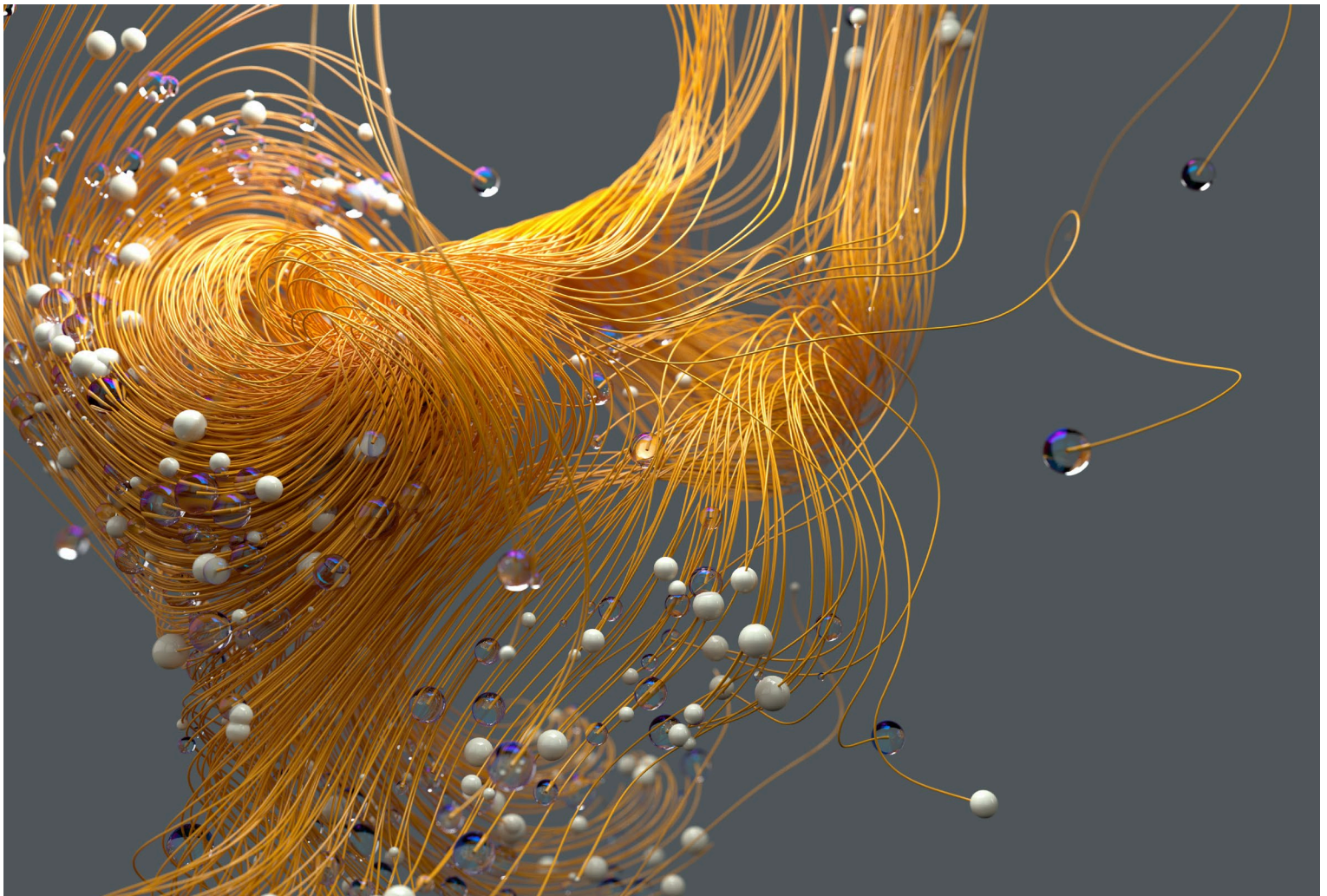


July 10, 2024

# Cain Brothers Industry Insights

## Healthcare Market Report



Banker commentary:

### **Putting the Current Interest Rate Environment into Perspective**

# Banker Commentary

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## Putting the Current Interest Rate Environment into Perspective

*Banker Commentary by Chris Whitley*

Perhaps counterintuitively, now is a great time for healthcare borrowers to enter the capital markets. This dynamic exists even with the Municipal Healthcare

Market having seen benchmark yields (as measured by 'AAA' MMD, which is the tax-exempt market's index) increase by over 50 basis points so far in 2024. Elevated interest rates have been one of the primary drivers behind healthcare borrowers largely sitting on the capital markets sidelines in the post-COVID world.

The reluctance of many entities to enter the capital markets is understandable: this year's increase in benchmark yields comes on the heels of a very difficult post-covid financial environment that saw costs skyrocket across the board, and ultimately saw staggering inflation that precipitated unprecedented Fed rate hikes. These post-covid challenges understandably caused many would-be borrowers to instead defer capital projects until after the figurative "storm" has passed. While acknowledging that today's rate environment is indeed worse for borrowers than it was in the long stretch of ultra-low rates that followed the 2008 financial crisis, the time has come to put interest rates into realistic perspective, take advantage of a "thawed" market, and enter the capital markets before any future turmoil causes borrowers to lose the market access that is currently readily available.

Arguments can be made that we are not truly in a "storm," even with elevated rates. In fact, when analyzing historical interest rates, one will note that 30-year MMD has been higher than its current value over 70% of the time since 1981. It's a tempting proposition to see the current environment of elevated interest rates and want to wait until rates "normalize." But several data points work to counter that argument. Notably, the Fed has not yet cut rates, counter to what consensus has been for the better part of a year. What if rate cut(s) don't come to fruition in 2024?

Another question sideline-borrowers should ask themselves: pending a new economic crisis, if rate cut(s) do happen in 2024, what are the odds of cuts taking place that are large enough to meaningfully move the needle for borrowing costs? Even if the Fed does cut rates in 2024, it seems likely that any movement would be minimal. Furthermore, waiting even longer to enter the capital markets to fund critical projects could backfire. While interest rates may drop in the future, what happens if the entity positions itself into a corner by waiting too long to fund growth projects? Will the credit rating suffer if the entity does not grow in-line with its peers? An entity may end up worse off economically if it comes to market under a modestly lower interest rate environment and a lower credit rating.

When you drill deeper into the components of aggregate borrowing yields, you'll note that, while the benchmark rates have increased in 2024, credit spreads have actually compressed. This signals that entities are beginning to turn a corner on their post-covid financial recoveries, and investors have pent up demand for the corresponding paper. Further signs of strong investor demand and a "thawed" market are evidenced by recent high-volume trends in the municipal healthcare market. Several large healthcare transactions are scheduled to come to market in the upcoming weeks, and, so far, each

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month in 2024 has eclipsed that of 2023. At the end of the day, hospitals are in the business of caring for patients, not predicting interest rate movements. The later approach has the potential to lull borrowers into a sense of inevitable interest rate reductions, so long as you time the market correctly. That, however, becomes increasingly challenging the longer entities wait in 2024. Borrowers will surely want to steer clear of entering the market in the immediate lead-up to the 2024 election. But it's no guarantee that the post-election landscape will be better than it is today. It is thus prudent for borrowers to take advantage of a currently functioning marketplace and access capital while there is widespread execution certainty. In fact, the seemingly inevitable political turmoil that may come with the 2024 elections means that instead of currently being in a figurative "storm," we may instead be experiencing the "calm before the storm."

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
7/5/2024	Quarvis Health	Health Catalyst Capital Management	NA	NA	NA	AI-enabled text-based chat and voice enabled technology that virtually connects both the aging population and employees / health plan members
7/3/2024	LifeLabs (OMERS)	Quest Diagnostics [NYSE: DGX]	\$985	1.4x	NA	Canadian based provider of community laboratory tests
7/2/2024	Speechcenter	Sidekick Therapy Partners	NA	NA	NA	North Carolina based provider of speech therapy services.
6/28/2024	Caregivers Home Health	Elara Caring (Kelso & Company, Palladium Equity Partners, and Blue Wolf Capital Partners)	NA	NA	NA	Home healthcare service provider in Kansas and Iowa
6/28/2024	ENCORE Research Group	Flourish Research (NMS Capital)	NA	NA	NA	Florida based clinical research organization
6/27/2024	Ascension St. Vincent's Health System	UAB Health System	~\$450.0	NA	NA	Alabama based not-for-profit health system
6/27/2024	Lab Assets (Allina Health)	Quest Diagnostics (NYSE:DGX)	NA	NA	NA	Outreach laboratory assets and services
6/26/2024	CipherHealth	Atalaya Capital Management	NA	NA	NA	Patient-centered communication solutions
6/25/2024	BioMatrix Specialty Infusion Pharmacy (Acon Investments and Triton Pacific Healthcare)	Frazier Healthcare Partners	NA	NA	NA	Diversified provider of specialty infusion services
6/25/2024	Connect Life Sciences	Argosy Healthcare Partners	NA	NA	NA	Provider of recruitment solutions to pharmaceutical, biotechnology, and medical device customers
6/25/2024	Donatelle Plastics	DuPont (NYSE: DD)	NA	NA	NA	Medical device contract manufacturer
6/24/2024	ProMed DME and Medly Health	Strive Medical (New Mainstream Capital)	NA	NA	NA	Suppliers of medical equipment and products
6/21/2024	Get Well Network (Pamplona Capital Management)*	SAI Group	NA	NA	NA	Provider of interactive digital patient engagement solutions to hospitals and communities
6/19/2024	Physicians Health Plan of Northern Indiana*	Priority Health	NA	NA	NA	Health plan that currently serves more than 52,000 members in Indiana and Ohio
6/22/2024	Cone Health	Risant Health (Kaiser Permanente)	NA	NA	NA	North Carolina non-profit health system
6/21/2024	Sharecare (Nasdaq: SHCR)	Altaris	\$520	1.2x	NM	Data-driven virtual health platform
6/20/2024	CP Medical	Riverpoint Medical (Arlington Capital)	NA	NA	NA	Device manufacturer focused on specialty surgical applications and wound closure products
6/15/2024	Silk Road Medical (Nasdaq: SILK)	Boston Scientific (NYSE: BSX)	\$1,160	6.3x	NM	Medical device products to platform of products to prevent stroke in patients
6/17/2024	K2 Medical Research	TPG	NA	NA	NA	Integrated clinical trial site platform specializing in central nervous system
6/13/2024	RedSail Technologies	Leonard Green & Partners and Francisco Partner	NA	NA	NA	Provider of pharmacy technology and solutions
6/12/2024	Pro-ficiency (QHP)	Simulations Plus (Nasdaq: SLP)	\$100	NA	NA	Simulation-enabled performance and intelligence solutions for clinical and commercial drug development
6/10/2024	Apex Infusion	FFL Partners	NA	NA	NA	Provider of ambulatory infusion therapy services
6/10/2024	Hospital Billing & Collection Service	Med-Metrix (A&M Capital Partners)	NA	NA	NA	Tech-enabled RCM company

