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Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Biotech Funding Remains Top of Mind for Pharma Services Investors

Banker Commentary

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Biotech Funding Remains Top of Mind for Pharma Services Investors

Banker Commentary by John Kerins

2024 has continued to be a year of uncertainty for pharma services operators and investors. The sector has seen improving but, at times, inconsistent biotech funding as well as continued restructurings and pipeline pruning by big pharma. Overall, there are reasons for optimism from a slight uptick in new clinical study starts, greater clarity on the impacts of the Inflation Reduction Act and expected interest rates cuts. However, inconsistent biotech funding remains a key concern for the sector.

In the first six months of 2024 biotech funding of \$41.7 billion was up approximately 63% over the same period in 2023. While the headline growth is impressive, the growth was notably weighted to Q1, with more than \$23 billion raised in the quarter, and decelerating monthly funding for each month in Q2.

Funding slowed notably in July and August, to approximately \$3 billion per month, down from the first half average of approximately \$6.9 billion per month. Depending on the final figures in September, Q3 has the potential to be down over the same period in 2023. This noted deceleration in funding has been highlighted in commentary from publicly traded CROs, including Charles River, ICON, Medpace, and Fortrea in recent investor presentations and earning reports. Stephen Cutler, ICON CEO, noted that "...we are seeing a little bit of some challenges within the – particularly the biotech space which has some potential for impact" at a recent investor conference. Despite these concerns ICON did reiterate their guidance for the year and expects revenue to grow approximately 5% and EPS to grow approximately 17% this year.

Consensus estimates for the publicly traded CROs indicate mid-single digit revenue growth for the cohort in 2024. In the first half, the group also reported an average book-to-bill metric of approximately 1.2x, reflecting continued growth in bookings, which will convert to revenue over the next few years. It's worth noting that the publicly traded CROs largely service top 50 pharma companies, who tend to have similar funding levels year to year. As a result, the look through from publicly traded CROs to the private markets has some limitations.

Recent conversations with privately held CROs and pharma services providers paint a more nuanced picture on sector performance, with client mix (e.g., large pharma vs. biotech) and therapeutic focus often serving as the best indication of performance. At a high-level, those with greater biotech exposure have faced more headwinds in 2024 than those who have a more significant share of big pharma clients. The notable exceptions tend to focus on high-growth therapeutic areas including oncology, GI (e.g., NASH/MASH, GLP-1), and Alzheimer's disease, which are benefiting from more favorable funding dynamics across large pharma and biotech clients for these diseases.

Looking over the long term, biotech funding has benefited from lower interest rate environments, which are seen as more favorable to growth investments. With the start of the Federal Reserve cutting cycle in September there is renewed optimism that lower interest rates will provide a more favorable backdrop for biotech funding.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
10/1/2024	Fountainview at Gonda Westside (Los Angeles Jewish Health)*	Senior Resource Group	NA	NA	NA	West Los Angeles based continuing care retirement community with 175 RCFE-licensed independent living and 24 assisted living / memory care units
10/1/2024	Skincure Oncology	H.I.G. Capital	NA	NA	NA	Comprehensive model for the delivery of Image-Guided Superficial Radiation Therapy
10/1/2024	Surescripts	TPG	NA	NA	NA	Health information network
10/1/2024	VisiQuate	Accel-KKR	NA	NA	NA	Provider of advanced revenue cycle analytics, AI-powered workflow, and automation
9/30/2024	Science Exchange	Waud Capital Partners	NA	NA	NA	Provider of life sciences procurement and supplier management SaaS solutions
9/27/2024	Jubilee Clinical Research	Pinnacle Clinical Research (LongueVue Capital)	NA	NA	NA	Multi-therapeutic site clinical trial site organization
9/25/2024	New CDMO Platform	Blue Wolf Capital Partners	NA	NA	NA	New platform would combine seven European sites acquired from Recipharm and additional facilities from Synerlab
9/23/2024	BIOVECTRA (H.I.G. Capital)	Agilent Technologies (NYSE: A)	\$925	NA	NA	Contract development and manufacturing organization of active pharmaceutical ingredients and intermediates
9/23/2024	Lakeview Health*	Bradford Health Services (Lee Equity Partners)	NA	NA	NA	Provider of detoxification, residential, partial hospitalization, and intensive outpatient treatment services for individuals with substance use disorders and co-occurring conditions
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	PharmaForcelQ	Eir Partners	NA	NA	NA	AI-driven, precision omnichannel orchestration and measurement solution to pharmaceutical and life science companies

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

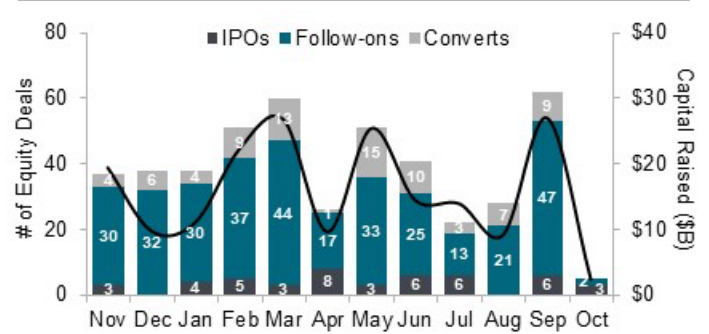
Date	Company	Investor(s)	Type	Amount	Description
10/2/2024	Rippl	Kin Ventures (lead), ARCH Venture Partners, General Catalyst, GV, F-Prime, Mass General Brigham Ventures, 1843 Capital and JSL Health	Series A	\$23	Virtual dementia care
10/1/2024	Nym	PSG (lead), Google Ventures, Addition, Samsung Next 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
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

Equity Capital Markets

Market Overview

- Select IPOs continue to be in focus with issuance slowing in early October due to quarter-end:
 - Last week: 3 IPOs; 5 follow-ons
- The largest of the IPOs to price this week was StandardAero's \$1.7BN listing (Carlyle-backed aircraft maintenance firm)
 - StandardAero's offering was upsized, priced above range and jumped 30%+ on debut, one of the better executions in recent years for a large IPO
- Follow-on issuance continues to be limited by earnings blackouts around the end of the quarter
 - One healthcare related issuer came to market, Pennant Group

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

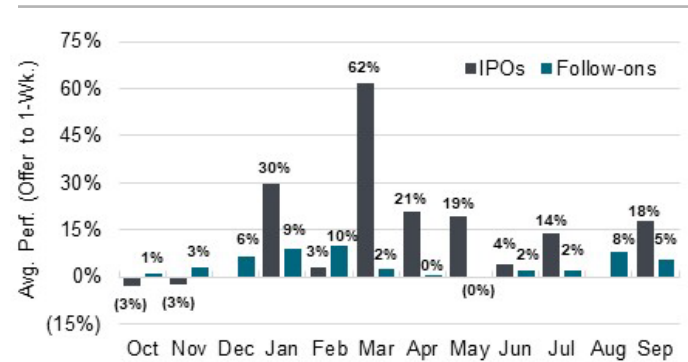


ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	3,366	9	15%	1,927	4	22%
CONV	5,726	7	26%	2,070	2	23%
FO	12,844	38	59%	4,945	22	55%
Total	21,937	54	100%	8,941	28	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	23,653	44	15%	10,664	20	10%
CONV	48,092	71	30%	40,132	59	37%
FO	91,121	269	56%	58,561	235	54%
Total	162,866	384	100%	109,357	314	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	
10/2/2024	Pennant Group	Services	Marketed	PNTG	\$108.5	\$1,097.8	9.9%	100.0%	(13.2%)	9.1%	-	
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%)	

