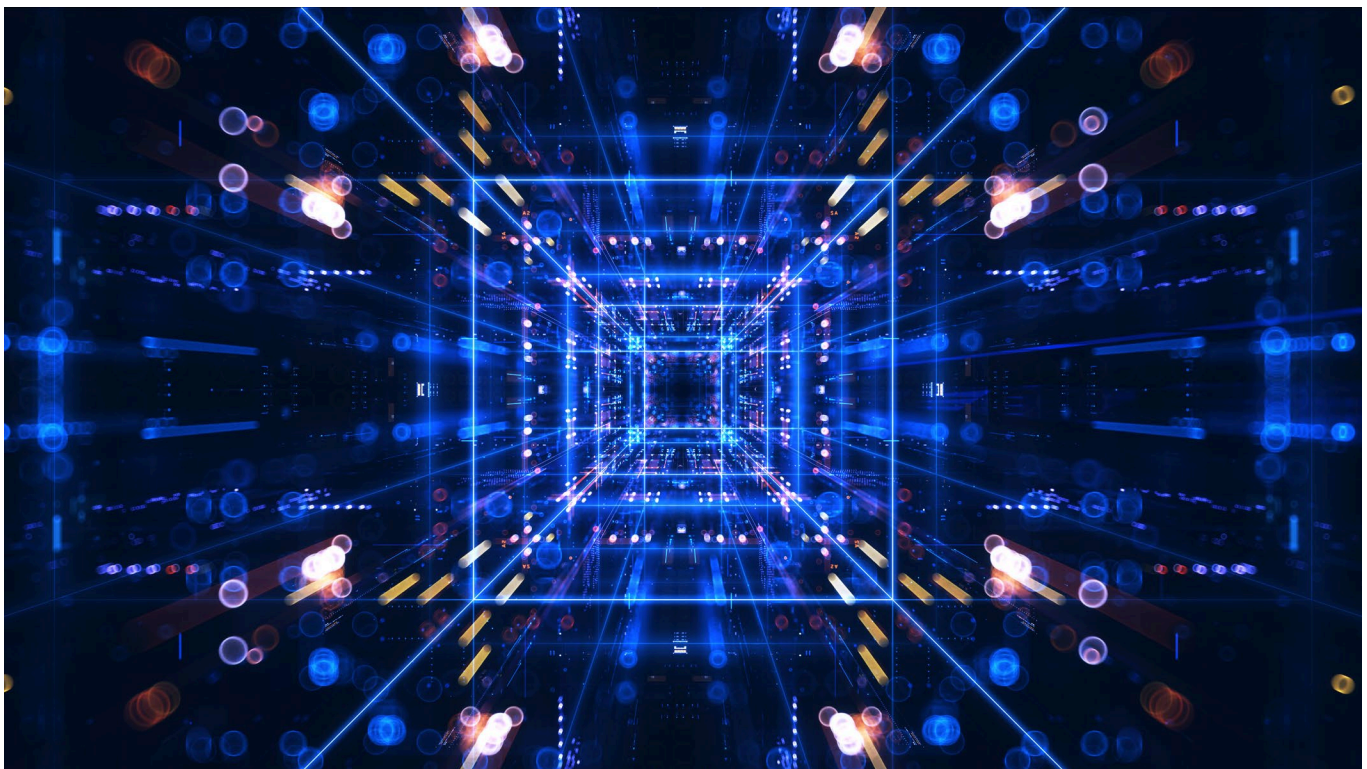


June 5, 2024

Cain Brothers Industry Insights

Healthcare Market Report



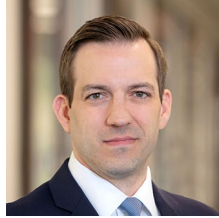
Banker commentary:

Current Challenges & Trends Impacting the Medical Manufacturing Market

Banker Commentary

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Current Challenges & Trends Impacting the Medical Manufacturing Market

Banker Commentary Carl Hardie

The past four years have been a crazy ride for the outsourced medical manufacturing market. In fact, during a recent discussion, one industry executive compared the last few years to a giant game of “whack-a-mole.”

They then proceeded to describe how they successfully navigated the operating challenges encountered during the pandemic (supply chain issues, labor shortages, and material pricing issues) only to deal with a whole new set of issues over the past two years. And this CEO is not alone. Many other executives have recently expressed the same frustration as they continue to deal with challenges such as an industry-wide de-stocking, Nitinol supply chain issues, and sterilization concerns. However, despite these recent headwinds, the outsourced medical manufacturing market is stronger than ever. In fact, it continues to grow and prove its resiliency. So, as we near the half-way point of 2024 (crazy right?), I'd like to highlight a few of the current issues and trends impacting the industry.

1. **Inventory Destocking Issues** – After dealing with supply chain shortages during the pandemic, many OEM customers built up substantial inventories to insulate themselves against future problems and prepare for the backlog of elective medical procedures. However, as the supply chain issues have improved, these OEM customers started drawing down their inventories in 2023. As a result, new order volumes have declined across the industry. This trend has continued through Q1 2024, and we will likely see the impacts into Q3 2024.
2. **Nitinol Supply Chain Issues** – Nickel-Titanium (Nitinol) alloy is known for its super elasticity and shape memory characteristics. Consequently, demand for this material has grown significantly for use in interventional applications, structural heart devices, minimally invasive instruments, and endovascular stents. However, it is difficult and costly to process, and the recent consolidation of major Nitinol suppliers has created additional challenges. This problem has been especially acute for Nitinol tubing, and many manufacturers are scrambling to find new suppliers or look for ways to dual source their Nitinol.
3. **Sterilization Issues** – Most medical devices are bulk sterilized using Ethylene Oxide (EtO). Due to the hazardous nature of EtO sterilization, two companies handle most of the bulk EtO sterilization in the U.S. To further complicate matters, in March 2024, the EPA issued new regulations that will reduce the amount of EtO coming out of commercial sterilizers by 90%. The EPA also proposed more stringent air emissions standards for workers at sterilizing facilities. These new regulations, coupled with the limited number of companies who can provide bulk EtO sterilization, have increased lead times and continue to disrupt the sterilization supply chain.
4. **Reshoring / Nearshoring** – This trend began in 2018 when the U.S. implemented tariffs on specific goods being manufactured in China. It was further exacerbated during the pandemic as supply lines were even more constrained. Both factors underscored the need for in-region manufacturing, where the risks associated with market volatility, supply chain disruptions and geopolitical tensions would be reduced. Consequently, we continue to see companies moving their manufacturing facilities from China to the U.S., Mexico, Costa Rica, Puerto Rico, and the Dominican Republic.