Sources: Capital IQ, Mergermarket, and press releases

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

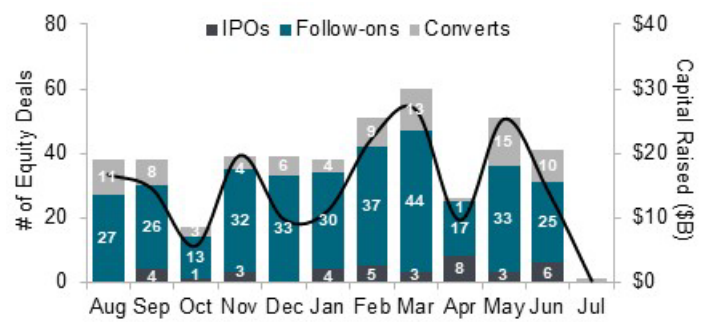
Date	Company	Investor(s)	Type	Amount	Description
7/1/2024	K Health	Claire Group (lead), Mangrove Capital Partners, Valor Equity Partners, and Atreides Management	Undisclosed	\$50	AI primary care platform
7/1/2024	N-Power Medicine	Merck Global Health Innovation Fund (lead)	Series B	\$72	Integrated platform providing a single workflow for both clinical trial and routine patient management
6/26/2024	Sidecare Health	Koch Disruptive Technologies (lead), GreatPoint Ventures, BOND, Cathay Innovation, Drive Capital, Duke University, Menlo Ventures, and Morpheus	Series D	\$165	Tech enabled health insurance company
6/25/2024	eVisit	MedStar Health and UPMC Enterprises	Strategic	Undisclosed	Virtual care platform for large healthcare systems
6/25/2024	MedVet (Goldman Sachs, SkyKnight Capital)	Leonard Green & Partners	Minority	Undisclosed	Provider of emergency and specialty veterinary care
6/21/2024	BillionToOne	Premji Invest (lead), Neuberger Berman, Adam Street Partners, Baillie Gifford, Hummingbird Ventures, Civilization Ventures, Libertus Capital and Fifty Years	Series D	\$130	Precision diagnostics company
6/20/2024	Pomelo Care	First Round Capital and Andreessen Horowitz (leads), Stripes, SV Angel, Operator Partners and BoxGroup	Series B	\$46	Virtual medical practice for maternal and newborn health
6/18/2024	Talkiatry	Equity - Andreessen Horowitz (lead), Perceptive Debt financing - Banc of California	Series C Equity + Debt	\$130	Provider of in-network psychiatric care
6/17/2024	Nomad Health	HealthQuest Capital (lead), Adams Street, Icon Ventures, Polaris Partners, .406 Ventures, and RRE Ventures	Undisclosed	\$22	Digital marketplace for healthcare jobs
6/10/2024	Anterior	New Enterprise Associates (lead), Sequoia Capital, Blue Lion Global, and Neo	Series A	\$20	AI powered healthcare administration platform
6/10/2024	Regard	Oak HC/FT (lead)	Series B	\$30	Healthcare AI start up
6/4/2024	Sword Health	Undisclosed	Undisclosed	\$130	AI Care, artificial intelligence powering the delivery of care
5/30/2024	Progressive Dental Marketing	McCarthy Capital	Recap	\$100	Full-service sales training, continuing education, and specialty marketing services provider to dental practices
5/23/2024	Boulder Care	Advance Venture Partners (lead), Stripes, First Round Capital, Qiming Venture Partners and Laerdal Million Lives Fund	Series C	\$35	Value-based provider of medical treatment and long-term support for patients overcoming substance use disorders
5/21/2024	Expressable	HarbourVest Partners (lead), Digitalis Ventures, F-Prime Capital and Lerer Hippeau	Series B	\$26	Research-based, family-centered speech therapy care
5/21/2024	Tuesday Health	Valtruis, Blue Venture Fund, Mass General Brigham Ventures, and CareSource	Strategic	\$60	Value-based care dedicated to transforming serious illness
5/21/2024	Wayspring	CVS Health Ventures (lead), Valtruis, HLM Venture Partners, and .406 Ventures	Minority	Undisclosed	Value-based care entity focused on substance use disorder populations
5/14/2024	Heritage Vet Partners	Main Street Capital	Follow On	\$26	Provider of rural, mixed and large animal veterinary services
5/14/2024	Smarter Dx	Transformation Capital Partners (lead), Flare Capital Partners, Deer Management Company, and Floodgate Fund	Series B	\$50	Clinical AI for revenue integrity and care quality for health systems
5/9/2024	Sift Healthcare	B Capital (lead), Allos Ventures, First Trust Capital Partners and Rock River Capital	Series B	\$20	AI-powered healthcare payment solutions provider

# Equity Capital Markets

## Market Overview

- The week of June 24<sup>th</sup> was the final week for publics/selling shareholders to access the ECM market before Q2 earnings season:
  - 3 IPOs; 7 follow-ons; 1 convert
- The IPOs that priced experienced somewhat weak pricing outcomes and muted aftermarket performance
  - The top performer was Webtoon Entertainment (South Korean-controlled web comics platform) which raised \$315m in its IPO at the top of the range → Deal was extremely well subscribed closing 10x covered
- The week of June 24<sup>th</sup> brought \$1.7bn of follow-on issuance as most companies faced the last open window to raise equity in Q2

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



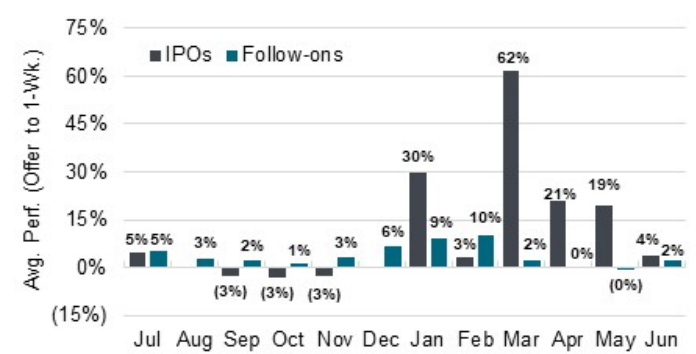
## ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,219	4	12%	1,164	4	16%
CONV	5,069	7	50%	2,580	5	34%
FO	3,945	20	39%	3,749	22	50%
<b>Total</b>	<b>10,233</b>	<b>31</b>	<b>100%</b>	<b>7,493</b>	<b>31</b>	<b>100%</b>

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	13,304	29	12%	8,208	13	11%
CONV	37,332	53	34%	25,160	39	34%
FO	59,418	186	54%	40,483	165	55%
<b>Total</b>	<b>110,054</b>	<b>268</b>	<b>100%</b>	<b>73,851</b>	<b>217</b>	<b>100%</b>

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



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

Issuer Information				Deal Sizing		Pricing		Performance			
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
6/13/2024	Tempus AI	Healthcare Technology	TEM	\$410.7	\$6,108.9	6.7%	100.0%	\$37.00	\$35.00 - \$37.00	8.8%	(26.3%)
6/6/2024	Waystar Holding	Healthcare Technology	WAY	\$967.5	\$3,583.2	27.0%	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%
2/1/2024	Fractyl Health	Medical Products	GUTS	\$110.0	\$714.1	15.4%	100.0%	\$15.00	\$14.00 - \$16.00	(14.3%)	(30.7%)
1/25/2024	BrightSpring Health Services	Services	BTSG	\$693.3	\$2,225.5	31.2%	100.0%	\$13.00	\$15.00 - \$18.00	(15.4%)	(13.0%)