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

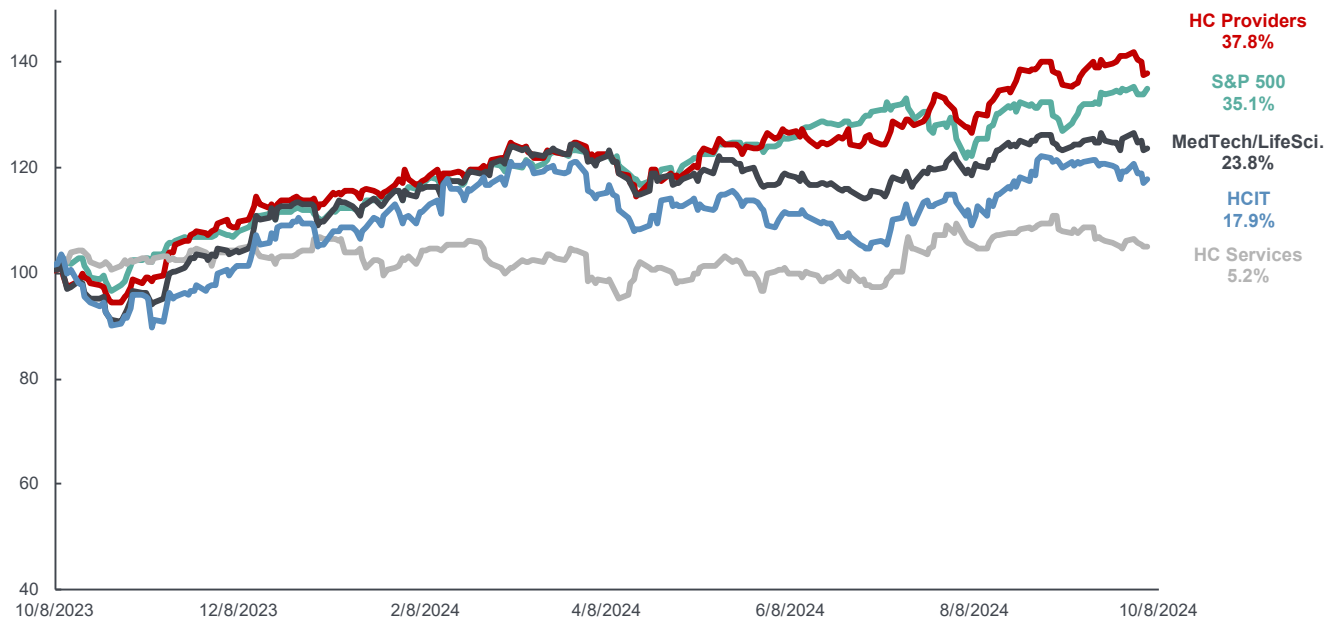
Public Equity Market Activity & Indices

Equity Indices (as of October 4, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	42,313	42,353	27.9%	0.1%
S&P 500	5,738	5,751	35.1%	0.2%
NASDAQ	18,120	18,138	37.2%	0.1%
Russell 2000	2,225	2,213	27.8%	(0.5%)
NYSE Healthcare	27,550	27,211	18.9%	(1.2%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	60.8%	(3.0%)
Alternate Site Services	27.3%	(4.1%)
Diagnostics	25.6%	(3.5%)
Distribution	9.1%	(1.0%)
Healthcare IT	17.9%	(1.3%)
Healthcare REITs	58.3%	(1.8%)
Managed Care	8.1%	(1.4%)
Medical Technology	23.8%	(1.7%)
Outsourced Services	(8.2%)	(1.4%)
Pharma Services	23.3%	(1.6%)
Pharmacy	(18.2%)	3.7%
Primary Care	(53.2%)	(1.2%)
Post-Acute Care Services	32.2%	(1.9%)
Post-Acute Care Facilities	34.6%	(1.7%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Investment Grade Bond primary market activity remained relatively muted last with 15 deals coming to market to raise \$15.5BN as some issuers enter earnings blackouts

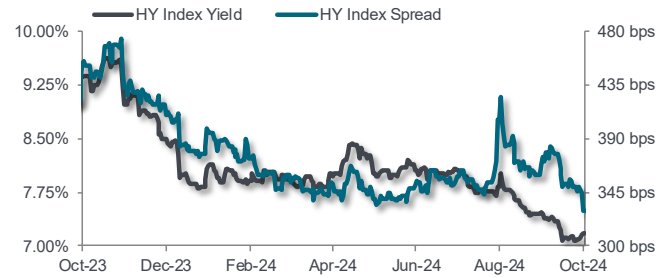
High Yield

- The high yield new issue market posted modest volumes last week after a remarkably robust September

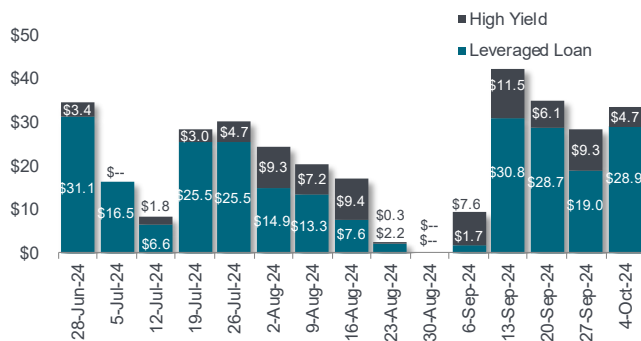
Term Loan B Market

- October has opened with the continued strong momentum seen over the last few weeks to end September, as the market continues to show positive signs after the 50-bps rate cut in September

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q24	3Q24	30-Day Rolling Average
			10/04/24
Ba1	S+219 / 7.5%	S+192 / 7.0%	S+213 / 7.0%
Ba2	S+236 / 7.5%	S+192 / 7.0%	S+185 / 6.8%
Ba3	S+238 / 7.7%	S+268 / 7.9%	S+254 / 7.6%
Single-B Issuers	2Q24	3Q24	30-Day Rolling Average
			10/04/24
B1	S+313 / 8.6%	S+333 / 8/6%	S+339 / 8.5%
B2	S+373 / 9.1%	S+363 / 8.9%	S+371 / 8.8%
B3	S+392 / 9.4%	S+394 / 9.3%	S+363 / 8.8%

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
10/1/2024	Confluent Medical Technologies	TPG Capital	B2 / B	Refinancing	\$515	SOFR+325, 0.50% @ 100	8.101%
9/27/2024	WS Audiology	Not Sponsored	B3 / B-	Refinancing	\$1,085	SOFR+375, 0% @ 100	8.594%

