2024	Cardinal Health Inc	Sr Notes	\$500	Baa2/BBB/BBB	4.700%	11/15/2026	+45	20 bps
11/13/2024	Cardinal Health Inc	Sr Notes	\$750	Baa2/BBB/BBB	5.000%	11/15/2029	+70	20 bps
11/13/2024	Cardinal Health Inc	Sr Notes	\$1,000	Baa2/BBB/BBB	5.350%	11/15/2034	+93	27 bps
11/13/2024	Cardinal Health Inc	Sr Notes	\$650	Baa2/BBB/BBB	5.750%	11/15/2054	+113	27 bps
11/13/2024	Gilead Sciences Inc	Sr Notes	\$750	A3/BBB+/-	4.800%	11/15/2029	+50	25 bps
11/13/2024	Gilead Sciences Inc	Sr Notes	\$1,000	A3/BBB+/-	5.100%	6/15/2035	+70	25 bps
11/13/2024	Gilead Sciences Inc	Sr Notes	\$1,000	A3/BBB+/-	5.500%	11/15/2054	+88	28 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
11/13/2024	Molina Healthcare	Sr. Notes	\$750	Ba2/BB/NR	6.250%	1/15/2033	182 bps	6.375% area
10/24/2024	R1 RCM	Sr. Sec. Notes	\$1,300	B3/B-/NR	6.875%	11/15/2031	277 bps	7.00%-7.25%
9/17/2024	HAH Group	Sr. Sec. Notes	\$675	B2/B-/NR	9.750%	10/1/2031	622 bps	9.50%-9.75%

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
11/15/2024	Medline Industries	Blackstone Group	B1 / B+	Refinancing	\$6,112	SOFR+225, 0.50% @ 100	6.860%
10/31/2024	Southern Veterinary Partners	Shore Capital	B2 / B	Recapitalization	\$2,900	SOFR+325, 0% @ 99.5	8.031%

Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
9/30/2024	Emergent BioSolutions	Public	B3 / B-	Refinancing	\$100mm 5-year ABL Revolver	Leverage-based Grid SOFR+175-225	Min Fixed Charge Coverage: 1.0x Min Liquidity

Sources: Capital IQ, Mergermarket, and press releases

* Denotes Cain Brothers/KeyBanc Capital Markets participation

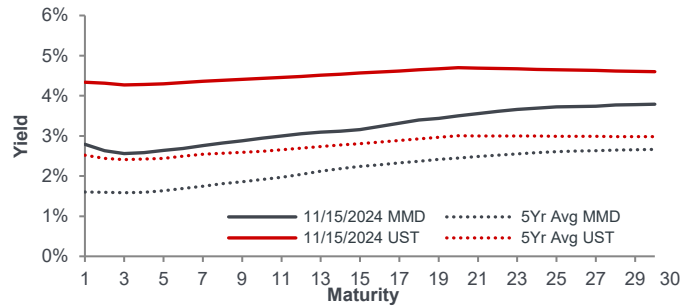
Transaction occurred over the past week

Public Finance Market

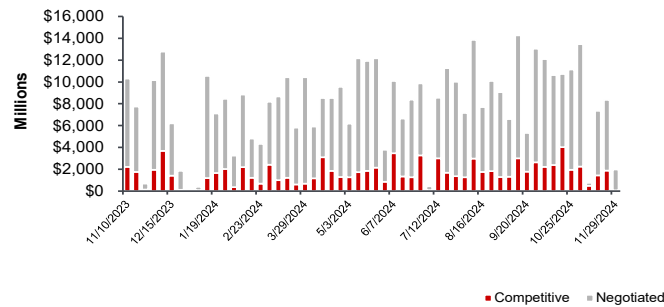
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 13 bps week-over-week, closing at 4.43% on Friday. 10-year MMD decreased 2 bps week over week.
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 150% in 2024 vs 2023.
- Muni bond funds Investors added \$305 MM and high yield funds gained \$150 MM for the week ended November 15th.