## 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
6/26/2024	Addus HomeCare	Services	Marketed	ADUS	\$186.3	\$2,135.9	8.7%	100.0%	(9.6%)	5.8%	8.7%
5/30/2024	Bruker	Medical Products	Bought	BRKR	\$408.0	\$10,979.4	3.7%	100.0%	(6.3%)	(3.6%)	(6.5%)
5/21/2024	LifeStance Health Group	Services	Marketed	LFST	\$125.0	\$2,859.5	4.4%	0.0%	(16.4%)	(7.0%)	(8.0%)
5/14/2024	Kenvue	Consumer Health	Marketed	KVUE	\$3,646.6	\$39,502.6	9.2%	0.0%	(2.6%)	2.7%	(0.2%)
5/8/2024	RxSight	Medical Products	Marketed	RXST	\$115.0	\$2,380.9	4.8%	100.0%	(7.7%)	9.7%	14.8%

## 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

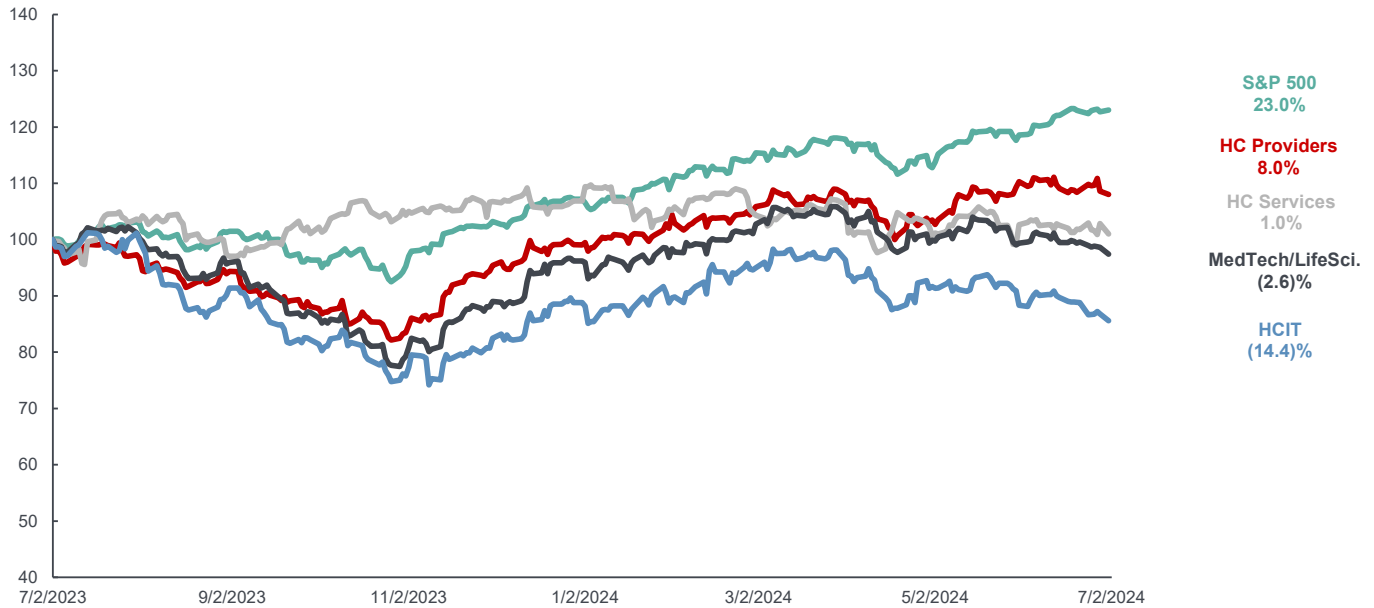
# Public Equity Market Activity & Indices

## Equity Indices (as of July 5, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	39,411	39,170	13.8%	(0.6%)
S&P 500	5,448	5,475	23.0%	0.5%
NASDAQ	17,497	17,879	29.7%	2.2%
Russell 2000	2,031	2,030	7.5%	(0.0%)
NYSE Healthcare	26,391	26,375	14.2%	(0.1%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	4.6%	(6.7%)
Alternate Site Services	(1.5%)	(1.8%)
Diagnostics	5.2%	(0.2%)
Distribution	13.4%	(5.0%)
Healthcare IT	(14.4%)	(1.2%)
Healthcare REITs	25.9%	0.5%
Managed Care	3.4%	(0.4%)
Medical Technology	(3.6%)	(1.6%)
Outsourced Services	(22.4%)	(2.0%)
Pharma Services	3.0%	(1.3%)
Pharmacy	(26.3%)	(8.8%)
Primary Care	(53.3%)	(5.0%)
Post-Acute Care Services	13.9%	1.4%
Post-Acute Care Facilities	12.2%	1.0%

## Cain Brothers Healthcare Indices (1YR Performance)



Sources: Cain Brothers, Bloomberg, Capital IQ

# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- IG bond issuance in June totaled \$32.0BN, 2Q'24 issuance finished at \$345.4BN adding on the record \$538.0BN priced in 1Q'24 brings 1H'24 to a close at \$883.4BN

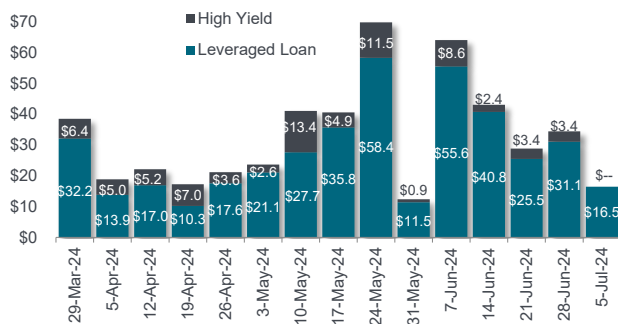
### High Yield

- The high yield new issue market had its first zero issuance week of the year last week with the Fourth of July holiday shutting down the market

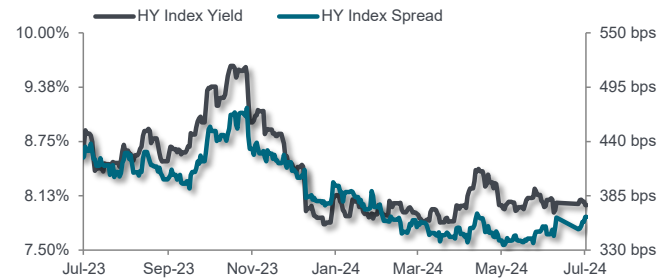
### Term Loan B Market

- While repricing activity has fallen due to falling secondary trading levels, new-money refinancings and growing LBO and M&A activity have begun appearing in the market

## Weekly New Issue Volume (\$BN)



## HY Index Yield & Spread (YTD)



## New-Issue Clearing Yields<sup>1</sup> (\$MM)

Double-B Issuers	1Q24	2Q24	30-Day Rolling Average 07/05/24
Ba1	S+225 / 7.6%	S+219 / 7.5%	S+217 / 7.5%
Ba2	S+226 / 7.6%	S+236 / 7.5%	S+241 / 7.8%
Ba3	S+280 / 8.2%	S+238 / 7.7%	S+248 / 7.8%
Single-B Issuers	1Q24	2Q24	30-Day Rolling Average 07/05/24
B1	S+332 / 8.8%	S+313 / 8.6%	S+317 / 8.5%
B2	S+396 / 9.4%	S+373 / 9.1%	S+353 / 8.9%
B3	S+405 / 9.5%	S+392 / 9.4%	S+381 / 9.2%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$1,100	Baa1/BBB+	5.300%	7/5/2034	+105	23 bps
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$800	Baa1/BBB+	5.650%	7/5/2044	+115	23 bps
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$600	Baa1/BBB+	5.650%	7/5/2054	+125	23 bps
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$500	Baa1/BBB+	5.800%	7/5/2064	+140	23 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
6/26/2024	Concentra	Sr. Notes	\$650	B1/B/NR	6.875%	7/15/2032	256 bps	7.00% area
6/5/2024	Medline (add-on)	Sr. Sec. Notes	\$500	Ba3/B+/BB	6.250%	4/1/2029	198 bps	99.50%-99.75%
5/23/2024	Sotera Health*	Sr. Sec. Notes	\$750	B1/BB-/NR	7.375%	6/1/2031	287 bps	7.50% area

## Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
7/2/2024	Gentiva	Clayton, Dubilier & Rice	B3 / B	Refinancing	\$2,147	SOFR+475, 0.50% @ 100	10.082%
7/1/2024	International SOS Pte Ltd	Not Sponsored	Ba3 / BB	Refinancing	\$684	SOFR+275, 0.50% @ 100	8.084%
6/28/2024	Soliant Health Inc	Vistria Group	B2 / B	LBO	\$1,290	SOFR+375, 0% @ 99	9.337%
6/27/2024	GoodRx	Not Sponsored	B1 / B+	Refinancing	\$500	SOFR+375, 0% @ 99	9.343%