Most Recent Healthcare Pro Rata Issuances (\$MM)

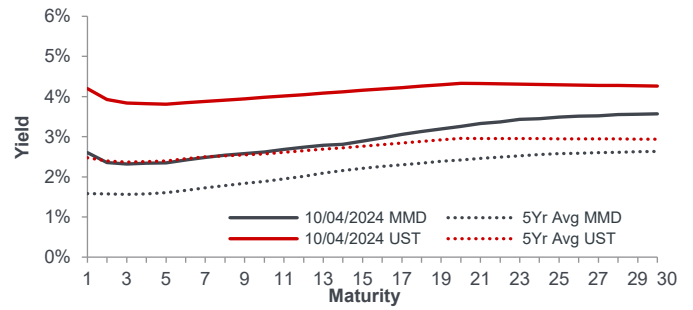
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
8/14/2024	ANI Pharmaceuticals	Public	B2 / BB-	Acquisition	\$75mm 5-year Revolver \$325mm 5-year TLA	Leverage-based Grid SOFR+225-300 CSA: 10	Max. Total First Lien Net Leverage Ratio: 3.0x Min Total Interest Coverage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

Public Finance Market

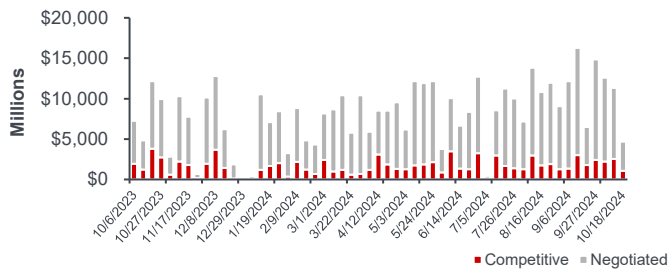
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 23 bps week-over-week, closing at 3.98% on Friday. 10-year MMD was increased 2 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 142% in 2024 vs 2023
- Muni bond funds Investors added \$1.9BN and high yield funds gained \$602MM for the week ended

MMD & UST Yield Curve



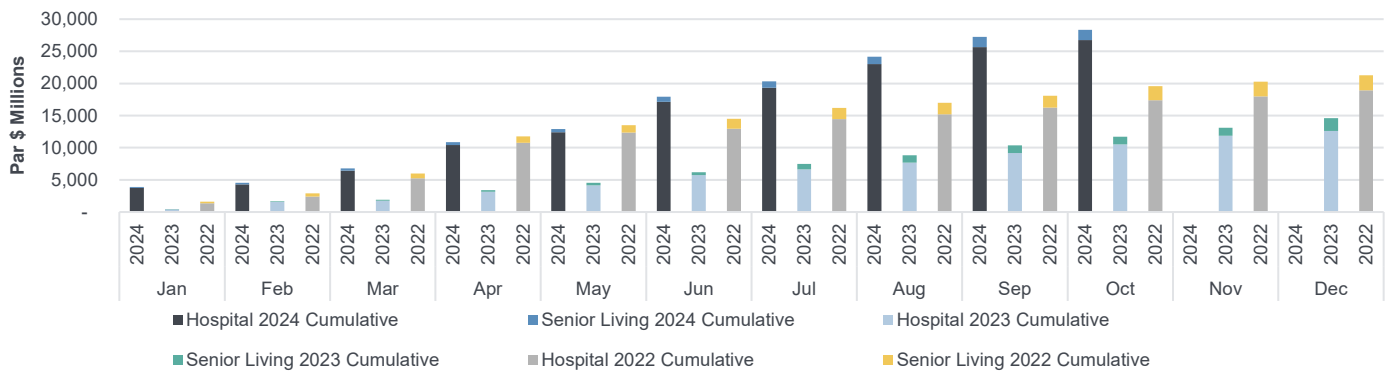
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.93%	38 bps	2	2.36%	6 bps	60%
10	3.98%	23 bps	10	2.62%	2 bps	66%
30	4.26%	16 bps	30	3.57%	5 bps	84%

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 9/30										
Northwell Health OG	762,830	NY	DASNY	TE	A3 / A- / A-	2054	2034(C)	5.25%	3.92%	4.60%
Northwell Health OG	351,040	NY	DASNY	TE	A3 / A- / A-	2043	2034(C)	5.00%	3.66%	4.18%
Exp. Pricings, Week of 10/7										
The Children's Hospital of Phil.	550,000	PA	PAID	TE	Aa2 / AA / NR	-	-	-	-	-
PRS California Obligated Group	112,135	CA	CMFA	TE	NR / NR / BBB+	-	-	-	-	-

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

Data To Decisions: Why Clinical Insights Matter¹

Becker's Healthcare | October 1, 2024

Healthcare providers today are facing a daunting reality: a deluge of clinical data amidst rising patient demand and a shortage of clinicians. The transition from paper charts to digitized records has generated a massive amount of patient data, yet a staggering 97% remains untapped. This represents a significant missed opportunity for improving care and outcomes. Physicians, struggling under the pressure of heavy patient loads amidst a national clinical workforce shortage, continue to rank working with EHR systems as the second most challenging part of the job. In internal medicine, 49% of physicians report feeling burned out, with EHRs as the primary contributor. This overload is more than just a personal burden; it's a systemic issue that contributes to an estimated 7.4 million diagnostic errors in emergency departments each year, affecting as many as 2.5 million patients. Over two-thirds of these errors are attributable to just 15 diseases, several of which are easily identifiable with the right data present.

For 2025, Insurers Pull Back Slightly On Medicare Advantage Footprints²

Forbes | October 1, 2024

Health insurance companies that are the biggest players in privatized Medicare Advantage coverage are pulling back a little bit after years expanding their geographic footprints even while they offer new benefits. With more than half of the nation's eligible seniors enrolled in Medicare Advantage plans, competition has been fierce offering seniors more lucrative benefits and more choices. A year ago, CVS Health's Aetna, Cigna, Elevance Health, Humana and UnitedHealth Group expanded to scores of new counties for 2024. But this fall, seniors will find during open enrollment that many of these plans including Aetna, Cigna, Humana and some regional insurers and startups are no longer offering Medicare Advantage in certain states and counties for the 2025 health benefit year. Health plans are unveiling benefit options this month ahead Medicare Open Enrollment, which runs from October 15 to December 7.

Funding In Youth Mental Health Is Growing. Where Are The Opportunities?³

MedCity News | October 3, 2024

There is a youth mental health crisis in the U.S., and no one understands that better than Dr. Nicki Tessler, CEO, and co-founder of teen mental health company BeMe Health. Tessler is a psychologist by training but launched the company because of her experience as a mom. "I was really looking at my two teenage daughters, and I was like, 'I know too much.' I couldn't put my head on my pillow at night," she said in an interview. "We were feeling the industry for adults was archaic. I would look at them, and it just didn't resonate for them. And I felt like I needed to also model for them, to work boldly, to go after things you believe in, even if it's a high risk. ... I felt like walking that walk for them was important." Tessler isn't the only one recognizing a need for more youth mental health options. Tech-enabled mental health solutions focused on youth are more and more common and are gaining interest from investors. In 2023, investment in digital health startups addressing youth mental health accounted for 34% of total digital behavioral health funding, up from 15% in 2018, according to a recent Rock Health report. This space is only going to continue to evolve, and Medicaid is a growing opportunity for youth mental health companies.