However, despite these current challenges and trends, the outsourced medical manufacturing market is still growing faster than the overall medical device market. According to a recent report by Grand View Research, the global medical device outsourcing market is expected to grow 12.8% annually and reach a valuation of ~\$300B by 2030. This growth is attributed to rising demand for medical devices, the growing number of chronic diseases, technological advancements, and increased outsourcing. Additionally, OEMs continue to develop more products each year, further driving the demand for new manufacturing partners. So, even though the current game of “whack-a-mole” continues for medical manufacturers as they deal with these recent challenges, the overall industry continues to grow and thrive.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
5/30/2024	Behavioral Innovations (Shore Capital)	Tenex Capital Management	\$300	NA	NA	Provider of applied behavioral analysis therapy for children with mental health conditions including autism in Texas, Oklahoma and Colorado
5/29/2024	Surmodics (NASDAQ: SRDX)	GTCR	\$627	4.7x	NM	Provider of medical device and in vitro diagnostic technologies
5/28/2024	Atrion (Nasdaq: ATRI)	Nordson (Nasdaq: NDSN)	\$800	4.5x	20.5x	Medical infusion fluid delivery and niche cardiovascular solutions
5/24/2024	CARE Counseling	Optum (UnitedHealth Group)	NA	NA	NA	Outpatient mental health provider
5/23/2024	Talem Health	Med Learning Group (DW Healthcare Partners)	NA	NA	NA	Provider of accredited medical education
5/23/2024	Xpress Wellness(Latticework Capital Management)	Goldman Sachs Alternatives	NA	NA	NA	Providers of urgent care and other healthcare services to rural communities
5/22/2024	Overlake Medical Center & Clinics*	MultiCare Health System	NA	NA	NA	Not-for-profit regional health care system based in Bellevue, Washington
5/21/2024	Adams Clinical	InTandem Capital Partners	NA	NA	NA	Clinical trial site network that conducts independent evaluations of drugs to treat psychiatric and neurologic illnesses
5/21/2024	CRIO	The Riverside Company	NA	NA	NA	Provider of eSource and other eClinical technologies
5/21/2024	Infinx Services	KKR	NA	NA	NA	AI-driven healthcare revenue cycle solutions provider
5/21/2024	SG Homecare (Sverica Capital Management)	Balance Point Capital Advisors	NA	NA	NA	Provider of durable medical equipment, prosthetics, orthotics, and supplies to home-based patients
5/20/2024	Eden Health	Centivo	NA	NA	NA	Employer-centered virtual-first medical provider
5/16/2024	Team Services Group	Bregal Sagemount	NA	NA	NA	Provider of home care solutions
5/9/2024	Elixia	American Clinical Research Services (Latticework)	NA	NA	NA	Florida-based clinical research network
5/8/2024	Western Drug Medical Supply	SG Homecare (Sverica Capital Management)	NA	NA	NA	provider of in-home medical equipment and supplies
5/7/2024	Kleer-Members	Charlesbank Capital Partners	NA	NA	NA	Provider of technology-driven dental membership plans
5/3/2024	Conduent's Casualty Claims Solutions Business	MedRisk (CVC Capital Partners)	\$240	NA	NA	Workers' compensation and auto casualty bill review solutions and services that includes the processing of medical bills and clinical services
5/2/2024	All Star Healthcare Solutions	Knox Lane Partners	NA	NA	NA	Full-service healthcare staffing firm focused exclusively on the locum tenens market
5/1/2024	MobileHelp (Advocate Aurora Enterprises)	Medical Guardian (Water Street Healthcare Partners)	NA	NA	NA	Real-time medical monitoring, location tracking and other solutions to help older patients
5/1/2024	PathAI Diagnostics (select assets)	Quest Diagnostics (NYSE: DGX)	NA	NA	NA	Anatomic and digital pathology laboratory services
4/30/2024	Essen Health Care	Kain Capital	NA	NA	NA	Independent healthcare provider in the Bronx with over 450 practitioners and over 1.7 million patient encounters per year

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
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
5/7/2024	Rad AI	Khosla Ventures (lead), World Innovation Lab, OCV Partners, ARTIS Ventures, Gradient Ventures, and Kickstart Fund	Series B	\$50	Developer of a tool which helps generate radiology reports
5/6/2024	Guardian Dentistry Partners	Morgan Stanley Private Credit (lead) and Prudential Private Capital	Growth	Undisclosed	Dental partnership network to providing support services and growth opportunities to its network of dentist partners
5/2/2024	Transcarent	General Catalyst & 7wireVentures (co-leads), Geodesic Capital, Memorial Hermann Health System, Threshold Ventures, Kinnevik, Ally Bridge Group, Human Capital, Merck Global Health Innovation Fund, Alta Partners, and Leaps by Bayer	Series D	\$126	Health and care platform makes it easy for people to access care and employers to provide and pay for the care
4/24/2024	Midi Health	Emerson Collective (lead), GV, Memorial Hermann, SemperVirens, Felicis, Icon Ventures, Black Angel Group, Gingerbread Capital, Able Partners, G9 and Operator Collective	Series B	\$60	Virtual care clinic for women navigating perimenopause and menopause
4/22/2024	AccessHope	City of Hope	Series B	\$33	Cancer care management
4/22/2024	Lumeris	Deerfield Management (lead), Endeavor Health. Existing investors Kleiner Perkins, Sandbox Industries, BlueCross BlueShield Venture Partners and JDLinx	Equity	\$100	Value-based care managed services operator
4/16/2024	Two Chairs	Fifth Down Cap (lead), Amplo Management	Undisclosed	\$72	Provides psychotherapy services at clinics in the Bay Area
4/16/2024	Kontakt.io	Growth Equity at Goldman Sachs Asset Management (Goldman Sachs)	Series C	\$48	Developer of AI and cloud technology to provide real-time location data and orchestrate staff, equipment, and clinical spaces around a patient's care journey
4/15/2024	Equip Health	Tiger Global and General Catalyst	Undisclosed	\$35	Virtual eating disorder treatment startup
4/11/2024	Huddle Up	Kayne Anderson Growth Capital (lead), New Capital Partners, LRV Health, HealthX Ventures, and OSF Ventures	Series C	Undisclosed	Pediatric teletherapy provider
4/9/2024	Cariloop	ABS Capital (lead), Noro-Moseley Partners, KCRise Fund, Revolution's Rise of the Rest Seed Fund and Patterson Thoma Family Office	Series C	\$20	Comprehensive caregiver support platform

Equity Capital Markets

Market Overview

- Last week issuers took advantage of a relatively open funding window:
 - 0 IPOs; 7 follow-ons; 2 converts
- The coming week brings three IPO pricings: Healthcare software firm Waystar (Thursday), aluminum rolled products maker Novelis and Israeli smart glass and film maker Gauzy (both Wednesday)
- This week should be relatively active as issuers who need equity or wish to monetize positions (or want to refinance with a CB) in June will need to do so before the June calendar complicates timing decisions (FOMC rate decision on 6/12, Juneteenth federal holiday on 6/19)

ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	476	3	2%	317	1	2%
CONV	10,515	15	42%	3,421	6	22%
FO	13,997	31	56%	12,173	43	77%
Total	24,988	49	100%	15,911	50	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	10,939	23	11%	7,044	9	12%
CONV	30,023	42	32%	20,826	31	35%
FO	54,224	161	57%	31,534	129	53%
Total	95,186	226	100%	59,404	169	100%

Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
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%)
5/3/2023	Kenvue	Consumer Health	KVUE	\$4,372.2	\$42,127.7	10.4%	100.0%	\$22.00	\$20.00 - \$23.00	22.3%	19.3%
5/5/2022	Bausch & Lomb	Medical Products	BLCO	\$711.9	\$6,300.0	11.3%	0.0%	\$18.00	\$21.00 - \$24.00	11.1%	(2.9%)

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
5/30/2024	Bruker	Medical Products	Bought	BRKR	\$408.0	\$10,979.4	3.7%	100.0%	(6.3%)	(3.6%)	-
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%
3/21/2024	Stevanato Group*	Medical Products	Marketed	STVN	\$379.7	\$7,695.1	4.9%	50.0%	(5.9%)	19.3%	23.5%

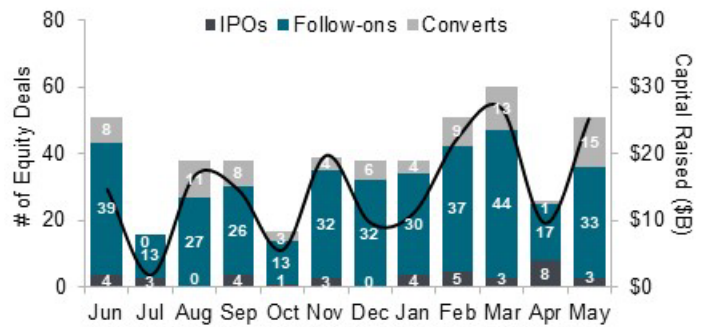
Most Recent Healthcare Convertible Debt Offerings (\$MM)

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

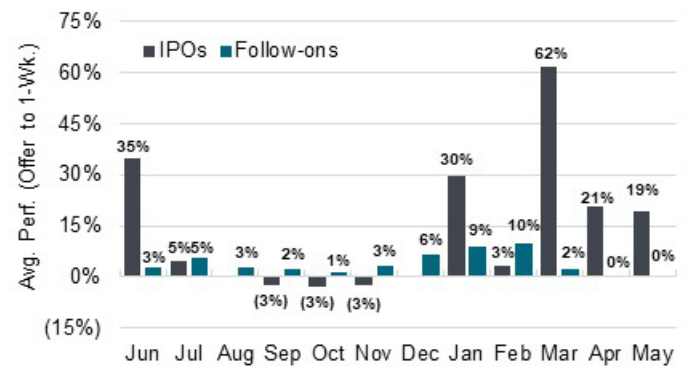
Sources: Bloomberg, Capital IQ, Dealogic, and Press Releases