## Most Recent Healthcare Pro Rata Issuances (\$MM)

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
5/2/2024	Cooper Companies*	Public	NR / NR	Refinancing	\$2,300mm Revolver	Leverage-based Grid SOFR+87.5-150 CSA: 10	Max. Total Net Leverage Ratio: 4.0x Min Total Interest Coverage Ratio: 3.0x
5/2/2024	Haemonetics	Public	NR / NR	Refinancing	\$750mm Revolver \$250mm TLA	Leverage-based Grid SOFR+112.5-175 CSA: 10	Max. Total Net Leverage Ratio: 4.0x Min Total Interest Coverage Ratio: 3.5x

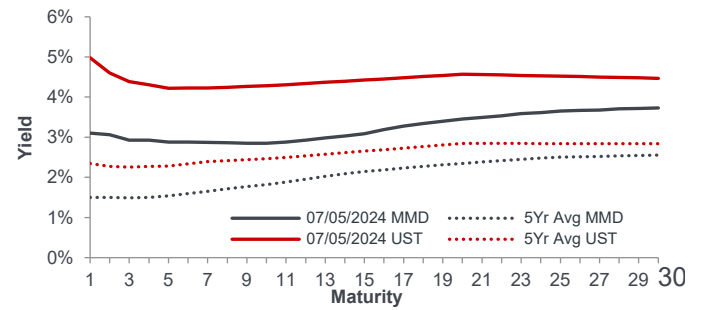


# Public Finance Market

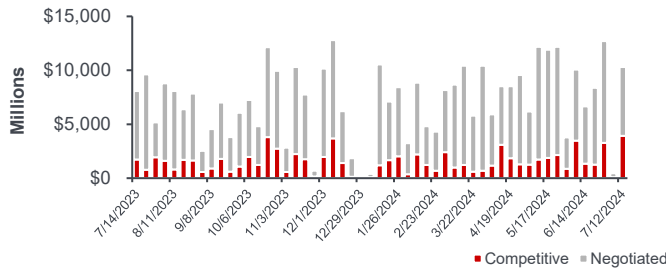
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 8 bps week-over-week, closing at 4.28% on Friday. 10-year MMD increased 1 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 \$343 million and high yield funds gained \$215 million for the week ended July 5

## MMD & UST Yield Curve



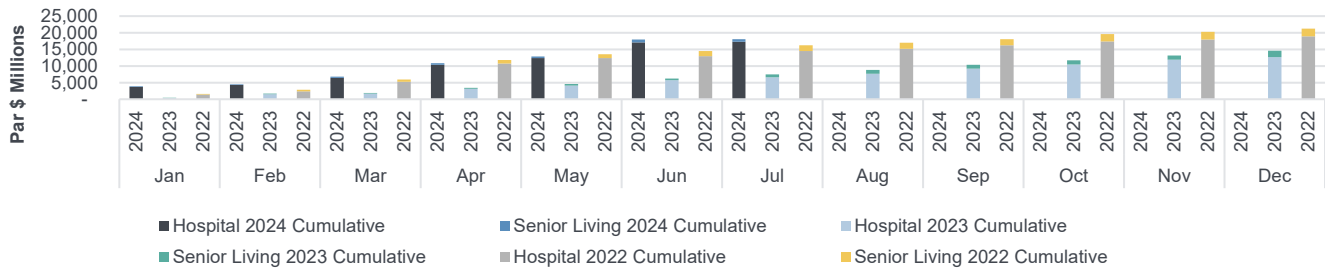
## Weekly New Issue Volume (\$MM)



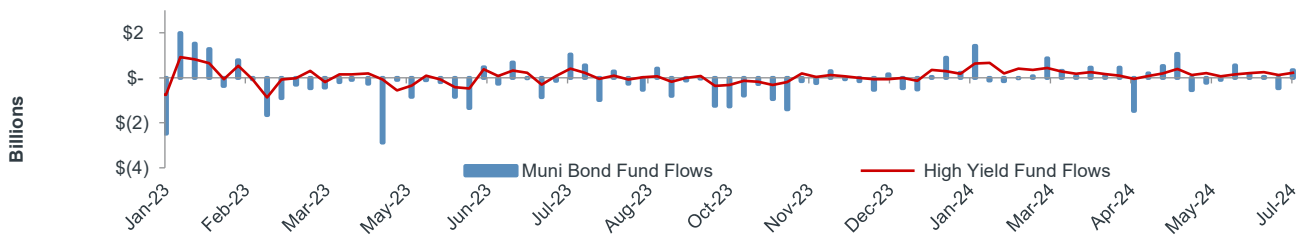
## Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.60%	(11 bps)	2	3.06%	(5 bps)	67%
10	4.28%	(8 bps)	10	2.85%	1 bps	67%
30	4.47%	(4 bps)	30	3.73%	1 bps	83%

## Healthcare Public Issuance Overview



## Flow of Funds



## Recent Healthcare Public Issuance

Healthcare Public Issuance <sup>(1)</sup>										
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
<b>Recent Pricings, Week of 7/1</b>										
Tufts Medicine Obligated Group <sup>(a)</sup>	150,000	MA	MDFA	TAX	NR / NR / BBB-	2026	2025(C)	8.50%	8.50%	N/A
<b>Exp. Pricings, Week of 7/8</b>										
University of Wisconsin <sup>(b)</sup>	301,425	WI	UWHCA	TE	Aa3 / AA- / NR	-	-	-	-	-
Endeavor Health Credit Group	281,020	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-
PIH Health <sup>(c)</sup>	248,160	CA	CPFA	TE	NR / A / NR	-	-	-	-	-
Carolina Meadows <sup>(d)</sup>	80,195	NC	NCMCC	TE	NR / NR / BBB+	-	-	-	-	-
The Methodist Hospitals, Inc. <sup>(e)</sup>	65,645	IN	IFA	TE	NR / BB+ / BBB-	-	-	-	-	-

\*Key: NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1<sup>st</sup> Put, (R) = Reprice Date

(a) Private Placement; State Tax-Exempt

(b) University of Wisconsin Hospitals and Clinics Authority; Series 2024A&B; Sustainability Bonds

(c) Series 2024A & B; Series 2024B Federally Taxable

(d) Series 2024 Retirement Facilities First Mortgage Revenue Bonds

(e) Series 2024A Hospital Revenue Refunding Bonds

## Relevant News

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### Geriatric Care Demand Outstrips Supply<sup>1</sup>

*Becker's Hospital Review* | June 27, 2024

By 2034, the number of adults 65 and older is expected to grow 40%, yet today, the geriatric care field is already short-staffed. The shortcomings of geriatric care were first brought to light in the 1970s and 1980s by Robert Butler, MD, who noticed gaps in his education when caring for older adults, the complex needs of this patient group and the lack of training physicians received. However, little progress has been made since then. There are fewer than 7,300 physicians who are board-certified geriatricians. This means there is about 1 geriatrician for every 10,000 older adults in the U.S., and few residents are entering geriatric care. In 2023, fewer than 42% of geriatric medicine fellowship positions were filled.

### The Aesthetic Society Reports 10.2% Growth In Aesthetic Plastic Surgery Over Four Years<sup>2</sup>

*PR Newswire* | July 1, 2024

The Aesthetic Society, the leading authority on aesthetic plastic surgery, has released its annual Aesthetic Plastic Surgery National Databank report for 2023, highlighting significant trends in the field of aesthetic plastic surgery. The data reveals a noteworthy 2.9% surge in total surgical procedures from 2022 to 2023, contributing to a substantial 10.2% overall growth in surgical procedures from 2019 to 2023, underscoring the continued demand for aesthetic plastic surgery. The 2023 statistics were developed through a collaboration with CosmetAssure, leveraging their extensive database of elective surgeries. The 2-year dataset includes more than 150,000 individual procedures performed by 762 surgeons. The data was reviewed and mapped by subject matter experts to create a standardized database of procedural information.

### Viewpoint: The Pediatrician Pipeline is Shrinking<sup>3</sup>

*Becker's Hospital Review* | July 3, 2024

Fewer medical school students are entering pediatric residencies after graduation, marking a troubling trend that could exacerbate the current shortage of pediatricians, Aaron Carroll, MD, wrote in a July 1 op-ed for The New York Times. Dr. Carroll, a pediatrician and president of the nonprofit professional organization AcademyHealth, cited recent figures showing a record number of applicants registered in the 2024 Main Residency Match. However, the number of medical school graduates applying to pediatric programs fell by more than 6%, according to data from the National Resident Matching Program. The fill rate for pediatric residency positions was 92% this year, down from 97.1% in 2023. In total, 252 pediatric residency positions went unfilled this year, up from just 88 the year prior, the data shows. "This isn't a minor hiccup; it's a warning for the future of pediatric care in the United States," Dr. Carroll said.

# continued...

## Healthcare Workers' Compensation Rose In 2023 Amid Staffing Shortages: Report<sup>1</sup>

*Healthcare Dive | July 1, 2024*

Healthcare labor shortages have been top of mind for healthcare providers since the pandemic, when workers left the industry in droves due to burnout and what some said were unsafe working conditions. In response, employers have increased compensation in an attempt to lure workers back, according to the MGMA. Over the past five years, registered nurse median compensation has increased by 19.6%, medical assistant compensation surged by 20.6% and licensed practical nurse compensation rose by over 22%. Some employers also offered enhanced benefits in 2023 relative to 2022, such as reimbursement and paid time off for education, new wellness benefits, better mental health resources and paid leave. However, despite the increased investment in compensation and benefits, nearly eight in ten employers said they spent more time trying to hire in 2023 than in previous years, according to an October MGMA survey. Meanwhile, some employers may have reached the maximum of what they're willing to offer in a benefits package. In a June survey, 70% of respondents told the MGMA that their benefits packages stayed largely the same compared to 2023, while 9% said their benefits offerings had declined compared to 2023.