1. <https://www.beckershospitalreview.com/data-to-decisions-why-clinical-insights-matter.html>

2. <https://www.forbes.com/sites/brucejapsen/2024/10/01/for-2025-insurers-pull-back-slightly-on-medicare-advantage-footprints/>

3. <https://medcitynews.com/2024/10/funding-youth-mental-health>

continued...

Practice Challenges Piling Up For Independent Physicians¹

Becker's Healthcare | October 3, 2024

Private practice physicians are facing mounting challenges threatening financial stability and ability to provide care. As more physicians consider leaving private practice for corporate employment, the future of independent medicine hangs in the balance. Here are five major challenges facing private practice physicians: Reimbursement declines - Physicians are growing increasingly frustrated with the continuing decline in pay. According to a new study from the Harvey L. Neiman Health Policy Institute, reimbursement amounts per Medicare patient decreased around 2.3% between 2005 and 2021 when accounting for inflation. CMS have further cut overall physician pay by 1.25% for 2024. The rule updates the Medicare conversion factor to \$32.74, a 3.4% decrease from 2023. Some physicians may also face additional cuts due to the cost-performance category of the merit-based incentive payment system, which could reduce Medicare payments by up to 9%. Physician pay cuts show no signs of slowing.

The Future Of The Health Economy Is Contingent On Value Optimization, Not Value Maximization²

Trilliant Health | October 6, 2024

This year, the 2024 health economy trends reveal the importance of optimizing value, as opposed to maximizing value. Below, we explore key takeaways from each trend, which taken together reveal that health economy stakeholders who shift their focus from value maximization for themselves to value optimization for their customers will gain a significant competitive advantage. Trend 1: The Current Healthcare System Does Not Promote Health and Is Disproportionately Expensive. Every stakeholder must acknowledge that the inputs of the U.S. healthcare system, as measured by cost, exceed the outputs, as measured by the actual value or benefits received. Healthcare spending has increased by 59.3% since 2000, with national health expenditures (NHE) totaling \$4.5T in 2022 and projected to reach \$7.7T by 2032. Despite this spending, the health status of many Americans is deteriorating, as demonstrated by declining healthy life expectancy, increasing mortality among younger populations and increases in early-onset cancers.

\$500 Billion Long-Term Care Challenge Is About To Get Worse³

Oliver Wyman | October, 2024

As the aging of America starts coloring the population gray, another color comes to mind — green. How we plan for and fund long-term is a problem rippling across all sectors of the healthcare industry and government coffers. As the chart below shows, the financial pressure on all payers is immense, especially Medicaid and Medicare. The struggle for families and caregivers is equally problematic, as spotlighted by AARP, as well as analyses in the Wall Street Journal, KFF Health News/New York Times, and elsewhere. Putting long-term care on a sustainable trajectory requires a host of policy solutions and system redesign. There are, however, actions stakeholders can take now to put the industry on better footing, ranging from advancing value-based care models to working closely with community organizations.

1. <https://www.beckersasc.com/leadership/practice-challenges-piling-up-for-independent-physicians>

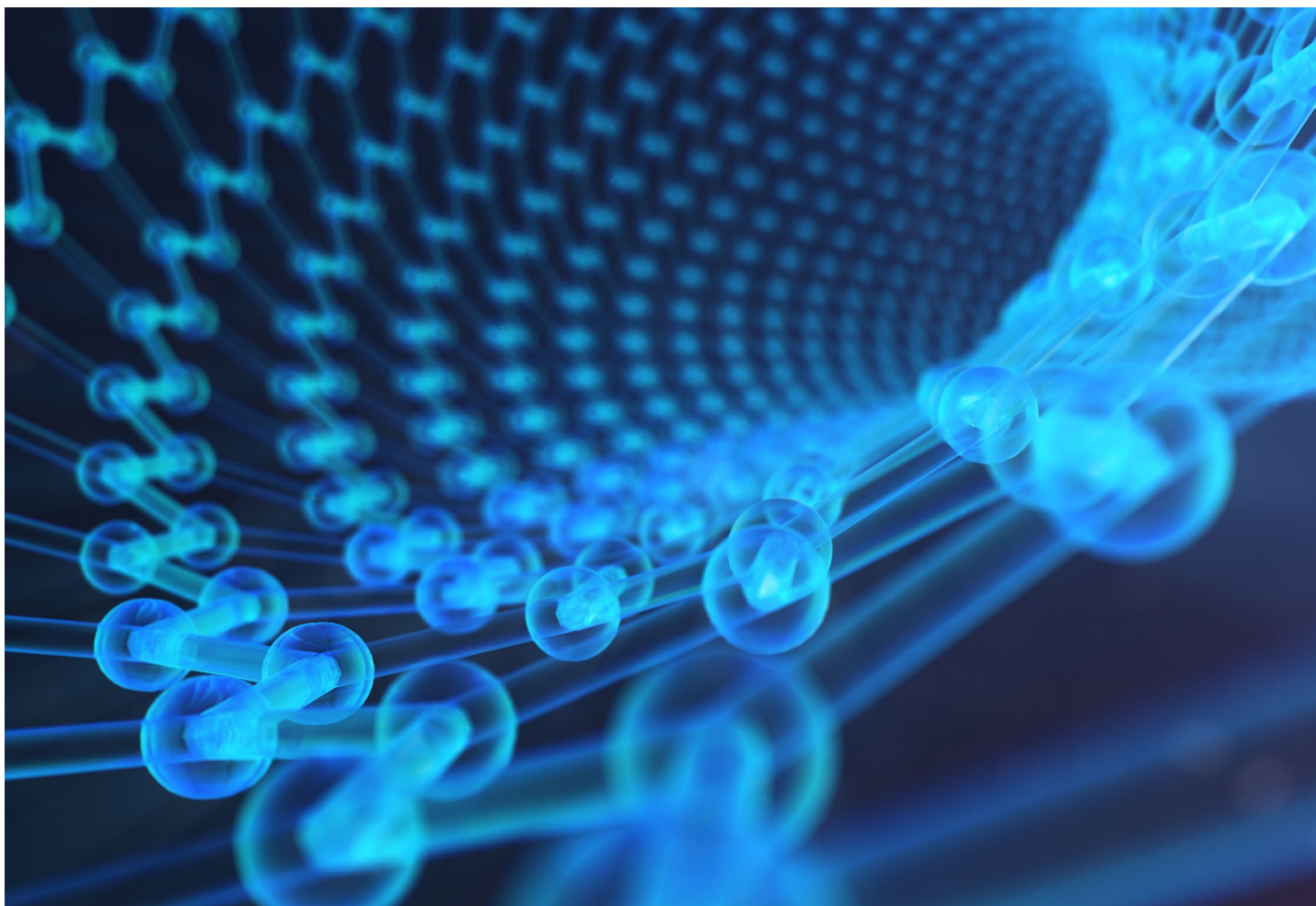
2. <https://www.trillianthealth.com/market-research/studies/future-of-the-health-economy-value-optimization>