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

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



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



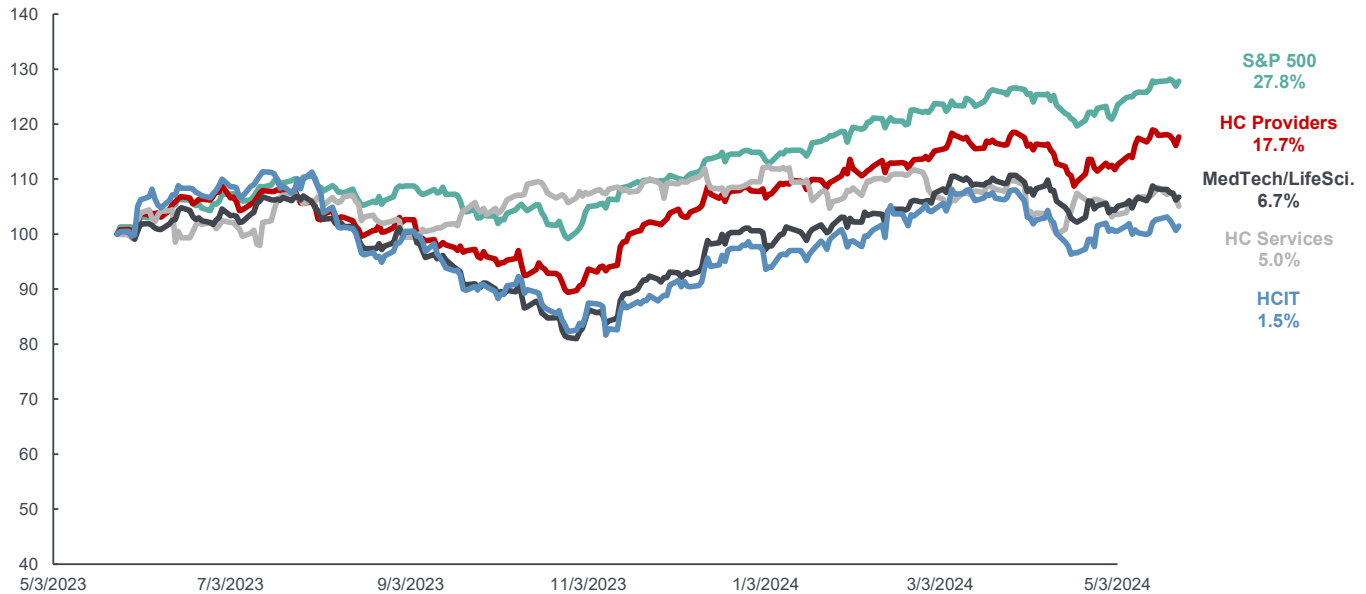
Public Equity Market Activity & Indices

Equity Indices (as of May 31, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	39,070	38,686	17.0%	(1.0%)
S&P 500	5,305	5,278	25.0%	(0.5%)
NASDAQ	16,921	16,735	27.7%	(1.1%)
Russell 2000	2,070	2,070	17.1%	0.0%
NYSE Healthcare	25,910	26,041	16.0%	0.5%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	27.2%	6.3%
Alternate Site Services	18.4%	5.3%
Diagnostics	7.8%	(1.0%)
Distribution	25.8%	1.6%
Healthcare IT	(7.5%)	(4.2%)
Healthcare REITs	34.8%	3.4%
Managed Care	2.8%	(0.8%)
Medical Technology	2.0%	(2.6%)
Outsourced Services	(14.2%)	(1.1%)
Pharma Services	10.7%	(2.9%)
Pharmacy	(21.3%)	6.1%
Primary Care	(55.7%)	2.8%
Post-Acute Care Services	21.0%	0.0%
Post-Acute Care Facilities	21.3%	0.7%

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- Coming off the heels of its most active week by number of deals in 2024, last week's IG bond volume subsided to \$28.1BN with average pricing stats weaker compared to YTD average

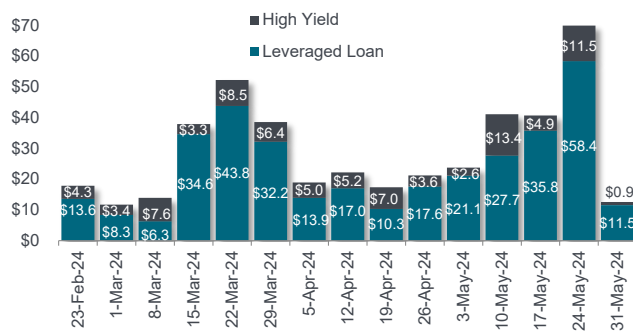
High Yield

- The high yield new issue market saw just two deals price in the final week of the month, bringing May's total to 46 deals (50 tranches) for \$32.0 billion, which has been the busiest month YTD; the heavy volume was largely well

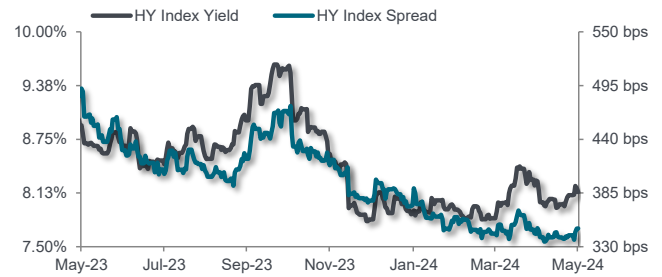
Term Loan B Market

- May ended on a strong note, despite the holiday-shortened week, closing out one of the largest months historically in terms of issuances

Weekly New Issue Volume (\$BN)



HY Index Yield & Spread (YTD)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	4Q23	1Q24	30-Day Rolling Average	
			05/31/24	
Ba1	S+230 / 7.8%	S+225 / 7.6%	S+200 / 7.4%	
Ba2	S+243 / 7.9%	S+226 / 7.6%	S+230 / 7.7%	
Ba3	S+283 / 8.4%	S+280 / 8.2%	S+237 / 7.7%	
Single-B Issuers	4Q23	1Q24	30-Day Rolling Average	
			05/31/24	
B1	S+371 / 9.4%	S+332 / 8.8%	S+290 / 8.3%	
B2	S+436 / 10.1%	S+396 / 9.4%	S+376 / 9.2%	
B3	S+457 / 10.4%	S+405 / 9.5%	S+390 / 9.3%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/20/2024	Elevance Health Inc	Sr Notes	\$600	Baa2/A/BBB+	5.150%	6/15/2029	+70	30 bps
5/20/2024	Elevance Health Inc	Sr Notes	\$1,000	Baa2/A/BBB+	5.375%	6/15/2034	+95	25 bps
5/20/2024	Elevance Health Inc	Sr Notes	\$1,000	Baa2/A/BBB+	5.650%	6/15/2054	+110	25 bps
4/30/2024	ICON Investments Six DAC	Sr Notes	\$750	Baa3/BBB-	5.809%	5/8/2027	+95	35 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
5/23/2024	Sotera Health*	Sr. Sec. Notes	\$750	B1/BB-/NR	7.375%	6/1/2031	287 bps	7.50% area
5/21/2024	CHS/Community Health (add-on)	Sr. Sec. Notes	\$1,225	Caa1/B-/B+	10.875%	1/15/2032	586 bps	102.00% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
5/31/2024	Surgery Partners	Not Sponsored	B2 / B	Refinancing	\$1,400	SOFR+275, 0% @ 100	8.080%
5/24/2024	Sotera Health*	Not Sponsored	B1 / BB-	Refinancing	\$1,509	SOFR+325, 0% @ 99.5	8.703%
5/23/2024	PCI Pharma Services	Kohlberg & Co.	B3 / B-	Refinancing	\$1,947	SOFR+325, 0.75% @ 100	8.575%

Most Recent Healthcare Pro Rata Issuances (\$MM)

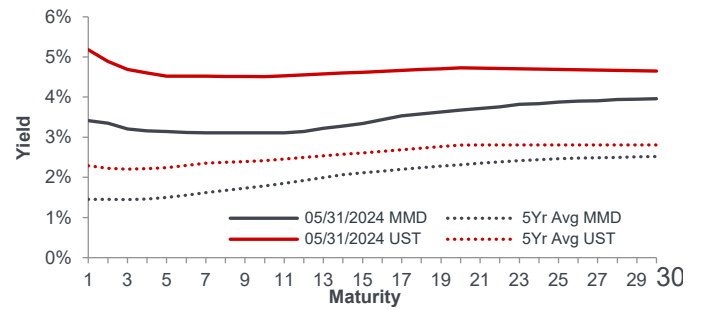
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
5/2/2024	Cooper Companies*	Public	NR / NR	Refinancing	\$2,300mm Revolver	Leverage-based Grid SOFR+87.5-150 CSA: 10	Max. Total Net Leverage Ratio: 4.0x Min Total Interest Coverage Ratio: 3.0x
5/2/2024	Haemonetics	Public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