## The Mental Health Landscape Of Older Adults In The US<sup>2</sup>

*Brookings | July 2, 2024*

Aging into older adulthood introduces many mental health stressors, such as physical decline, losses of loved ones, and reduced mental acuity. These stressors may lead to a diagnosable mental illness or result in frequent bouts of psychological distress that do not meet the criteria of a diagnosable illness. Regardless of clinical diagnosis, psychological distress can impair functioning for adults ages 65 and older. In The mental health landscape for older adults in the U.S., we extend the conception of the need for mental health care as stretching beyond using diagnosis as the principal indicator of need. We apply this perspective to analyze the need for mental health care and policy solutions to address the related sources of impairment faced by older adults.

## US Judge Partially Blocks FTC Ban On Worker Noncompete Agreements<sup>3</sup>

*Reuters | July 5, 2024*

A federal judge in Texas on Wednesday partially blocked a U.S. Federal Trade Commission rule from taking effect that would ban agreements commonly signed by workers not to join their employers' rivals or launch competing businesses. U.S. District Judge Ada Brown in Dallas said in a written decision the FTC, which enforces federal antitrust laws, lacked the power to adopt broad rules prohibiting practices that it deems unfair methods of competition. About 30 million people, or 20% of U.S. workers, have signed noncompetes, according to the FTC. Brown, an appointee of Republican former President Donald Trump, blocked the FTC from enforcing the rule against a coalition of business groups including the U.S. Chamber of Commerce, the country's largest business lobby, and tax service firm Ryan, pending the outcome of their consolidated lawsuits.

July 25, 2024

# Cain Brothers Industry Insights

## Healthcare Market Report



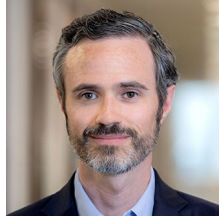
Banker commentary:

**Medicare Redo or Delay?**

# Banker Commentary

## Contents

- Banker Commentary
- M&A Activity
- Private Placements
- Equity Capital Markets
- Public Equity Market Activity and Indices
- High Grade, High Yield & Leveraged Loans
- Public Finance Market
- Relevant News
- Recent Cain Brothers Transactions



## Medicare Redo or Delay?

*Banker Commentary by Mike Elizondo*

On July 8, CMS released updated Star ratings for health plans after successful lawsuits by both Elevance Health and SCAN Health Plan. As a result of the recalculation, 40 insurers will see an increase in Star ratings, and over \$1 billion of additional quality payments will be awarded for plan year 2025, according to analysis performed by Modern Healthcare<sup>1</sup>. Differences in technical rule interpretation and input data drove the dispute, but the outcome is higher payments to Medicare Advantage insurers for 2025.

The decision is welcome relief for Medicare Advantage insurers who face a number of challenges to profitability, most importantly increasing medical cost trends. Insurers are also wrestling with other challenges (i.e., Medicaid redetermination, employers moving to self-funded arrangements from fully insured benefits, challenged delivery networks asking for meaningful increases contracted rates, etc.), and many are evaluating current postures and market positions across all insurance end markets.

Furthermore, significant oversight continues to loom. On Monday, the Wall Street Journal reported an analysis that shows payer-driven diagnoses resulted in \$50 billion of additional Medicare Advantage payments for the 2018 – 2021 period<sup>2</sup>. Yet even with the additional payments, the analysis also shows that treatment levels remain low for payer driven diagnoses (for example, less than 17% of patients diagnosed with HIV by the payer were taking antiretroviral drugs). Certain payers have responded saying the analysis is inaccurate but, whether inaccurate or not, this is yet another example of how payments to Medicare Advantage plans are being scrutinized.

This turmoil begs a series of questions for plans:

- Is this a moment in time or the beginning of a longer-term trend by CMS?
- How will the near-term rate environment for Medicare Advantage premiums change in light of increasing medical costs?
- What will competition in the Medicare Advantage market look like for plan year 2025? 2026?

Despite these questions, there is one thing that is evident: CMS is highly focused on controlling spending in the Medicare Advantage program. After years of hefty financial rewards for coding and other administrative tasks, CMS appears to be more focused on rewarding plans that are able to better manage medical costs and excel on quality measures focused on members and experience.

As insurers recalibrate their Medicare Advantage playbooks to prepare for known (and future unknown) changes, there is no doubt there will be a direct effect on Medicare beneficiaries. Near term, this will most likely result in 1) reduction of Medicare Advantage options for 2025 and subsequent plan years and/or 2) reduction in benefits and/or increases in cost-sharing mechanisms for

<sup>1</sup> <https://www.modernhealthcare.com/medicare/medicare-advantage-star-ratings-recalculation-scan-elevance>

<sup>2</sup> <https://www.wsj.com/health/healthcare/medicare-health-insurance-diagnosis-payments-b4d99a5d>

## continued...

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beneficiaries. We will soon see how insurers have reacted to the turmoil as we approach plan year 2025, although it is widely expected that insurers will embrace both service area and benefit cuts.

Most importantly, what do these changes from CMS indicate about the longer-term outlook for Medicare Advantage? Insurers still view Medicare Advantage as a very attractive market, largely due to the aging of the U.S. population; this is simply not a market insurers can ignore. Yet, how long will CMS continue to have a sharp focus on Medicare Advantage rates? I expect the rate environment for Medicare Advantage (coupled with cost trends) to continue to be challenging for the near term, driving insurers to better manage medical costs, drive administrative efficiencies through scale (via organic or inorganic growth), and seek reductions of existing costs, including the potential exit from certain unprofitable markets or outright abandonment of participating in Medicare Advantage.

For well-capitalized insurers who are able to weather the near-term headwinds, this may present a strong opportunity to build meaningful membership as underwriting tightens and competition eases. In addition, I have no doubt that plans that elect to partially or entirely exit the Medicare Advantage market will be watching closely for the opportune time to reenter and serve this important population.

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
7/23/2024	ConnectiCare (EmblemHealth)*	Molina Healthcare (NYSE: MOH)	\$350	0.3x	NA	Health plan serving the state of Connecticut with a full range of products and services for businesses, municipalities, individuals, and those who are Medicare-eligible
7/19/2024	Augmedix (NASDAQ:AUGX)	Commure (General Catalyst)	\$150	3.1x	NM	AI medical documentation and data solutions
7/18/2024	Caravel Autism Health (Frazier Healthcare Partners)	GTCR	NA	NA	~15x-16x	Provider of in-home diagnostic evaluation services to children with autism spectrum disorder
7/16/2024	Mideast Delivery Solutions	SPS Health (Nautic Partners)	NA	NA	NA	Provider of specialized courier services to the long-term care pharmacy industry
7/15/2024	Healthcare Receivable Specialists	Med-Matrix (A&M Capital Partners)	NA	NA	NA	Specialized RCM and patient access company
7/11/2024	Signature Healthcare at Home (certain assets)	The Pennant Group	\$80	1.0x	NA	Provider of home health and hospice services in the Pacific Northwest
7/10/2024	Big Sky I.V.	Access Infusion Care (New Harbor Capital)	NA	NA	NA	Provider of home and specialty infusion services
7/10/2024	Medicus IT (424 Capital)	FFL Partners	NA	NA	NA	Provider of HIPAA-compliant, best-in-class managed IT and cybersecurity services
7/10/2024	OhioHealth's Outreach Laboratory Services Business	Quest Diagnostics [NYSE: DGX]	NA	NA	NA	Outreach laboratory services
7/9/2024	Accuhealth and Signallamp Health	Sunstone Partners	NA	NA	NA	Suite of high-quality remote care offerings, including remote patient monitoring and chronic care management services
7/9/2024	Heartbeat Health	Cressey & Company	NA	NA	NA	Provider of virtual care and diagnostic services focused on identifying and closing gaps in cardiovascular disease
7/9/2024	Infusion Associates (Boyne Capital)	Vivo Infusion (InTandem Capital Partners)	NA	NA	NA	Provider of ambulatory infusion services across the Midwest U.S.
7/8/2024	Medical Review Institute of America	Parthenon Capital	NA	NA	NA	Provider of outsourced utilization management and clinical review solutions to payer
7/5/2024	Quarvis Health	Health Catalyst Capital Management	NA	NA	NA	AI-enabled text-based chat and voice enabled technology that virtually connects both the aging population and employees / health plan members
7/3/2024	LifeLabs (OMERS)	Quest Diagnostics [NYSE: DGX]	\$985	1.4x	NA	Canadian based provider of community laboratory tests
7/2/2024	Speechcenter	Sidekick Therapy Partners	NA	NA	NA	North Carolina based provider of speech therapy services.
6/28/2024	Caregivers Home Health	Elara Caring (Kelso & Company, Palladium Equity Partners, and Blue Wolf Capital Partners)	NA	NA	NA	Home healthcare service provider in Kansas and Iowa
6/28/2024	ENCORE Research Group	Flourish Research (NMS Capital)	NA	NA	NA	Florida based clinical research organization
6/27/2024	Ascension St. Vincent's Health System	UAB Health System	~\$450.0	NA	NA	Alabama based not-for-profit health system
6/27/2024	Lab Assets (Allina Health)	Quest Diagnostics (NYSE:DGX)	NA	NA	NA	Outreach laboratory assets and services
6/26/2024	CipherHealthH	Atalaya Capital Management	NA	NA	NA	Patient-centered communication solutions
6/25/2024	BioMatrix Specialty Infusion Pharmacy (Acon Investments and Triton Pacific Healthcare)	Frazier Healthcare Partners	NA	NA	NA	Diversified provider of specialty infusion services
6/25/2024	Connect Life Sciences	Argosy Healthcare Partners	NA	NA	NA	Provider of recruitment solutions to pharmaceutical, biotechnology, and medical device customers