3. <https://www.oliverwyman.com/our-expertise/perspectives/health/2024/oct/500-billion-dollar-long-term-care-challenge-is-about-to-get-worse>

October 24, 2024

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

**Innovation and Expertise at Cain Brothers 2024 Private Company
Healthcare Conference**

Banker Commentary

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Innovation and Expertise at Cain Brothers 2024 Private Company Healthcare Conference

Commentary by Keith Hollihan, 4sight Health

Cain Brothers, a division of KeyBanc Capital Markets, convened its 11th Annual Private Company Healthcare Conference on October 16 and 17, last week at the New York Lotte Palace Hotel. The conference featured:

- Over 500 top leaders from healthcare companies, private equity, venture capital, and healthcare-related corporations
- 54 participating companies, spanning nearly all sectors of the healthcare economy, reflecting the breadth and depth of Cain Brothers' industry coverage and relationships
- 2 keynote panel presentations on urgent industry topics
- Over 600 one-on-one investor meetings with company leaders

In his opening remarks, the head of Cain Brothers, **Wyatt Ritchie**, observed that when the firm was founded 42 years ago, most investment banking firms were generalists but Jim and Dan Cain believed that exclusive coverage of a single industry would yield better advice and counsel. Today, as we exit a period of cheap capital, success in healthcare markets requires the kind of expertise, perspective and relationships that such specialization brings. Cain Brothers is uniquely positioned to advise companies, organizations and investors looking to create a more efficient industry that meets the difficult challenges and issues of our era.

One of those challenges is runaway costs across the system as a whole and for consumers in particular. As the Wall Street Journal recently [reported](#), employer health insurance costs have risen 7% for the second year in a row, an unprecedented rate that has added more than \$3000 to average family premiums, which now amount to around \$25,500 per year. As private equity panelist Anna Haghgooie offered a few minutes later, "We're close to the tipping point. Every family is buying a small car each year and getting no value for it as they pay their insurance premiums." Such issues were top-of-mind in two stimulating panel discussions that brought attendees and thought leaders together.

Restoring the Roar: Private Equity's Insights on the Recovering M&A Markets and Unique Investment Perspectives for 2025

As Wyatt noted, private equity has been blasted recently for driving up costs rather than generating efficiencies. Industry [reports](#) like Avalere's recent review of physician-driven Medicare expenditures indicate that such criticisms may be simplistic. Data-driven perspectives are needed to capture the impact of private equity's longer-term investment horizon.

The first panel aimed to provide that reasoned view. Featuring Anna Haghgooie, Managing Director at Valtruis and Operating Partner at Welsh, Carson, Anderson & Stowe, Ben Edmands, Managing Director and Co-Founder at Consonance Capital, and Jeff Abramoff, Partner at Court Street Capital Partners, and facilitated by Cain Brothers Managing Director, Matt Margulies, the discussion spanned a range of important themes including:

continued...

- Progress and challenges in value-based care
- PBM and pharmacy market dynamics
- Opportunities in pediatric home health
- Challenges in provider investments
- Stakeholders driving change including employers, consumers and Medicare Advantage competition

In speaking about what makes a provider business investable today, Ben described the shifting focus away from simple rollups that expand scale and infrastructure to “models that are using technology, integration and innovation to actually deliver better outcomes and drive efficiencies.”

Jeff Abramoff agreed that the days of expecting multiple arbitrage are gone. Today, integration must go beyond the table stakes of centralizing back offices and building a brand. Instead, “What can we do once we have one platform, what can we do with the data, what can we do with the doctors themselves to improve their practice?”

Anna Haghgoie added that providers need “models to get past encounter-based reimbursement because then you have the flexibility to use technology to bring down the cost curve and create a path to contracting differently.”

Disruptive Healthcare Purchasing by Self-Insured Employers

The conference ended with a panel on opportunities in the self-insured employer market, featuring the leaders of two innovative companies, Donald Trigg, CEO of [apree health](#) and Glenn Tullman, CEO of [Transcarent](#). The discussion was facilitated by Cain Brothers’ thought-leadership partner Dave Johnson, CEO of 4sight Health, whose new book with Paul Kusserow, [The Coming Healthcare Revolution: 10 Forces that Will Cure America’s Health Crisis](#), features both companies as case studies.

As Dave noted in his introduction of Donald and Glenn, self-insured employers have long paid a premium for commodity healthcare services without receiving premium value. apree and Transcarent are working in different ways to improve the experience and cost of healthcare.

Glen described the challenge bluntly: “Employers have simply run out of money and patients can’t pay more. Starbucks spends more on healthcare than they do buying coffee.” Moreover, consumers across all demographics, regions, and political views, see healthcare as more confusing and complex than ever. Transcarent’s solution is to empower consumers with a smart phone-based platform and an AI “wayfinding” interface that dramatically enhances ease of access to a suite of services while simplifying the employer’s ability to provide coverage and pay for care.

Donald agreed that the dearth of innovation in the commercial insurance market has created opportunities for new business models to meet the cost and consumer service needs of employers and health plans. apree was formed by combining Vera Whole Health, an advanced primary care business, with Castlight Health, a digital care navigation platform. As Donald described it, the approach was validated by two early clients who also participated in the firm’s cap table. “Elevance was our anchor client on the payer side and JP Morgan was our core client on the employer side. We started with JP Morgan in their Columbus market with 38,000 lives. After we built-out and deployed the product suite at a market level, we started to think about what it would like to do this on a multi-market basis.”

Both Transcarent and apree are gaining significant traction with employers and consumers, proving that markets will reward diverse approaches that meet the need for value.

It was a powerful discussion to end another edition of the healthcare industry’s premier private company healthcare conference.