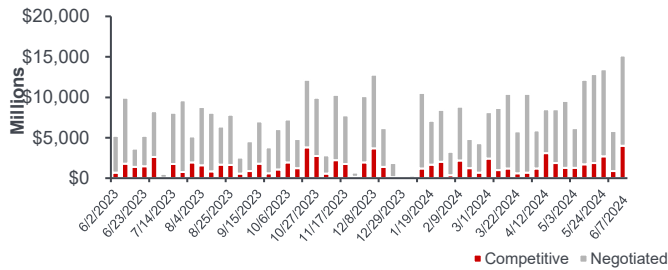
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 5 bps week-over-week, closing at 4.51% on Friday. 10-year MMD increased 10 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 184% in 2024 vs 2023
- Muni bond funds Investors pulled \$89 million and high yield funds gained \$70 million for the week ended May 29

MMD & UST Yield Curve



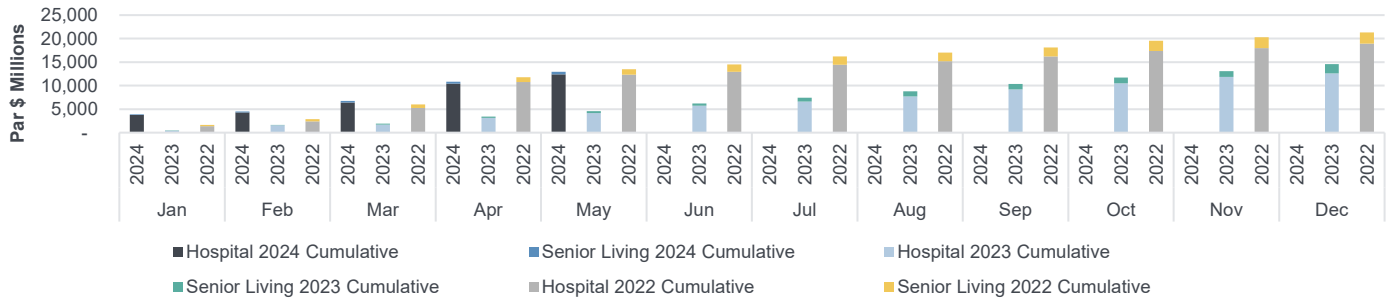
Weekly New Issue Volume (\$MM)



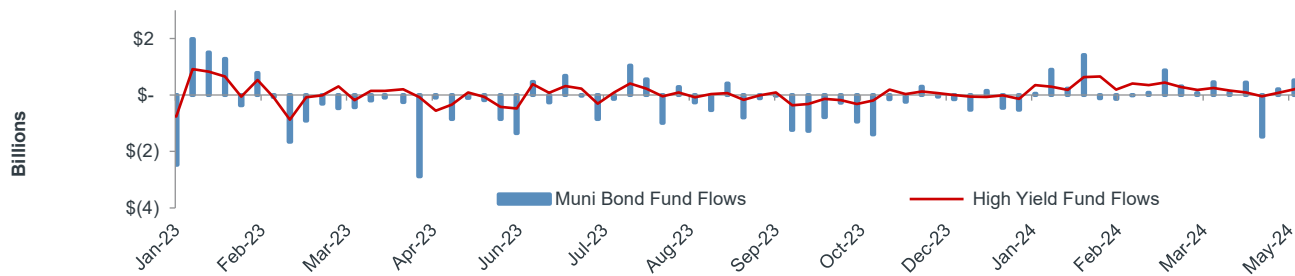
Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.89%	(4 bps)	2	3.25%	5 bps	64%
10	4.51%	5 bps	10	3.11%	10 bps	63%
30	4.65%	8 bps	30	3.96%	9 bps	82%

Healthcare Public Issuance Overview



Flow of Funds



Recent Healthcare Public Issuances

Borrower/Enhancement	Par (000s)	ST	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call or Put	Final Mat. Cpn.	YTW	YTM
Recent Pricings, Week of 5/27										
No Recent Pricings										
Exp. Pricings, Week of 6/3										
Intermountain Health	570,260	CO	CHFA	TE	Aa1 / AA+ / NR	-	-	-	-	-
Memorial Hermann Health	565,385	TX	HCCEFFC	TE	Aa3 / AA- / NR	-	-	-	-	-
Endeavor Health Credit Group	284,000	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-
AdventHealth	204,260	CO	CHFA	TE	Aa2 / AA / AA	-	-	-	-	-
AdventHealth	46,755	FL	HCHFA	TE	Aa2 / AA / AA	-	-	-	-	-
Lutheran Senior Services	80,065	MO	HEFASM	TE	NR / NR / BBB	-	-	-	-	-

Relevant News

National Nurses United Pushes Back Against Deployment Of ‘Unproven’ AI In Healthcare¹

Fierce Healthcare | June 3, 2024

The nation’s largest nurses union is demanding that artificial intelligence tools used in healthcare be proven safe and equitable before deployment. Those that aren’t should be immediately discontinued, the union says. Few algorithms, if any, currently meet their standard. “These arguments that these AI tools will result in improved safety are not grounded in any type of evidence whatsoever,” Michelle Mahon, assistant director of nursing practice at National Nurses United, told Fierce Healthcare. National Nurses United represents 225,000 nurses nationwide and has a presence in nearly every state through affiliated organizations, like the California Nurses Association, which protested the use of AI in healthcare in late April. NNU nurses also represent nearly every major hospital and health system in the nation. Most AI that nurses interact with are integrated into electronic health records and are often used to predict sepsis or determine patient acuity, union nurses said at an NNU media briefing last month.

Site-Neutral Payments Draw Blanket, Bipartisan Support At House Budget Hearing²

Fierce Healthcare | May 23, 2024

Rampant consolidation within the healthcare industry is proving to be a rare point of unity among Republican and Democratic lawmakers in the House. A House Budget Committee hearing held Thursday was largely devoid of interparty finger pointing, and more than a few times saw lawmakers applauding health policy decisions of administrations hailing from the opposing party. The lawmakers similarly weren’t shy about directing their questions to witnesses representing think tanks typically on the opposite side of the ideological spectrum. Each brought testimonies and responses warning of unsustainable spending, dwindling independent providers and patient access concerns. “I find myself in an awkward situation here where I’m agreeing more with the Democrat witness than maybe in any other hearing,” Committee Chair Jodey Arrington, R-Texas, quipped in response to the minority witness Sophia Tripoli, senior director of health policy at left-leaning Families USA. Though consolidation and vertical integration among payers and pharmacy benefit managers earned some scrutiny, the hearing was largely centered on clustering provider space.

The State Of The Hospice Nursing Workforce³

Hospice News | May 28, 2024

Honing clinical scheduling and onboarding models is key to sustaining the hospice nurse workforce as demand for these clinicians rises and wages lag compared to those in other settings. Future generations of health care clinicians may be woefully unprepared to address both the quantity and the complexity of emotional, physical and spiritual needs among a swelling aging population nearing the end of life. A main issue is that many students do not receive adequate exposure to hospice and palliative care during their medical education, including training in the full scope of these interdisciplinary services. Nurses entering the workforce need a wider scope of hospice and palliative care education and awareness to help fill these knowledge gaps and prepare them for growing demand, according to Michelle White, director of home and transitional care and homecare providers at North Carolina-based Cone Health.

continued...

Salesforce Aims To Be A Bigger Player In Healthcare¹

Chief Healthcare Executive | June 2, 2024

Salesforce has been developing solutions using artificial intelligence for years, and now the company is looking at AI to make a bigger impact in healthcare. The company announced in March that it is introducing a conversational AI assistant, Einstein Copilot: Health Actions. Salesforce says the AI tool will help automate clinical summaries and help healthcare organizations get better assessments on patient data. It's designed to help improve workflows and enable providers to more easily schedule appointments and ensure patients get follow-up care. Salesforce has said it should be HIPAA-compliant this summer, and generally available in the winter of 2024. Sean Kennedy, Salesforce general manager of health strategy and solutions, told Chief Healthcare Executive® that the company sees great potential in using AI to help hospitals and health systems. Healthcare organizations possess enormous amounts of data, but they aren't always able to capitalize on it to improve patient services, he said.