MMD & UST Yield Curve



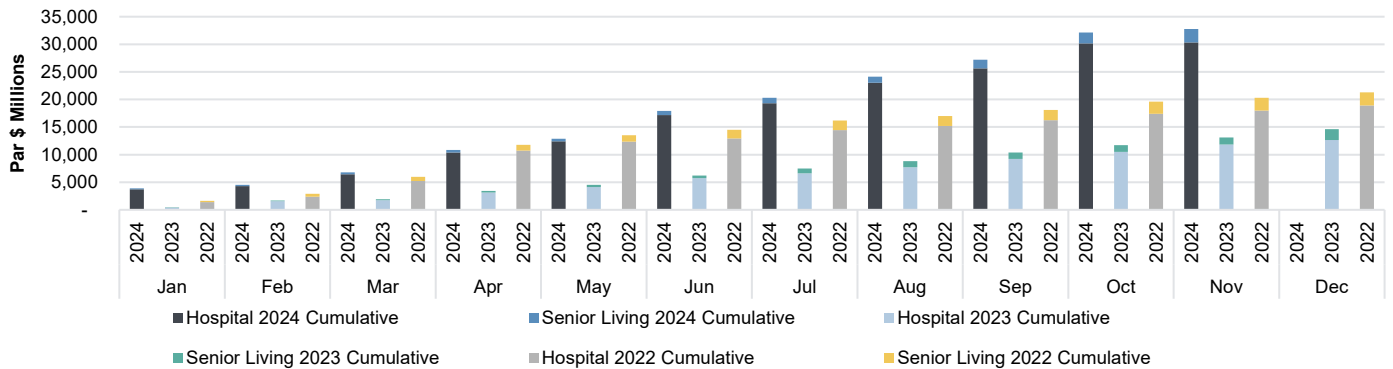
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.31%	5 bps	2	2.63%	(4 bps)	61%
10	4.43%	13 bps	10	2.94%	(2 bps)	66%
30	4.60%	13 bps	30	3.79%	0 bps	82%

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 11/11										
Deerfield Supportive Living*	39,215	IL	CCI	TE	NR / NR / NR	2045	2035(C)	6.50%	6.23%	6.32%
The James	442,100	CA	CPA	TE	NR / NR / NR	2059	2034(C)	6.38%	6.55%	N/A
The James	12,930	CA	CPA	TAX	NR / NR / NR	2033	MWC	8.25%	8.25%	N/A
Exp. Pricings, Week of 11/18										
Otterbein Homes OG	79,220	OH	CWO	TE	NR / A / NR	-	-	-	-	-
Village On The Isle Project	78,980	FL	CVF	TE	NR / NR / BB+	-	-	-	-	-

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

How ASCs Hold Onto Autonomy, Success In Large Markets¹

Becker's ASC Review | November 8, 2024

While ASCs remain largely independent, consolidation is on the rise as the industry's largest chains continue to expand, leaving the state of practice independence in flux. Several leaders joined Becker's on a Nov. 2 panel at the 30th annual Business and Operations of ASCs Meeting in Chicago to discuss how ASCs can maintain their autonomy in large, dynamic markets. Where larger health systems and practices may benefit from a larger pool of resources and finances, many ASCs look to be more responsive to the fast-changing dynamics of the market. John Brady, CEO of Fox Valley (Ill.) Orthopedics, noted that operating with a small team allows for quicker decision-making than in larger organizations.

Healthcare Staffing Bill Rates, Industry Consolidation On Tap²

Staffing Industry Analysts | November 13, 2024

There's a disconnect in healthcare staffing between bill rates and what clinicians want to get paid. Meanwhile, industry consolidation appears to be on the horizon. And it's back to the future for recruiters who need to rely on the skills they learned prior to Covid-19 when the market felt explosive growth. Five top executives from noteworthy healthcare staffing firms discussed what they are seeing with SIA Chief Analyst Barry Asin during a panel at the Healthcare Staffing Summit on Nov. 7 in Arlington, Texas. Right now, the view ahead is a bit murky. Medical Solutions CEO Rebecca Rogers Tijerino noted a mismatch, particularly in travel nursing, where nurses are not seeing the benefits of traveling at some of the current rates. However, flexibility in increasing bill rates won't come until healthcare system CFOs see more of a turnaround on their end, including a couple of quarters of operating profit, she said. Cross Country President and CEO John A. Martins called it a "chasm" between bill rates and what clinicians want to be paid. Still, the industry is nearing a turnaround even as the chasm remains.