Keith Hollihan is Editorial Director at 4sight Health.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
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
10/1/2024	Fountainview at Gonda Westside (Los Angeles Jewish Health)*	Senior Resource Group	NA	NA	NA	West Los Angeles based continuing care retirement community with 175 RCFE-licensed independent living and 24 assisted living / memory care units
10/1/2024	Skincure Oncology	H.I.G. Capital	NA	NA	NA	Comprehensive model for the delivery of Image-Guided Superficial Radiation Therapy
10/1/2024	Surescripts	TPG	NA	NA	NA	Health information network
10/1/2024	VisiQuate	Accel-KKR	NA	NA	NA	Provider of advanced revenue cycle analytics, AI-powered workflow, and automation
9/30/2024	Science Exchange	Waud Capital Partners	NA	NA	NA	Provider of life sciences procurement and supplier management SaaS solutions
9/27/2024	Jubilee Clinical Research	Pinnacle Clinical Research (LongueVue Capital)	NA	NA	NA	Multi-therapeutic site clinical trial site organization
9/25/2024	New CDMO Platform	Blue Wolf Capital Partners	NA	NA	NA	New platform would combine seven European sites acquired from Recipharm and additional facilities from Synerlab
9/23/2024	BIOVECTRA (H.I.G. Capital)	Agilent Technologies (NYSE: A)	\$925	NA	NA	Contract development and manufacturing organization of active pharmaceutical ingredients and intermediates
9/23/2024	Lakeview Health*	Bradford Health Services (Lee Equity Partners)	NA	NA	NA	Provider of detoxification, residential, partial hospitalization, and intensive outpatient treatment services for individuals with substance use disorders and co-occurring conditions
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

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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, Dragoneer Investment Group, and Lux	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
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

Equity Capital Markets

Market Overview

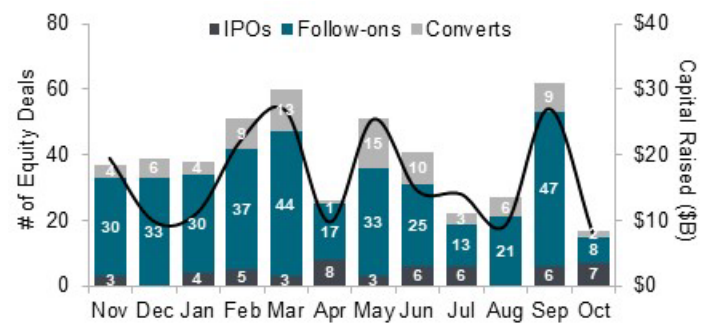
- Equity issuance continued to slow in October due to quarter-end, earnings blackout periods and the looming U.S. Presidential Election:
 - Last week: 2 follow-ons; 1 convertible
- 3 IPOs are on the road this week in what looks to be the last opportunity for issuers to launch and be truly unaffected by the U.S. election on 11/5
 - Medical device maker Ceribell executed a successful IPO in early October raising \$207 MM in an upsized & 10x oversubscribed deal that priced at the top end of the range and finished its first day of trading +47%

ECM Activity (Last 4 Weeks & YoY)

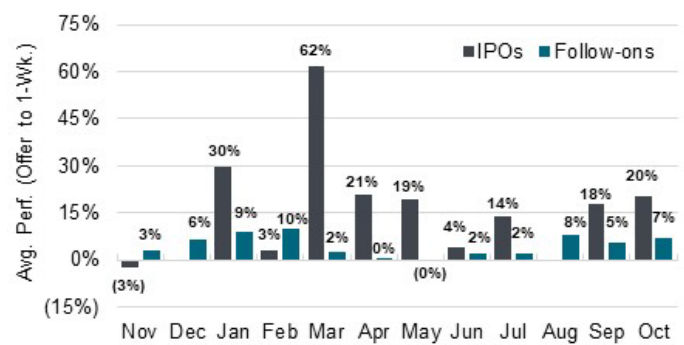
	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	3,726	10	28%	0	0	0%
CONV	4,490	4	34%	2,588	3	42%
FO	5,040	20	38%	3,510	14	58%
Total	13,255	34	100%	6,098	17	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	24,821	48	15%	10,664	20	9%
CONV	50,202	72	30%	40,994	61	36%
FO	93,343	275	55%	60,767	243	54%
Total	168,366	395	100%	112,425	324	100%

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



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
10/2/2024	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%
8/15/2024	Sonida Senior Living	Services	Marketed	SNDA	\$116.1	\$593.3	19.6%	100.0%	(15.6%)	(2.0%)	(1.9%)

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

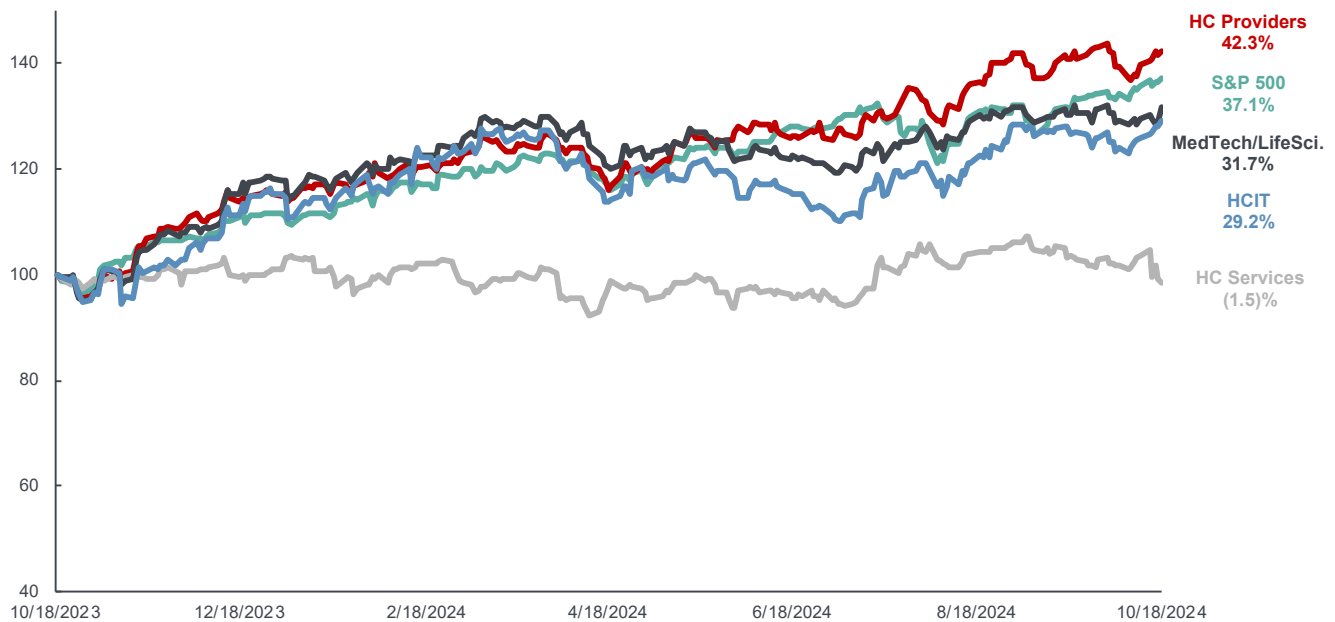
Public Equity Market Activity & Indices

Equity Indices (as of October 18, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	42,864	43,276	29.5%	1.0%
S&P 500	5,815	5,865	37.1%	0.9%
NASDAQ	18,343	18,490	40.2%	0.8%
Russell 2000	2,234	2,276	33.7%	1.9%
NYSE Healthcare	27,618	27,448	9.0%	(0.6%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	71.6%	5.9%
Alternate Site Services	37.9%	4.6%
Diagnostics	27.0%	(1.4%)
Distribution	12.6%	2.6%
Healthcare IT	29.2%	2.6%
Healthcare REITs	66.0%	4.9%
Managed Care	(1.2%)	(6.2%)
Medical Technology	31.1%	1.7%
Outsourced Services	(3.4%)	1.1%
Pharma Services	38.4%	2.6%
Pharmacy	(20.9%)	(6.4%)
Primary Care	(55.6%)	3.4%
Post-Acute Care Services	37.3%	2.7%
Post-Acute Care Facilities	39.4%	2.4%