Medicare Advantage Struggling Under Low Payment, High Utilization²

Healthcare Finance News | May 30, 2024

Medicare Advantage struggling under low payment, high utilization Medicare Advantage may be a victim of its own success as more seniors - and a more sickly population - moves into it. Medicare Advantage is in an awkward place. On the one hand, the alternative to traditional Medicare is still popular among consumers, who have been lured by the promises of lower out-of-pocket costs and increased supplemental benefits. On the other hand, Medicare Advantage profitability is on the decline, as shown in recent quarterly reports from the large insurers. The headwinds, executives said during recent earnings calls, have been due to greater than expected utilization of benefits and lower than expected reimbursement from the government. Adding to MA's margin challenges are providers who are making the decision to cut their ties with MA plans rather than deal with delays in prior authorization and claims payments.

Key Takeaways From 2024 Asembia Specialty Pharmacy Summit³

Bass Berry Sims | May 14, 2024

Asembia's 20th Annual Specialty Pharmacy Summit once again brought investors and operators in the specialty pharmacy ecosystem to Las Vegas for learning sessions and networking. Bass, Berry & Sims brought a team of four attorneys from our Specialty Pharmacy & Pharmaceuticals and 340B Program Services practice groups to join the fun. Below we've outlined some of the key messages we heard at this year's conference. Discussions on market activity in the specialty pharmacy industry keep coming back to the infusion space. There is keen interest in developing new business lines, startups, investment, and M&A in the sector; however, there is no front runner among the various infusion modalities, such as home infusion, ambulatory infusion centers (AICs), pharmacy infusion suites, physician practice infusion, and infusion management. With material differences in procurement, reimbursement, and operations across each modality and even companies within the same space, some are finding the lack of consistency a roadblock to growth to tuck-ins or finding executives with experience and vision. Despite the eclectic nature of infusion provider offerings, interest remains high.

June 18, 2024

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

**Nobody Does It Better: Cain Brothers Nurtures Health
Systems-PE Collaboration**

Banker Commentary

Contents

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Nobody Does It Better: Cain Brothers Nurtures Health Systems-PE Collaboration

Commentary by David W. Johnson, 4sightHealth

Building on the success of last year's inaugural event, Cain Brothers just hosted its second invite-only collaboration conference for health systems and private equity investors (PE) at the Grand Hyatt in downtown Nashville. Beginning on the evening of June 12th through mid-afternoon the next day, the conference gathered 150 leaders from health systems, private equity firms, and operating companies for incisive presentations, panel discussions, ample networking opportunities and one-on-one meetings too numerous to count.

This may be the healthcare industry's most hands-on investment conference. Participants roll up their sleeves and engage in relationship building and exploration of novel business concepts. Energy and enthusiasm were high as industry participants rise to the challenge of reconfiguring care delivery to drive greater access and better outcomes at lower costs.

One attendee captured the conference's essence in this post-conference note,

I don't say it lightly when I share that this short, one-day conference may be the single most effective, relevant conference I can remember attending...Focused, high-quality attendees, user-friendly. The sessions were appropriate and succinct and the networking (and prioritization of it) was just right.

Cain Brothers Group Head Wyatt Ritchie welcomed attendees with the core observation that "it's going to take a village" to assist health systems in developing the more affordable, transparent and consumer-centric delivery platforms demanded by the marketplace. Ritchie emphasized that PE firms' capital, sector expertise and operating discipline make them logical development partners for health systems striving for sustainability and market expansion.

Evidence of PE's positive contributions to health systems is abundant. Dozens of health systems already operate successful joint ventures with PE firms across a broad spectrum of care modalities. Ohio Health, for example, reported at a recent investor conference that joint-venture relationships with PE firms account for one-third of the health system's net revenues.

While no conference occurs in a vacuum, increasing political opposition to PE involvement in healthcare shaped the tone and gave added weight to this year's deliberations. On June 11th, the day before the conference opened, U.S. Senators Elizabeth Warren and Edward Markey from Massachusetts introduced the [Corporate Crimes Against Health Care Act of 2024](#). Their aim is to remove "corporate greed and private equity abuse" within U.S. healthcare.

The Act's reach is expansive. It includes criminal sanctions, clawbacks, civil penalties, limitations on REIT financing, more ongoing disclosure for M&A transactions, and a mandated OIG on the harms caused by "corporatization" to the healthcare industry. Much of this political heat emanates from the recent Steward and Envision bankruptcies and the cyber-attack on Change Healthcare.

continued...

Rather than duck the politics, panelists leaned into the head winds and provided advice for addressing specific regulatory concerns. Not all PE firms are created equally. The PE sector has a wide range of skillsets, cultures, risk appetites, investment preferences and experience. For health systems, finding the right PE partners may be the most critical success factor when undertaking joint ventures.

Panelists stressed the importance of building relationships, undertaking diligence and developing trust. Too much portfolio leverage is a red flag. Using objective data to make investment decisions is paramount. Understanding “end markets” is critical to building business cases and allocating resources. In this sense, the hard work of collaboration on display inside the conference stood in stark contrast to the simplistic critiques of PE’s healthcare investments occurring in the political arena.

Despite PE’s mystique and mixed reputation, PE firms are simply in the business of developing businesses. As TowerBrook’s Ian Sacks stressed, “All we do is invest in people.” TPG’s Zach Ferguson added that PE firms have “the gift of focus.”

While health system leaders must spread their focus broadly, their PE partners bring clarity and discipline to specific investments. This is particularly important for “horizontal” strategic investments that scale across regional and national markets. With an expanding universe of health system-PE joint ventures comes operating expertise and discipline. Ventures make fewer mistakes and respond with more resilience to market challenges.

For all the new political concerns, PE is already deeply integrated into the nation’s healthcare operations. As Roy Bejarano of SCALE Healthcare noted, over 150,000 physicians work for PE-owned medical service organizations (MSOs). There’s no turning back. There’s only moving forward.

Economic progress throughout human history has resulted through the development and execution of ever-more complex win-win arrangements between individuals and groups. Value creation is at the heart of market evolution. No industry requires incremental value creation more than healthcare.

Market fitness is the ultimate judge of all investments. By that measure, many more health system-PE joint ventures are succeeding than failing. Cain Brothers and the event’s sponsoring partners (K&L Gates, Scale Healthcare, Sheppard Mullin, TowerBrook, and TPG Growth) want to ensure that constructive trend continues. Toward that end, we’ll see you next year in Nashville at the 2025 Collaboration Conference.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
6/13/2024	RedSail Technologies	Leonard Green & Partners and Francisco Partners	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
6/10/2024	Personal Care Operations of Gentiva	Addus HomeCare (Nasdaq: ADUS)	\$350	1.3x	NA	Provider of personal care home services
6/6/2024	LifeCare Home Health Family	Zenyth Partners	NA	NA	NA	Provider of skilled home health and private duty care services
6/6/2024	PharmaCord	Permira	NA	NA	NA	Provider of patient services for the pharmaceutical industry
6/6/2024	Sensified	ClinicalMind (Renovus Capital Partners)	NA	NA	NA	Insight-driven healthcare communications company
6/5/2024	100% Chiropractic	Red Iron Group	NA	NA	NA	Provider of chiropractic care through its network of franchised clinics
6/5/2024	Sunrise Medical (Nordic Capital)	Platinum Equity	NA	NA	NA	Advanced assistive mobility solutions
6/4/2024	The Medicus Group	SeaFort Capital	NA	NA	NA	Provider of orthotics, prosthetics and mobility aid devices
6/4/2024	Solarity	TA Associates	NA	NA	NA	Provider of automated clinical data processing solutions for acute and ambulatory healthcare providers
6/1/2024	ArchCare*	VillageCareMAX	NA	NA	NA	ArchCare Community Life Managed Long Term Care members
5/30/2024	Behavioral Innovations (Shore Capital)	Tenex Capital Management	\$300	NA	NA	Provider of applied behavioral analysis therapy for children with mental health conditions including autism in Texas, Oklahoma and Colorado
5/29/2024	Surmodics (NASDAQ: SRDX)	GTCR	\$627	4.7x	NM	Provider of medical device and in vitro diagnostic technologies
5/28/2024	Atrion (Nasdaq: ATRI)	Nordson (Nasdaq: NDSN)	\$800	4.5x	20.5x	Medical infusion fluid delivery and niche cardiovascular solutions
5/24/2024	CARE Counseling	Optum (UnitedHealth Group)	NA	NA	NA	Outpatient mental health provider
5/23/2024	Talem Health	Med Learning Group (DW Healthcare Partners)	NA	NA	NA	Provider of accredited medical education
5/23/2024	Xpress Wellness(Latticework Capital Management)	Goldman Sachs Alternatives	NA	NA	NA	Providers of urgent care and other healthcare services to rural communities
5/22/2024	Overlake Medical Center & Clinics*	MultiCare Health System	NA	NA	NA	Not-for-profit regional health care system based in Bellevue, Washington
5/21/2024	Adams Clinical	InTandem Capital Partners	NA	NA	NA	Clinical trial site network that conducts independent evaluations of drugs to treat psychiatric and neurologic illnesses