Sources: Capital IQ, Mergermarket, and press releases

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
7/17/2024	Truvian Health	Wittington Ventures and Great Point Ventures (co-leads), DNS Capital, Medical Excellence Capital, Tao Capital, TYH Capital, and 7WireVentures	Undisclosed	\$74	Central laboratory equivalent blood tests
7/16/2024	Thyme Care	Concord Health Partners, CVS Health Ventures, Town Hall Ventures, a16z Bio + Health, AlleyCorp, Echo Health Ventures, Frist Cressey Ventures, and Foresite Capital	Series C	\$95	Value-based cancer care enabler
7/11/2024	Earned Wealth	Summit Partners and Silversmith Capital Partners (leads), Juxtapose, Hudson Structured Capital Management, and Breyer Capital	Undisclosed	\$200	Tech-enabled financial services firm for medical professionals
7/9/2024	NOWDiagnostics	DigitalDx Ventures (lead), Labcorp Venture Fund and Kompass Kapital Management	Series B	\$23	Developer of over-the-counter and point-of-care diagnostic tests
7/8/2024	HarmonyCares	General Catalyst, McKesson Ventures (leads), K2 HealthVentures, Rubicon Founders, Valtruis, HLM Capital, and Oak HC/FT	Undisclosed	\$200	Provider of value-based in-home longitudinal care
7/1/2024	K Health	Claire Group (lead), Mangrove Capital Partners, Valor Equity Partners, and Atreides Management	Undisclosed	\$50	AI primary care platform
7/1/2024	N-Power Medicine	Merck Global Health Innovation Fund (lead)	Series B	\$72	Integrated platform providing a single workflow for both clinical trial and routine patient management
6/26/2024	Sidecare Health	Koch Disruptive Technologies (lead), GreatPoint Ventures, BOND, Cathay Innovation, Drive Capital, Duke University, Menlo Ventures, and Morpheus	Series D	\$165	Tech enabled health insurance company
6/25/2024	eVisit	MedStar Health and UPMC Enterprises	Strategic	Undisclosed	Virtual care platform for large healthcare systems
6/25/2024	MedVet (Goldman Sachs, SkyKnight Capital)	Leonard Green & Partners	Minority	Undisclosed	Provider of emergency and specialty veterinary care
6/21/2024	BillionToOne	Premji Invest (lead), Neuberger Berman, Adam Street Partners, Baillie Gifford, Hummingbird Ventures, Civilization Ventures, Libertus Capital and Fifty Years	Series D	\$130	Precision diagnostics company
6/20/2024	Pomelo Care	First Round Capital and Andreessen Horowitz (leads), Stripes, SV Angel, Operator Partners and BoxGroup	Series B	\$46	Virtual medical practice for maternal and newborn health
6/18/2024	Talkiatry	Equity - Andreessen Horowitz (lead), Perceptive Debt financing - Banc of California	Series C Equity + Debt	\$130	Provider of in-network psychiatric care
6/17/2024	Nomad Health	HealthQuest Capital (lead), Adams Street, Icon Ventures, Polaris Partners, .406 Ventures, and RRE Ventures	Undisclosed	\$22	Digital marketplace for healthcare jobs
6/10/2024	Anterior	New Enterprise Associates (lead), Sequoia Capital, Blue Lion Global, and Neo	Series A	\$20	AI powered healthcare administration platform
6/10/2024	Regard	Oak HC/FT (lead)	Series B	\$30	Healthcare AI start up
6/4/2024	Sword Health	Undisclosed	Undisclosed	\$130	AI Care, artificial intelligence powering the delivery of care
5/30/2024	Progressive Dental Marketing	McCarthy Capital	Recap	\$100	Full-service sales training, continuing education, and specialty marketing services provider to dental practices
5/23/2024	Boulder Care	Advance Venture Partners (lead), Stripes, First Round Capital, Qiming Venture Partners and Laerdal Million Lives Fund	Series C	\$35	Value-based provider of medical treatment and long-term support for patients overcoming substance use disorders

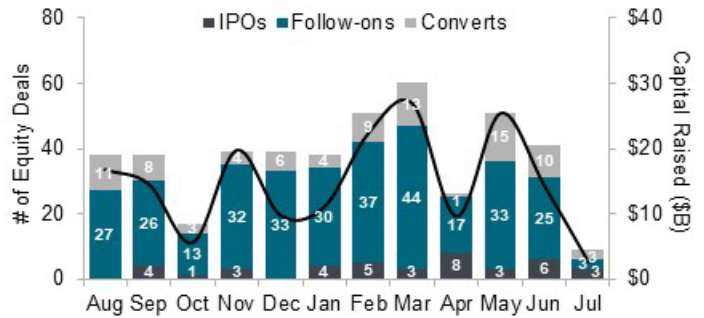


# Equity Capital Markets

## Market Overview

- Last week, the IPO market returned to the forefront:
  - 3 IPOs; 1 follow-on; 1 convert
- The largest IPO last week was a downsized offering from Ardent Health Partners
  - Select Medical also launched a spin-off IPO of its Concentra occupational health services unit → The deal is on track for pricing this Wednesday
- Mid-cap stocks rallying substantially over the last few weeks should be good news for private equity firms and IPO exits → The Russell 2000 rose by more than 11% in five trading days from July 10
  - If this continues, it could close spreads between public and private market valuations for businesses

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



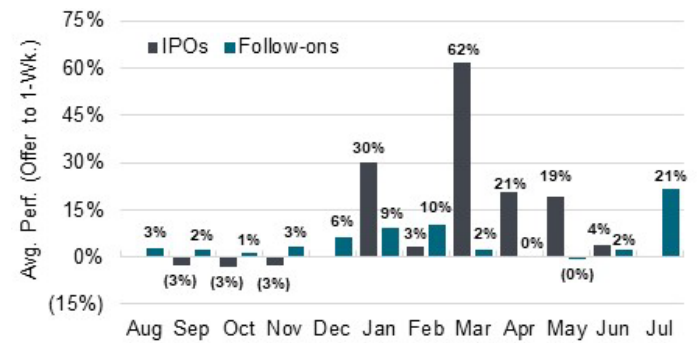
## ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,355	6	24%	1,328	6	28%
CONV	2,533	4	46%	1,035	1	22%
FO	1,643	10	30%	2,338	15	50%
<b>Total</b>	<b>5,530</b>	<b>20</b>	<b>100%</b>	<b>4,701</b>	<b>22</b>	<b>100%</b>

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	13,850	32	12%	8,737	16	12%
CONV	38,745	55	34%	25,160	39	33%
FO	60,016	189	53%	41,725	176	55%
<b>Total</b>	<b>112,610</b>	<b>276</b>	<b>100%</b>	<b>75,622</b>	<b>231</b>	<b>100%</b>

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



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

Issuer Information				Deal Sizing			Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
7/17/2024	Ardent Health Partners	Services	ARDT	\$192.0	\$2,255.4	8.5%	100.0%	\$16.00	\$20.00 - \$22.00	0.4%	-
6/13/2024	Tempus AI	Healthcare Technology	TEM	\$410.7	\$6,108.9	6.7%	100.0%	\$37.00	\$35.00 - \$37.00	8.8%	(26.3%)
6/6/2024	Waystar Holding	Healthcare Technology	WAY	\$967.5	\$3,583.2	27.0%	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%
2/1/2024	Fractyl Health	Medical Products	GUTS	\$110.0	\$714.1	15.4%	100.0%	\$15.00	\$14.00 - \$16.00	(14.3%)	(30.7%)

## 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
6/26/2024	Addus HomeCare	Services	Marketed	ADUS	\$186.3	\$2,135.9	8.7%	100.0%	(9.6%)	5.8%	8.7%
5/30/2024	Bruker	Medical Products	Bought	BRKR	\$408.0	\$10,979.4	3.7%	100.0%	(6.3%)	(3.6%)	(6.5%)
5/21/2024	LifeStance Health Group	Services	Marketed	LFST	\$125.0	\$2,859.5	4.4%	0.0%	(16.4%)	(7.0%)	(8.0%)
5/14/2024	Kenvue	Consumer Health	Marketed	KVUE	\$3,646.6	\$39,502.6	9.2%	0.0%	(2.6%)	2.7%	(0.2%)
5/8/2024	RxSight	Medical Products	Marketed	RXST	\$115.0	\$2,380.9	4.8%	100.0%	(7.7%)	9.7%	14.8%