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- IG Bond primary market issuance saw eight deals price last week for a total of \$26.3 BN in issuance; October MTD total issuance sits at \$55.5 BN

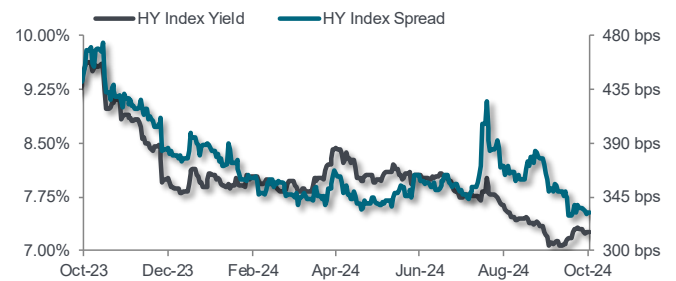
High Yield

- The high yield new issue market saw a relatively slow week amid a holiday-shortened week and the ramp-up of the Q3 earnings season

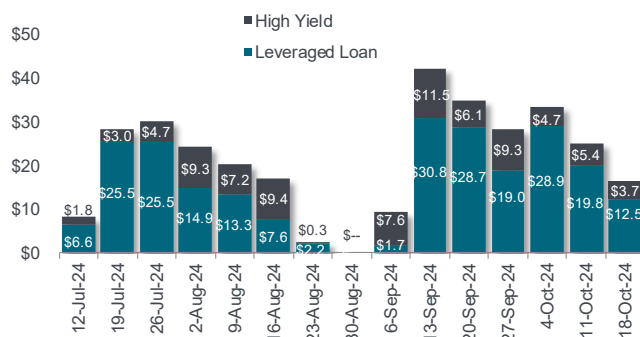
Term Loan B Market

- New issue CLO volume has remained strong, with over \$60 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	
			10/18/24	10/18/24
Ba1	S+219 / 7.5%	S+192 / 7.0%	S+200	6.9%
Ba2	S+236 / 7.5%	S+192 / 7.0%	S+185	6.7%
Ba3	S+238 / 7.7%	S+268 / 7.9%	S+281	7.8%
Single-B Issuers	2Q24	3Q24	30-Day Rolling Average	
			10/18/24	10/18/24
B1	S+313 / 8.6%	S+333 / 8/6%	S+368	8.6%
B2	S+373 / 9.1%	S+363 / 8.9%	S+394	8.9%
B3	S+392 / 9.4%	S+394 / 9.3%	S+374	8.7%

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
10/18/2024	MyEyeDr	Goldman Sachs Merchant Banking	B3 / B-	Refinancing	\$1,400	SOFR+350, 0% @ 100	8.259%
10/18/2024	Paradigm Outcomes	OMERS Capital Partners	B2 / B	Refinancing	\$698	SOFR+350, 0% @ 100	8.259%

Most Recent Healthcare Pro Rata Issuances (\$MM)

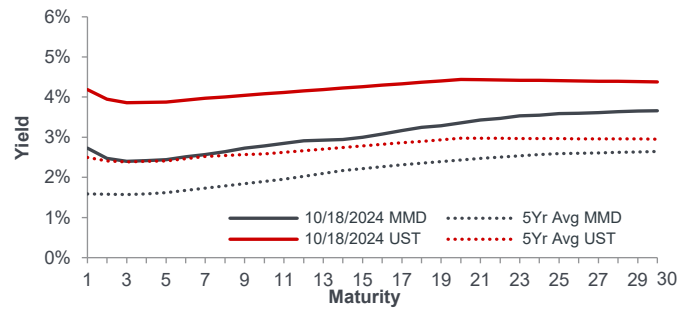
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
9/30/2024	Emergent BioSolutions	Public	B3 / B-	Refinancing	\$100mm 5-year ABL Revolver	Leverage-based Grid SOFR+175-225	Min Fixed Charge Coverage: 1.0x Min Liquidity

Public Finance Market

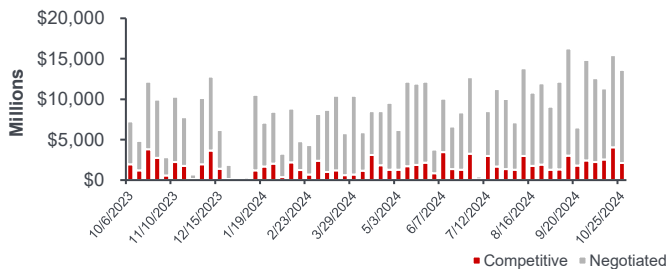
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note remained steady week-over-week, closing at 4.08% on Friday. 10-year MMD also remained steady week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 163% in 2024 vs 2023
- Muni bond funds Investors added \$1.7 BN and high yield funds gained \$36 MM for the week ended September 20

MMD & UST Yield Curve



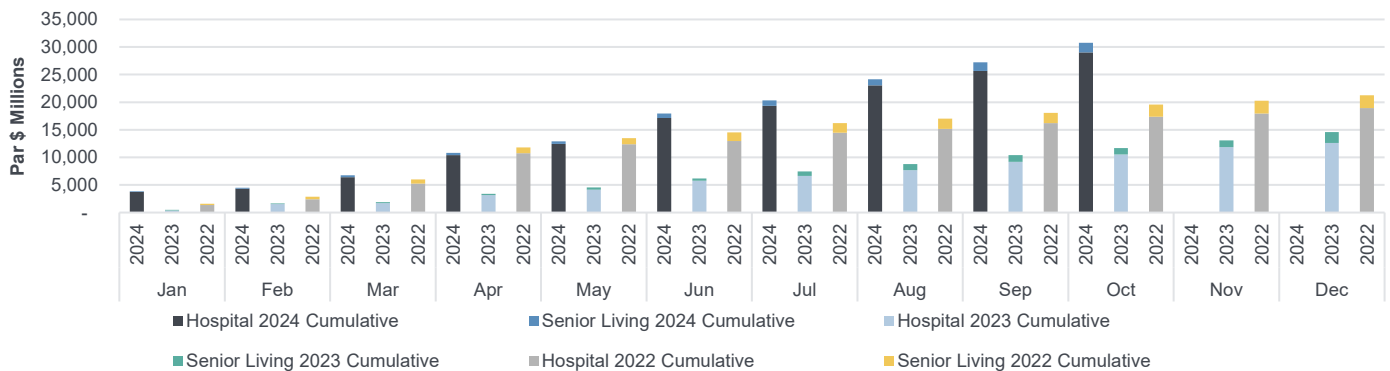
Weekly New Issue Volume (\$MM)



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.95%	0 bps	2	2.47%	0 bps	63%
10	4.08%	0 bps	10	2.78%	0 bps	68%
30	4.38%	(1 bps)	30	3.66%	(3 bps)	84%