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

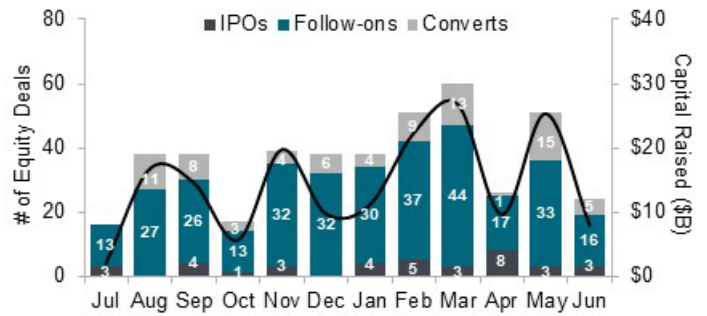
Date	Company	Investor(s)	Type	Amount	Description
6/10/2024	Anterior	New Enterprise Associates (lead), Sequoia Capital, Blue Lion Global, and Neo	Series A	\$20	AI powered healthcare administration platform
6/10/2024	Regard	Oak HC/FT (lead)	Series B	\$30	Healthcare AI start up
6/4/2024	Sword Health	Undisclosed	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
5/7/2024	Rad AI	Khosla Ventures (lead), World Innovation Lab, OCV Partners, ARTIS Ventures, Gradient Ventures, and Kickstart Fund	Series B	\$50	Developer of a tool which helps generate radiology reports
5/6/2024	Guardian Dentistry Partners	Morgan Stanley Private Credit (lead) and Prudential Private Capital	Growth	Undisclosed	Dental partnership network to providing support services and growth opportunities to its network of dentist partners
5/2/2024	Transarent	General Catalyst & 7wireVentures (co-leads), Geodesic Capital, Memorial Hermann Health System, Threshold Ventures, Kinnevik, Ally Bridge Group, Human Capital, Merck Global Health Innovation Fund, Alta Partners, and Leaps by Bayer	Series D	\$126	Health and care platform makes it easy for people to access care and employers to provide and pay for the care
4/24/2024	Midi Health	Emerson Collective (lead), GV, Memorial Hermann, SemperVirens, Felicis, Icon Ventures, Black Angel Group, Gingerbread Capital, Able Partners, G9 and Operator Collective	Series B	\$60	Virtual care clinic for women navigating perimenopause and menopause
4/22/2024	AccessHope	City of Hope	Series B	\$33	Cancer care management
4/22/2024	Lumeris	Deerfield Management (lead), Endeavor Health. Existing investors Kleiner Perkins, Sandbox Industries, BlueCross BlueShield Venture Partners and JDLinx	Equity	\$100	Value-based care managed services operator
4/16/2024	Two Chairs	Fifth Down Cap (lead), Amplo Management	Undisclosed	\$72	Provides psychotherapy services at clinics in the Bay Area

Equity Capital Markets

Market Overview

- Last week, ECM activity was relatively productive:
 - 1 IPO; 11 follow-ons; 1 convert
- The week's activity was skewed to follow-on offerings with 11 transactions pricing to raise \$2.6bn as publics took advantage of record stock prices before the Juneteenth holiday and quarter-end corporate blackouts limit the ability to raise capital
- The one IPO was a solid outcome -- SoftBank-backed precision medicine firm Tempus AI, which priced its \$410.7m IPO at the top of the range
- Potential for follow-on / convert deal flow early this week, but the Juneteenth holiday mid-week will complicate marketing plans

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

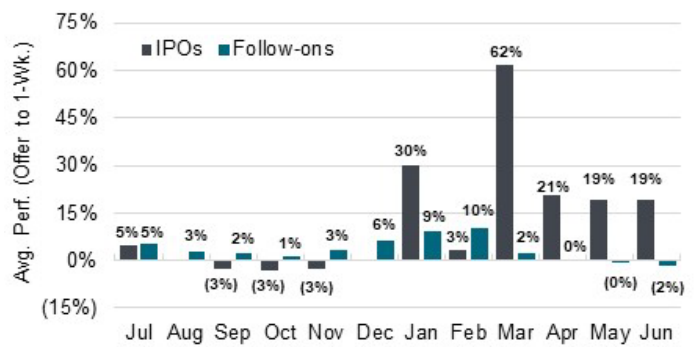


ECM Activity (Last 4 Weeks & YoY)

	2024 - Last 4 Weeks			2023 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,682	4	8%	682	2	5%
CONV	8,893	15	45%	2,358	4	16%
FO	9,380	32	47%	11,451	44	79%
Total	19,955	51	100%	14,490	50	100%

	2024 YTD			2023 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	12,474	26	12%	7,409	10	11%
CONV	32,913	47	32%	23,184	35	33%
FO	57,933	177	56%	38,886	157	56%
Total	103,320	250	100%	69,479	202	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
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%	-
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
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%
3/21/2024	Stevanato Group*	Medical Products	Marketed	STVN	\$379.7	\$7,695.1	4.9%	50.0%	(5.9%)	19.3%	23.5%

Most Recent Healthcare Convertible Debt Offerings (\$MM)

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

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

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

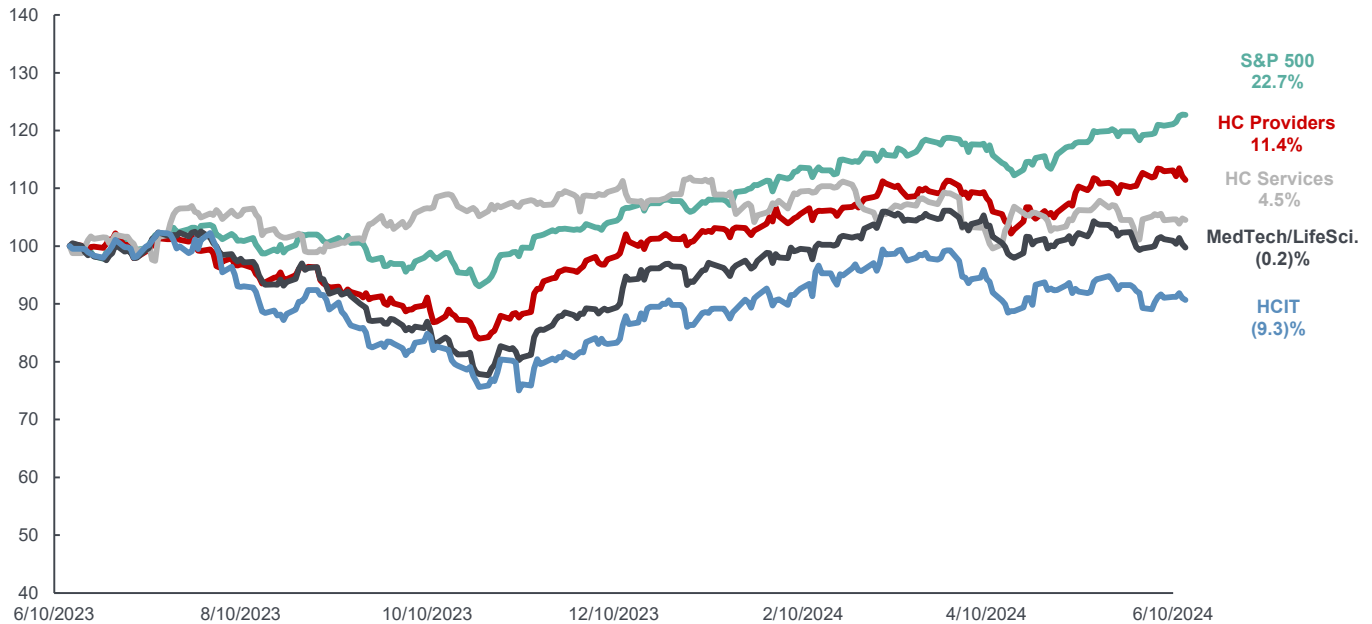
Public Equity Market Activity & Indices

Equity Indices (as of June 14, 2024)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	38,799	38,589	12.2%	(0.5%)
S&P 500	5,347	5,432	22.7%	1.6%
NASDAQ	17,133	17,689	28.3%	3.2%
Russell 2000	2,027	2,006	6.2%	(1.0%)
NYSE Healthcare	26,510	26,391	14.1%	(0.4%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	17.8%	0.4%
Alternate Site Services	5.1%	(3.1%)
Diagnostics	5.2%	(2.5%)
Distribution	23.6%	(0.2%)
Healthcare IT	(9.3%)	(0.5%)
Healthcare REITs	25.7%	0.1%
Managed Care	6.3%	0.5%
Medical Technology	(1.0%)	(1.2%)
Outsourced Services	(19.9%)	(2.2%)
Pharma Services	3.8%	(2.7%)
Pharmacy	(23.2%)	(2.5%)
Primary Care	(53.6%)	(0.5%)
Post-Acute Care Services	21.6%	(0.8%)
Post-Acute Care Facilities	18.5%	(0.8%)