## 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

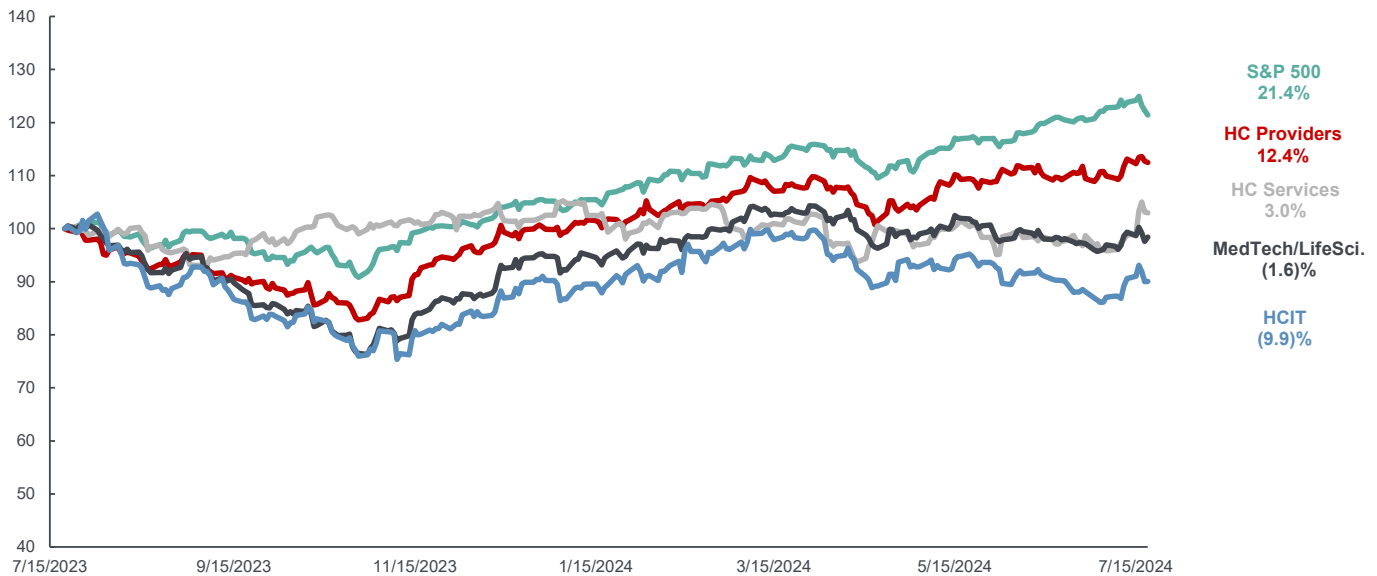
# Public Equity Market Activity & Indices

## Equity Indices (as of July 19, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	40,001	40,288	14.4%	0.7%
S&P 500	5,615	5,505	21.4%	(2.0%)
NASDAQ	18,398	17,727	26.1%	(3.6%)
Russell 2000	2,148	2,184	11.0%	1.7%
NYSE Healthcare	26,391	26,375	9.0%	(0.1%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	12.0%	(0.8%)
Alternate Site Services	(1.8%)	(0.9%)
Diagnostics	8.4%	(1.8%)
Distribution	14.0%	1.1%
Healthcare IT	(9.9%)	(0.6%)
Healthcare REITs	26.5%	2.6%
Managed Care	6.7%	5.1%
Medical Technology	(2.8%)	(0.9%)
Outsourced Services	(16.3%)	5.1%
Pharma Services	5.9%	(1.1%)
Pharmacy	(30.1%)	0.5%
Primary Care	(48.0%)	3.3%
Post-Acute Care Services	14.0%	0.3%
Post-Acute Care Facilities	16.7%	0.8%

## Cain Brothers Healthcare Indices (1YR Performance)



# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- Bank earnings drove a strong week of new issuance, with 21 issuers tapping the market to raise \$48.1BN; banks drove the majority of volume, raising \$32.9BN

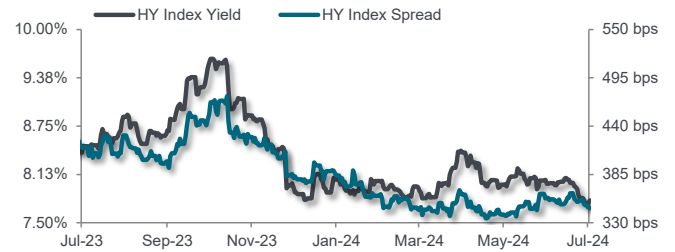
### High Yield

- High yield new issue volume experienced a slight increase in activity, with four issuers tapping the market for \$2.9 BN with some resurfacing M&A activity

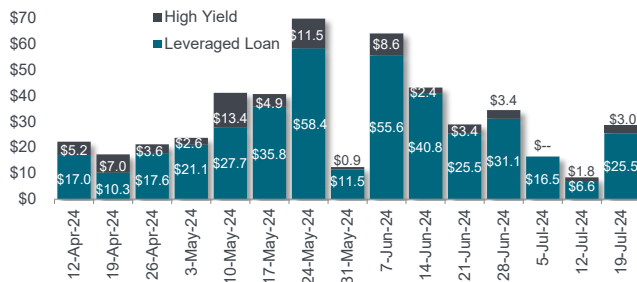
### Term Loan B Market

- Repricing activity has started to pick up, with a focus on issuances from January, alongside a healthy LBO and M&A pipeline

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$BN)



## New-Issue Clearing Yields<sup>1</sup> (\$MM)

Double-B Issuers	1Q24	2Q24	30-Day Rolling Average
			07/19/24
Ba1	S+225 / 7.6%	S+219 / 7.5%	S+238 / 7.7%
Ba2	S+226 / 7.6%	S+236 / 7.5%	S+242 / 7.8%
Ba3	S+280 / 8.2%	S+238 / 7.7%	S+257 / 8.0%
Single-B Issuers	1Q24	2Q24	30-Day Rolling Average
			07/19/24
B1	S+332 / 8.8%	S+313 / 8.6%	S+327 / 8.7%
B2	S+396 / 9.4%	S+373 / 9.1%	S+361 / 9.0%
B3	S+405 / 9.5%	S+392 / 9.4%	S+401 / 9.5%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$1,100	Baa1/BBB+	5.300%	7/5/2034	+105	23 bps
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$800	Baa1/BBB+	5.650%	7/5/2044	+115	23 bps
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$600	Baa1/BBB+	5.650%	7/5/2054	+125	23 bps
6/27/2024	Takeda Pharmaceutical Co	Sr Notes	\$500	Baa1/BBB+	5.800%	7/5/2064	+140	23 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
6/26/2024	Concentra	Sr. Notes	\$650	B1/B/NR	6.875%	7/15/2032	256 bps	7.00% area
6/5/2024	Medline (add-on)	Sr. Sec. Notes	\$500	Ba3/B+/BB	6.250%	4/1/2029	198 bps	99.50%-99.75%
5/23/2024	Sotera Health*	Sr. Sec. Notes	\$750	B1/BB-/NR	7.375%	6/1/2031	287 bps	7.50% area

## Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
7/18/2024	Vizient Inc	Not Sponsored	Ba2 / BB+	Acquisition	\$1,100	SOFR+200, 0.50% @ 99.75	7.408%
7/12/2024	US Radiology Specialists	Welsh Carson Anderson & Stowe	B3 / B-	Refinancing	\$1,206	SOFR+475, 0.50% @ 100	10.078%
7/2/2024	Gentiva	Clayton, Dubilier & Rice	B3 / B	Refinancing	\$2,147	SOFR+475, 0.50% @ 100	10.082%
7/1/2024	International SOS Pte Ltd	Not Sponsored	Ba3 / BB	Refinancing	\$684	SOFR+275, 0.50% @ 100	8.084%

## Most Recent Healthcare Pro Rata Issuances (\$MM)

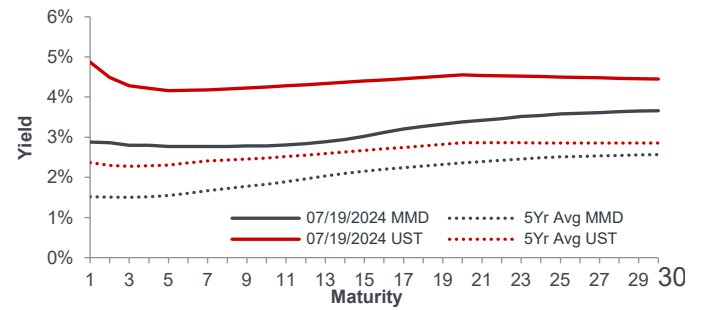
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
5/2/2024	Cooper Companies*	Public	NR / NR	Refinancing	\$2,300mm Revolver	Leverage-based Grid SOFR+87.5-150 CSA: 10	Max. Total Net Leverage Ratio: 4.0x Min Total Interest Coverage Ratio: 3.0x
5/2/2024	Haemonetics	Public	NR / NR	Refinancing	\$750mm Revolver \$250mm TLA	Leverage-based Grid SOFR+112.5-175 CSA: 10	Max. Total Net Leverage Ratio: 4.0x Min Total Interest Coverage Ratio: 3.5x