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 10/14											
White Plains Hospital OG	500,000	NY	DASNY	TE	Baa3 / BBB- / NR	2054	2034(C)	5.50%	4.21%	4.84%	
Montefiore Obligated Group	125,425	NY	DASNY	TE	Baa3 / BBB- / NR	2047	2034(C)	5.50%	4.33%	4.82%	
El Paso County Hospital District	54,800	TX	EPCHD	TE	NR / NR / A-	2054	2034(C)	4.25%	4.42%	N/A	
Exp. Pricings, Week of 10/21											
WoodBridge Healthcare, Inc.	180,000	PA	CWBFA	TE	NR / NR / NR	-	-	-	-	-	
LifeBridge Health	117,015	MD	MHHEFA	TE	A1 / A+ / NR	-	-	-	-	-	
Beaufort Memorial Hospital	112,000	SC	SCJEDA	TE	NR / BB / NR	-	-	-	-	-	
Penick Village Project	74,805	NC	NCMCC	TE	NR / NR / NR	-	-	-	-	-	
Wichita Senior Housing	17,300	KS	CWK	TE	Aaa / 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

Mental Health Finds A New Home In Urgent Care Centers¹

Definitive Healthcare | October 16, 2024

Urgent care clinics first popped up in the 1970s as a solution for non-life-threatening emergencies. While it took decades for these centers to mature and fully integrate with the broader U.S. healthcare system, they have now become a trusted option for many, so much so that today, urgent care is sometimes seen as a “traditional” provider setting. Now, we’re witnessing the rise of specialty urgent care clinics across the country, which are stepping in to tackle the growing need for behavioral health support. With about 8% of emergency department visits related to mental health issues and many ERs struggling to keep up, these specialized clinics are filling a gap for people in crisis, offering prompt assistance and critical referrals for ongoing care. As these behavioral health urgent care clinics continue to gain traction, they hold the promise of reshaping how we approach behavioral health care in this country.

Pressure On Congress To Reform Medicare Physician Fee Schedule, Prevent Reimbursement Cuts²

AMJC | October 17, 2024

The proposed 2025 Medicare Physician Fee Schedule would cut physician reimbursement by 2.8%, and now a bipartisan group of lawmakers is urging Congress to pass legislation to block the cut. The letter was signed by 233 members of the House and spearheaded by Reps Mariannette Miller-Meeke, MD (R, Iowa), and Jimmy Panetta (D, California). The American Medical Association (AMA) and the American College of Rheumatology (ACR) applauded the letter and the number of members of the House who signed on to the letter, which is addressed to House Speaker Mike Johnson (R, Louisiana) and Minority Leader Hakeem Jeffries (D, New York). The letter urges Johnson and Jeffries to “expeditiously pass legislative fixes that not only stop another damaging round of cuts to Medicare payments, but also provide greater certainty and stability for clinicians serving Medicare beneficiaries.”

Can Primary Care Thrive Outside Of Traditional Healthcare Players?³

MedCity News | October 22, 2024

The past couple of years have been rocky for companies looking to disrupt the traditional primary care model — with top retailers Walmart and Walgreens announcing that they’re winding down their primary care operations significantly. Others still stand, though the jury is out on whether they can master the tough unit economics that come along with healthcare delivery. Recent failures in the retail health space beg the question: Is primary care only suited to remain within traditional players, such as health systems, physician practices and large employers? Four healthcare executives shared their responses to this question during a Sunday panel at HLTH in Las Vegas. The answer depends on how you define primary care, according to Nolan Chang, executive vice president of strategy, corporate development and finance for The Permanente Federation.

1. <https://www.definitivehc.com/blog/mental-health-services-in-urgent-care>

2. <https://www.ajmc.com/view/pressure-on-congress-to-reform-medicare-physician-fee-schedule-prevent-reimbursement-cuts>

3. <https://medcitynews.com/2024/10/healthcare-primary-retail/>

continued...

The Hospice CARE Act's Potential To 'Dramatically Reshape' End-Of-Life Care Delivery¹

Hospice News | October 15, 2024

Hospice providers and stakeholders are carefully examining the proposed changes included in the recently introduced Hospice Care Accountability, Reform, and Enforcement (Hospice CARE) Act as the bill begins its journey through the legislative process. Leading concerns in the industry include the bill's suggested regulatory reforms to address program integrity in the hospice industry, along with potential changes to reimbursement, caregiver support and palliative care payment pathways. The Hospice CARE Act has a "long road ahead" before enactment, but its introduction presents both significant challenges and opportunities for hospice providers, said Ethan McChesney, policy director at the National Partnership for Healthcare and Hospice Innovation (NPHI).

Most Independent Pharmacies May Not Carry Negotiated Medicare Part D Drugs²

Healthcare Finance | October 21, 2024

A new national survey shows more than 90% of independent pharmacists may not sell drugs for which the Medicare Part D program is trying to negotiate lower prices. If they don't, the administration's effort to reduce prescription drug prices is bound to fail, according to the National Community Pharmacists Association. The administration announced in August a list of 10 drugs for which the Medicare Part D program will seek to negotiate lower prices. They include drugs for diabetes, blood clots, heart disease and other conditions. The drugs subject to the new pricing include Januvia, Farxiga, Enbrel, Jardiance, Setalara, Xarelto, Eliquis, Entresto, Imbruvica, and the Fiasp, or NovoLog FlexPen. The new prices are set to go into effect for people with Medicare Part D prescription drug coverage beginning January 1, 2026. According to the survey, 51% of respondents say they are strongly considering not stocking the drugs because of the potential underwater reimbursements from pharmacy benefit managers. (Underwater reimbursement is when a pharmacy is paid less than the cost of acquiring a drug.) Another 40% of respondents say they are somewhat considering not stocking the medications.

Telehealth Is 'Where The Puck Is Going' In Youth Behavioral Health³

Behavioral Health Business | October 11, 2024

Outpatient youth behavioral health services will likely continue to attract interest from venture capital, especially services that are enabled by telehealth and AI. That was one takeaway from a panel regarding the future of youth behavioral health models, which was part of Behavioral Health Business's INVEST conference held in Dallas. Jose Guerola, a principal at Echo Health Ventures, said outpatient services "is where the puck is going" when it comes to investment Echo and other venture firms give to youth-focused behavioral health companies. Meanwhile, residential treatment "is just not a focus for us right now," Guerola said. The heightened interest in outpatient settings enabled by telehealth and the waning interest in residential services are driven by several potent trends. On one hand, telehealth is seen as a way to overcome care access challenges. Investors have thus piled into this segment. Guerola noted that Echo, which is based in Durham, North Carolina, has made equity offerings to companies such as Eleanor Health, which provides "addiction treatment from the comfort of home."

1. <https://hospicenews.com/2024/10/15/the-hospice-care-acts-potential-to-dramatically-reshape-end-of-life-care-delivery>

2. <https://www.healthcarefinancenews.com/news/most-independent-pharmacies-may-not-carry-negotiated-medicare-part-d-drugs>

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