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 last week totaled just \$5.8BN from seven issuers as Wall Street was focused on the May CPI & June FOMC meeting on Wednesday

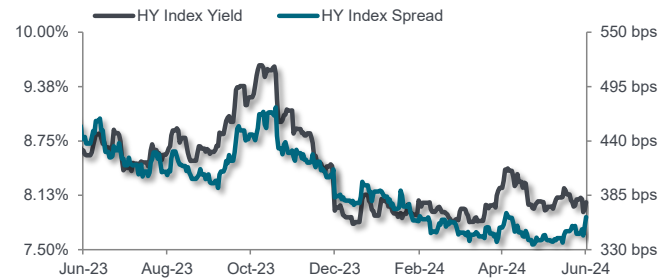
High Yield

- With the markets anticipating a midweek pause to assess CPI data and the FOMC meeting, high yield primary market activity remained muted

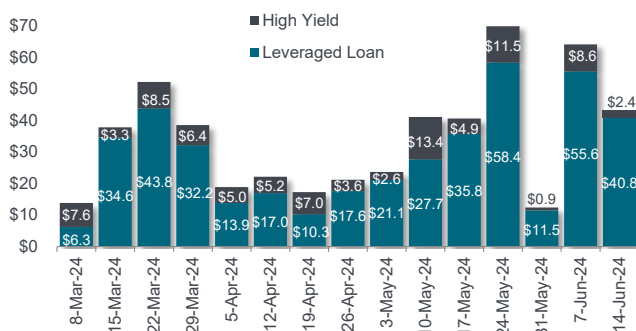
Term Loan B Market

- June has maintained the momentum from last month's historic levels of issuance with strong weeks of issuances to start June

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	4Q23	1Q24	30-Day Rolling Average 06/14/24
Ba1	S+230 / 7.8%	S+225 / 7.6%	S+192 / 7.3%
Ba2	S+243 / 7.9%	S+226 / 7.6%	S+237 / 7.7%
Ba3	S+283 / 8.4%	S+280 / 8.2%	S+239 / 7.7%
Single-B Issuers	4Q23	1Q24	30-Day Rolling Average 06/14/24
B1	S+371 / 9.4%	S+332 / 8.8%	S+288 / 8.2%
B2	S+436 / 10.1%	S+396 / 9.4%	S+366 / 9.1%
B3	S+457 / 10.4%	S+405 / 9.5%	S+376 / 9.2%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
6/5/2024	Healthcare Service Corp	Sr Notes	\$750	A3/A+	5.200%	6/15/2029	+90	30 bps
6/5/2024	Healthcare Service Corp	Sr Notes	\$750	A3/A+	5.450%	6/15/2034	+120	25 bps
6/5/2024	Healthcare Service Corp	Sr Notes	\$1,000	A3/A+	5.875%	6/15/2054	+145	25 bps
6/4/2024	Bectorn Dickinson	Sr Notes	\$600	Baa2/BBB/BBB	5.081%	6/7/2029	+75	20 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
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
6/13/2024	Forefront Dermatology SC	Partners Group	B3 / B	Acquisition	\$95	SOFR+500, 0.50% @ 98	11.329%
6/10/2024	Mission Veterinary Partners	Shore Capital	B3 / B-	Refinancing	\$1,065	SOFR+375, 0.75% @ 100	9.079%
6/7/2024	Medline Industries	Blackstone Group	B1 / B+	Refinancing	\$1,519	SOFR+225, 0.50% @ 100	7.578%

Most Recent Healthcare Pro Rata Issuances (\$MM)

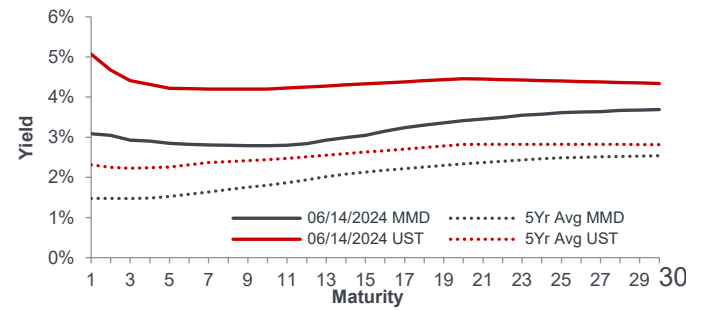
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
5/2/2024	Cooper Companies*	Public	NR / NR	Refinancing	\$2,300mm Revolver	Leverage-based Grid SOFR+87.5-150 CSA: 10	Max. Total Net Leverage Ratio: 4.0x Min Total Interest Coverage Ratio: 3.0x
5/2/2024	Haemonetics	Public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

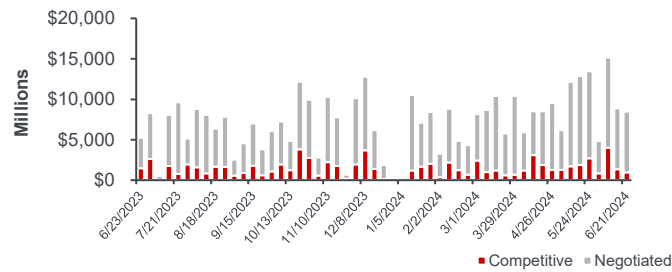
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 23 bps week-over-week, closing at 4.20% on Friday. 10-year MMD decreased 13 bps week over week
- Healthcare Public Issuance has outpaced 2023. Year to date issuance is up 157% in 2024 vs 2023
- Muni bond funds Investors added \$154 million and high yield funds gained \$202 million for the week ended June 14

MMD & UST Yield Curve



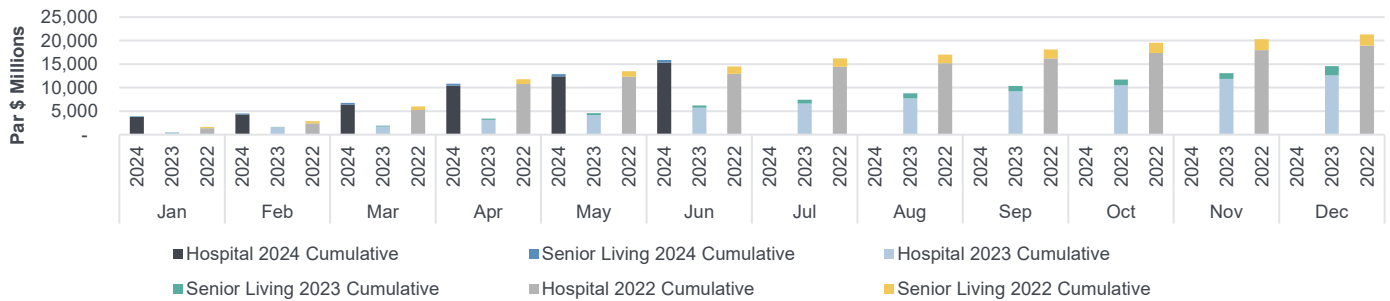
Weekly New Issue Volume (\$MM)