What Administrative Changes Can Trump Make To Medicaid?³

KFF | November 8, 2024

With Donald Trump returning to the presidency, the future of Medicaid is uncertain. While Medicaid did not receive a lot of attention directly during the campaign, Trump's first term can shed light on potential changes that could be implemented administratively without Congress. Trump administration could encourage and approve Medicaid waivers to advance priorities, including work requirements. The previous Trump administration's Section 1115 waiver policy emphasized work requirements, other eligibility restrictions, and capped financing. The Trump administration approved 13 waivers that allowed states to condition Medicaid eligibility on meeting work and reporting requirements and also approved waivers that restricted eligibility, including by permitting states to charge premiums and lock out enrollees who are disenrolled for unpaid premiums. Although previous work requirements in Medicaid were challenged in court and the waivers imposing work requirements were rescinded by the Biden administration, a number of states continue to be interested in adopting them.

1. <https://www.beckersasc.com/asc-transactions-and-valuation-issues/how-asc-hold-onto-autonomy-success-in-large-markets.html>

2. <https://www.staffingindustry.com/news/global-daily-news/healthcare-staffing-bill-rates-industry-consolidation-on-tap>

3. <https://www.kff.org/policy-watch/what-administrative-changes-can-trump-make-to-medicaid>

Relevant News

Here's How Robert F. Kennedy Jr. Has Promised To Remake The Nation's Top Health Agencies¹

Associated Press | November 15, 2024

Robert F. Kennedy Jr., an anti-vaccine activist and environmentalist, for years gained a loyal and fierce following with his biting condemnations of how the nation's public health agencies do business. And that's put him on a direct collision course with some of the 80,000 scientists, researchers, doctors and other officials who work for the Department of Health and Human Services, especially with President-elect Donald Trump tapping him to head the agency. If confirmed, Kennedy will control the world's largest public health agency, and its \$1.7 trillion budget. The agency's reach is massive. It provides health insurance for nearly half of the country — poor, disabled and older Americans. It oversees research of vaccines, diseases and cures. It regulates the medications found in medicine cabinets and inspects the foods that end up in cupboards.

3 Ways AI Can Enable Health Systems To Achieve The Quadruple Aim²

Fierce Healthcare | November 18, 2024

The healthcare industry's enduring quest to achieve the Quadruple Aim — improving population health, enhancing the patient experience, reducing costs, and improving care team well-being — often feels like an elusive goal. In fact, although value-based care first went mainstream in the early 2000s, fee-for-service models remain the most dominant payment model in the U.S., according to a 2023 AMA Policy Research Perspectives report. So, what will it take for high-value healthcare to take permanent hold? Advances in AI-powered automation offer health systems new tools to address the barriers, such as administrative burden, complex, disparate data, and care gaps, that have long held them back from achieving the promise of the Quadruple Aim. Specifically, Notable's AI platform can automate tasks and work queues with EHR-integrated AI Agents. Pre-visit chart reviews, clinical forms, clinical trials, prior authorizations, risk adjustment coding, payment collection, care gap identification and closure, and more can be executed and automated within Notable's AI-powered platform.

DEA Finalizes One-Year Extension Of Telehealth Prescribing, Punts Final Regs To Incoming Trump Admin³

Fierce Healthcare | November 18, 2024

The Drug Enforcement Administration (DEA) will extend pandemic-era telehealth prescribing flexibilities for one year, through Dec. 31, 2025, according to an unpublished rule that hit the Federal Register on Friday night. The temporary rule punts the issue to the incoming Trump administration, which will have to act on it in its first year. The "Third Temporary Extension of COVID-19 Telemedicine Flexibilities for Prescription of Controlled Medications" entered the White House's Office of Management and Budget registry Oct. 15 and left Nov. 14. It was the first signal that the DEA would not let the pandemic-era flexibilities lapse at the end of 2024. The agency has been in gridlock with the Department of Health and Human Services (HHS) about the future of controlled substance prescribing, according to sources. The prescribing flexibilities put forward during the COVID-19 pandemic allowed licensed DEA providers to prescribe Schedule 2-5 controlled substances via telehealth.

1. <https://apnews.com/article/robert-r-kennedy-rfk-vaccines-hhs-food-trump-0500f67ef53ed6862583dace587b3899>

2. <https://www.fiercehealthcare.com/sponsored/3-ways-ai-can-enable-health-systems-achieve-quadruple-aim>

3. <https://www.fiercehealthcare.com/regulatory/dea-finalizes-one-year-extension-controlled-substance-prescribing-telehealth-punts-final>