# Public Finance Market

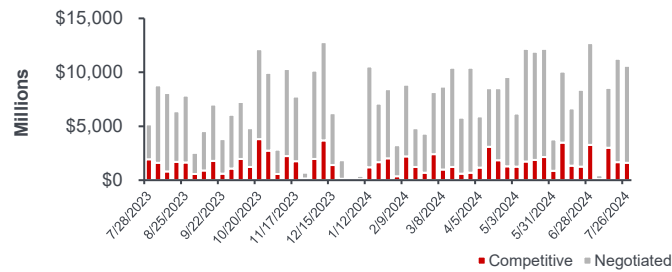
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 7 bps week-over-week, closing at 4.25% on Friday. 10-year MMD decreased 2 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 158% in 2024 vs 2023
- Muni bond funds Investors added \$891 million and high yield funds gained \$364 million for the week ended July 19

## MMD & UST Yield Curve



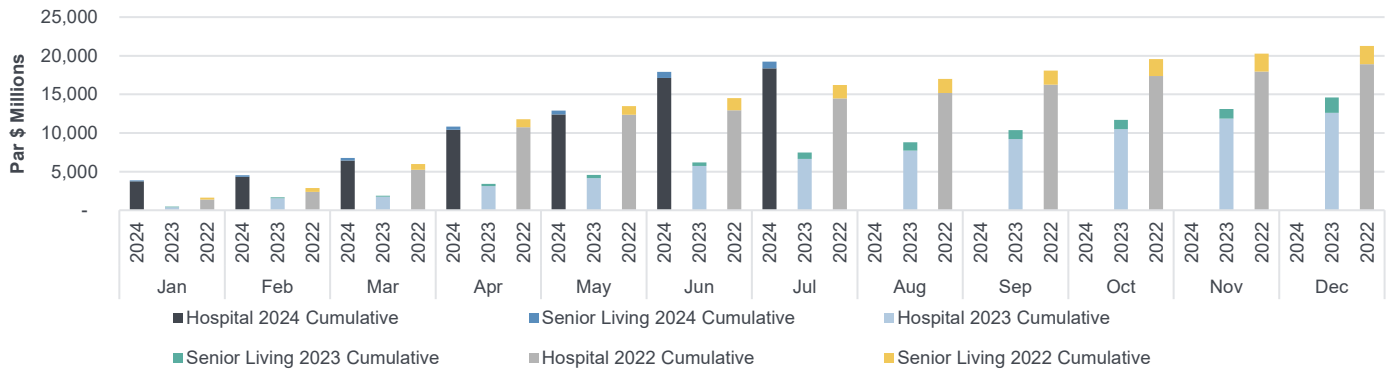
## Weekly New Issue Volume (\$MM)



## Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.49%	4 bps	2	2.86%	(6 bps)	64%
10	4.25%	7 bps	10	2.78%	(2 bps)	65%
30	4.45%	6 bps	30	3.66%	(2 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
<b>Recent Pricings, Week of 7/15</b>										
Northeast Georgia Health*	246,920	GA	HAHCCG	TE	NR / A / A	2034	NC	5.00%	3.33%	N/A
Valley Health System	119,970	VA	WVEDA	TE	A1 / A+ / NR	2043	2034(C)	5.00%	3.78%	4.24%
City of Phoenix Arizona	105,200	AZ	CPA	TAX	Aa1 / AA+ / AAA	2032	MWC	4.65%	4.65%	N/A
PIH Health, Inc.	67,135	CA	CPFA	TE	NR / NR / NR	2044	2025(C)	6.00%	6.00%	N/A
Freeman Health System	39,495	MO	JMIDA	TE	NR / A+ / NR	2044	2033(C)	4.00%	4.22%	N/A
Bayview Manor	13,285	WA	WSHFC	TE	NR / NR / NR	2059	2034(C)	6.00%	5.90%	5.95%
Pines of Richfield	11,510	MN	CLVM	TE	NR / NR / NR	2034	2030(C)	5.25%	5.25%	N/A
<b>Exp. Pricings, Week of 7/22</b>										
Endeavor Health Credit Group	281,020	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-
Hamilton Health Care System	201,865	TN	HEFBCCT	TE	NR / A+ / NR	-	-	-	-	-
Hamilton Health Care System	75,290	GA	DWCJDA	TE	NR / A+ / NR	-	-	-	-	-
McLeod Health Project	141,130	SC	SCJEDA	TE	NR / AA / AA-	-	-	-	-	-
Lakeland Regional Health	138,140	FL	CLF	TE	A2 / NR / NR	-	-	-	-	-
Trinity Terrace Project	71,805	TX	TCCEF	TE	NR / NR / A-	-	-	-	-	-

## Relevant News

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### Healthcare Costs Set To Rise By As Much As 8% In 2025: PwC<sup>1</sup>

*Fierce Healthcare* | July 17, 2024

Healthcare costs are set to rise between 7% and 8% in 2025, according to a new report from PwC. The analysis comes from PwC's Health Research Institute and projects that costs will rise 8% year-over-year in the group market and 7.5% in the individual market. That spending growth is likely to reach a 13-year high, according to the analysis. Factors behind the increases in spending include ongoing inflationary pressures, prescription drug spend and increases in utilization for behavioral health, according to the report. Medical cost trends have steadily risen since the COVID-19 pandemic reversed several years of declines. Cost increases were as high as 11.9% in 2007 but fell to about 6% by 2020. The report highlights several factors that are driving the rise while also noting some deflators. However, these trends are not enough to dampen rising costs, the analysts said.

### Why Primary Care Practitioners Aren't Joining Value-Based Payment Models: Reasons and Potential Solutions<sup>2</sup>

*The Commonwealth Fund* | July 17, 2024

The Centers for Medicare and Medicaid Services (CMS) and a number of states have introduced value-based payment (VBP) models focused on primary care since 2010. These models aim to incorporate more upfront and results-based payments to move primary care practitioners (PCPs) off the “hamster wheel” of fee-for-service payments that incentivize them to deliver higher volumes of services.<sup>1</sup> VBP models build on patient-centered medical home efforts<sup>2</sup> and share similar goals, such as strengthening the primary care infrastructure and improving patients' access to high-quality care, to ultimately improve health outcomes and reduce unnecessary health care spending.<sup>3</sup> Several VBP models encourage collaboration across public and commercial payers to reduce reporting burden and incentivize care improvement by ensuring they include a high proportion of a PCP's patients.

### Drug Middlemen Push Patients to Pricier Medicines, House Probe Finds<sup>3</sup>

*Wall Street Journal* | July 23, 2024

The drug middlemen that promise to control costs have instead steered patients toward higher-priced medicines and affiliated pharmacies—steps that increase spending and reduce patient choice, a House investigation found. The pharmacy-benefit managers, or PBMs, have devised formularies of preferred medicines that encouraged use of higher-priced drugs over lower-priced alternatives, the Republican-led House Committee on Oversight and Accountability found.

## continued...

### Advocacy Key To Getting Payer Coverage For Virtual ABA Services<sup>1</sup>

*Behavioral Health Business | July 22, 2024*

It's no secret that there is a steep supply-and-demand issue for applied behavior analysis (ABA) services nationwide. The industry is relatively new, which means the pool of qualified professionals is still small compared to the need. There are less than 70,000 board-certified behavior analysts in the U.S. Still, autism impacts 1 in 36 children, according to the CDC. Many of those qualified clinicians are prioritizing flexibility in the workplace and turning to telehealth. NeurAbilities is a Voorhees, New Jersey-based ABA provider. It has 18 New Jersey and Pennsylvania centers and more than 500 employees. While virtual care is likely a driving force for the future of ABA services, navigating the complex payer environment can be challenging. Each payer will have its own outlook and requirements on the move to telehealth.

### Medicare Advantage Beneficiaries Less Likely to Receive Aggressive End-of-Life Care<sup>2</sup>

*Hospice News | July 22, 2024*

Medicare Advantage (MA) beneficiaries are less likely to receive intensive treatments or burdensome transfers during the last six months of life compared to those in traditional Medicare, a new study has found. MA enrollees were also more likely to receive hospice care and less likely to receive facility-based care after a hospital discharge, according research published in JAMA Health Forum. A key factor is MA's focus on controlling costs, whereas fee-for-service Medicare incentivizes more aggressive treatment, researchers indicated. However, they identified gaps in which patients don't always receive sufficient post-acute care. For the study, researchers examined Medicare claims data for more than 1 million patients who died between 2016 and 2018. Results indicated that MA beneficiaries were 1.6% less likely than those in traditional Medicare to receive aggressive treatment during the last six months of life and were 3.3% less likely to die in a hospital. MA enrollees were also 5.2% less likely to go to a skilled nursing facility post-discharge.

### Key Takeaways | Contract Research Organizations (CROs)<sup>3</sup>

*MWE | July 16, 2024*

During this session, the panelists discussed the current market outlook for CROs and the key differentiators making them attractive to private equity investors, such as therapeutic area (TA) specialization, their ability to ensure diversity in clinical trials and the integration of artificial intelligence (AI) into their value offerings. They also discussed how the expectations of CRO customers – primarily large pharmaceutical companies – are rising, with a renewed focus on speed and quality in trial execution. The panel included John Kerins, Cain Brothers Managing Director.