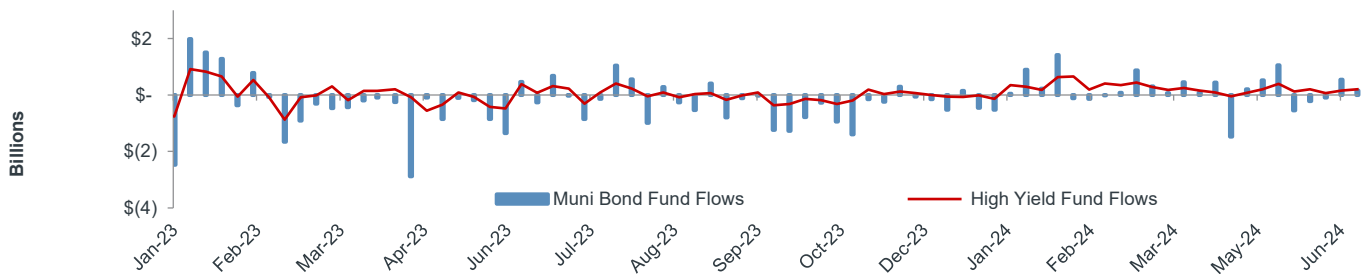
Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.67%	(20 bps)	2	3.05%	(11 bps)	65%
10	4.20%	(23 bps)	10	2.79%	(13 bps)	66%
30	4.34%	(21 bps)	30	3.69%	(10 bps)	85%

Healthcare Public Issuance Overview



Flow of Funds



Recent Healthcare Public Issuance

Borrower/Enhancement	Par (000s)	ST	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call or Put	Final Mat. Cpn.	YTW	YTM
Recent Pricings, Week of 6/10										
Yale New Haven Health	158,175	CT	CHEFA	TE	NR / AA- / A+	2049	2029(C)	5.00%	3.45%	4.53%
Yale New Haven Health	156,730	CT	CHEFA	TE	NR / AA- / A+	2048	2034(C)	5.00%	4.10%	4.50%
Lucile Salter Packard Children's	91,035	CA	CHFFA	TE	NR / A+ / AA-	2043	2034(C)	5.00%	3.91%	4.30%
Lucile Salter Packard Children's	89,280	CA	CHFFA	TE	NR / A+ / AA-	2034	2034(C)	5.00%	3.50%	N/A
Adventist Health Energy	74,090	CA	NFA	TE	NR / BBB+ / NR	2054	2034(C)	5.25%	4.58%	4.91%
Exp. Pricings, Week of 6/17										
Cleveland Clinic Health	461,020	OH	SO	TE	Aa2 / AA / NR	-	-	-	-	-
Endeavor Health Credit Group	284,000	IL	IFA	TE	Aa3 / AA- / NR	-	-	-	-	-
Dickson Hollow Phase II Project	52,825	WI	WHEFA	TE	NR / NR / NR	-	-	-	-	-

Relevant News

What The Biden Administration's Medical Debt Rule Could Mean For Hospitals¹

Healthcare Brew | June 13, 2024

In a move that could be good for patients but bad for hospitals, the Consumer Financial Protection Bureau (CFPB) on Tuesday proposed regulation that would wipe medical debt from many consumers' credit reports. The rule is meant to help the 15 million people in the US who creditors say still have a combined \$49 billion of medical debt that negatively affects their credit scores, Rohit Chopra, director of the CFPB, said during a June 11 press briefing. About 100 million people in the US have some amount of medical debt, which totals roughly \$220 billion, according to data from the Peterson-KFF Health System Tracker. The proposed regulation comes after three credit-reporting conglomerates—Equifax, Experian, and TransUnion—removed paid-off medical debt and medical debts under \$500 from credit reports in 2022 and 2023, respectively.

CMS Is Recalculating 2024 Medicare Advantage Star Ratings

Healthcare Finance | June 14, 2024

Based on two lawsuits in favor of insurers, the Centers for Medicare and Medicaid Services is recalculating the 2024 Medicare Advantage Star Ratings for quality bonus payment purposes. CMS made the announcement on Thursday. "In light of the rulings issued in SCAN Health Plan v. Department of Health and Human Services and Elevance Health v. Department of Health and Human Services, CMS will recalculate and update the Star Ratings for Contract Year 2024 (CY 2024) used for Contract Year 2025 (CY 2025) Quality Bonus Payments for impacted contracts as required by the court remedy," CMS said in a statement. "CMS will recalculate the Star Ratings for CY 2024 using the actual cut points established for the CY 2023 Star Ratings, not the CY 2023 Star Ratings cut points calculated after removal of Tukey outliers, as the basis for guardrails for the CY 2024 calculations." Additionally, CMS said it would recalculate the star ratings of contracts offered by other Medicare Advantage Organizations that would have benefited from a recalculation of the CY 2024 star ratings used for the CY 2025 quality bonus payments applying the methodology as described in the court's decisions to ensure consistent treatment across the program.

CMS Projects National Health Spending Grew 7.5% In 2023 To \$4.8T³

Fierce Healthcare | June 12, 2024

National health spending is estimated to have outpaced the rest of the country's economy in 2023, growing by 7.5% with projected expenditures of \$4.8 trillion, according to newly published calculations from the government's actuary. Those projections reflect historic high health insurance coverage of 93.1% of the U.S. population, due in large part to pandemic policies that fueled enrollment in Medicaid and marketplace plans alike, Centers for Medicare & Medicaid Services (CMS) Office of the Actuary (OACT) economists wrote in a study published Wednesday in Health Affairs. Specifically, Medicare spending is projected to have grown 8.4% in 2023 with expenditures topping \$1 trillion, up from the 5.9% growth rate of the year prior. Private health insurance spending is projected to have risen 11.1% as out-of-pocket spending grew by 7.9%, both of which represent accelerations in year-to-year spending.

continued...

Digital Physical Therapy Solutions Can Improve Patient Outcomes, Reduce Healthcare Spending, Report Finds¹

Fierce Healthcare | June 6, 2024

Two months after it released a scathing report on digital diabetes management solutions, the Peterson Health Technology Institute (PHTI) gave high marks to virtual physical therapy services for improving patient outcomes and cutting healthcare costs. The organization's analysis evaluated eight virtual musculoskeletal solutions that focus on common MSK disorders, such as those that arise from acute injuries, repetitive motion or strain, or osteoarthritis. "We were excited to see all the positive outcomes both clinically and economically," said Caroline Pearson, executive director of the PHTI, in an interview. "We looked at virtual musculoskeletal solutions that deliver virtual physical therapy, and we found that all of those solutions deliver clinically meaningful improvements in both pain and functional status. For many of the solutions, we also found that they perform as well as in-person physical therapy, which means that, for some patients, they may be able to substitute them if they find virtual PT to be more convenient or more accessible." These tools could potentially improve access to therapy, reduce healthcare spending and offer greater convenience compared to in-person physical therapy, according to the researchers who conducted the analysis.

DSOs Focus On Specialty Services: A New Era Of Dental Care²

Group Dentistry Now | June 12, 2024

Dental groups and DSOs are continually seeking strategies to enhance patient value and service offerings while boosting same-store sales. One promising approach is to bring specialty services in-house, improving the patient experience and retaining more revenue within the practice. However, integrating specialty services is a complex process. Should you have specialists cover a specific geographic area serving your existing practices, or should you build de novos or acquire established specialty practices? One specialty where there is exceptional opportunity and growth is pediatric dentistry. Just recently, The American Academy of Pediatric Dentistry reported that the number of pediatric dentists is expected to increase by 62% in the next decade. Beyond pediatrics, there is opportunity in other dental specialties. The specialty DSO landscape also includes orthodontics, endodontics, periodontics, oral surgery, and prosthodontics.

Aesthetic Procedures Close To 35 Million In 2023³

PR Newswire | June 12, 2024

The International Society of Aesthetic Plastic Surgery (ISAPS) released the results of its annual Global Survey on Aesthetic/Cosmetic Procedures this week at the ISAPS World Congress in Cartagena, showing a higher increase of 5.5% in surgical procedures, with more than 15.8 million procedures performed by plastic surgeons and 19.1 non-surgical procedures. Over the last four years, the overall increase is 40%. Liposuction was the most common surgical procedure in 2023 as in 2022, with more than 2.2 million, followed by breast augmentation, eyelid surgery, abdominoplasty, and rhinoplasty. The most popular non-surgical procedures were botulinum toxin, hyaluronic acid, hair removal, non-surgical skin tightening, and non-surgical fat reduction. All face and head procedures showed notable growth from the previous year, with more than 6.5 million procedures and a 19.6% increase. Top procedures were eyelid with more than 1.7 million and a 24% increase, rhinoplasty with 1.1 million procedures and a 21.6% increase, and lip enhancement/perioral procedures with 0.9 million and a 29% increase. There were 4.1 million breast procedures (-5%) and 5.1 million body and extremities procedures (-0.4%).