

March 6, 2025

# Cain Brothers Industry Insights

## Healthcare Market Report



Banker commentary:

**Navigating the Healthcare Leveraged Finance Market in 2025**

# Banker Commentary

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## Navigating the Healthcare Leveraged Finance Market in 2025

*Banker Commentary by Ryan Stilphen*

2024 was a year of marked improvement across the Healthcare Leverage Market for borrowers. The change was rapid as volume increased, spreads compressed, and documentation became more borrower friendly. These changes were driven by the robust fundraising market for both collateralized loan obligations (CLOs) and Private Credit combined with a lack of new money M&A opportunities.

Moving into 2025, we expect the same themes to persist. CLO and Private Credit fund raising remains strong and those markets are ready to absorb an increase in M&A volume. Loan investors are generally optimistic about the prospects for M&A transactions as Private Equity firms look for opportunities to sell portfolio companies and deploy fresh capital. How the expected increase in M&A manifests in the Healthcare Leveraged Finance market will be dependent on how active investment-grade strategic buyers are and whether leveraged borrowers choose the Private Credit or Broadly Syndicated Loan Market ("BSL").

The interplay between Private Credit and the BSL market has become more complicated over the past year and, despite record loan issuance across industries in the BSL market in 2024, Private Credit remained the preferred path of executing for Healthcare borrowers. In 2H24, Healthcare was the third most active sector for Private Credit investors behind only Technology and financial institutions (FIG). There was ~\$23 billion of Healthcare volume for the period, which represented ~14% of total Private Credit volume. The average total leverage point was 4.9x, and average pricing was SOFR + 525, both improving from 1H24.

To begin 2025, we continue to see significant healthcare activity from the Private Credit market, most notably the two jumbo transactions for Clario (~\$4 billion) and PCI Pharma (~\$4.5 billion). Both companies had been regular repeat issuers in the BSL market and pivoted to Private Credit despite higher pricing. The refinancing for PCI Pharma, included a reported \$1.0 billion delayed draw term loan (DDTL) and elevated leverage point, which would put ratings pressure on the Company. Overall, 56% of the companies that exited the BSL market for Private Credit in 2024 across industries had a B3 / B- rating, and another 27% fell into the Caa1 / CCC+ or lower category.

While Healthcare has been one of the most active sectors in Private Credit, it is one of the least active in the BSL market. Through January, BSL volume in Healthcare only accounted for ~4% of the market volume, behind sectors generally viewed as more cyclical, such as Metals & Mining and Building Materials. This has been a consistent theme since the loan market troughed in mid-2023, but the trend should be reversing.

Fueled by the recent BSL repricing wave in 4Q24 and 1Q25, the average Single-B spread in the BSL market tightened to its lowest level since spreads started compressing in mid-2023. Large Cap Private Credit spreads across industries were 190 bps wider than the January Single-B average in the BSL market. This is the widest premium for Private Credit since January 2024. Private Credit firms generally are trying to hold the SOFR + 500 price point on new issuance, albeit unsuccessfully.

## continued...

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At the same time performing B2 and B3 credits are pricing well into the 300s in the BSL market. In a higher for longer interest rate environment, it is becoming harder for Healthcare borrowers to ignore the potential savings from the BSL market. Any Borrower with more than \$400 million in funded debt should thoughtfully consider the benefits of the BSL market given the current market conditions.

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /			Description
				LTM Rev.	LTM EBITDA		
2/27/2025	CareerMD	CHG Healthcare (Ares and Leonard Green)	NA	NA	NA		Physician career management platform
2/27/2025	All Recovery	TPN.health	NA	NA	NA		Provider-patient matching technology
2/24/2025	Spectra Laboratories (Fresenius Medical Care)	Quest Diagnostics	NA	NA	NA		Provider of renal-specific laboratory testing services
2/20/2025	Danville Services (Aries Capital Partners)	Meridian Executive Services (DW Healthcare Partners)	NA	NA	NA		Provider of intellectual and developmental disability services
2/19/2025	IMRIS	GroveCourt Capital Partners	NA	NA	NA		Intraoperative MRI solutions
2/18/2025	Azara Healthcare (Hughes & Company)	Insight Partners	NA	NA	NA		Population health management and value-based care solutions
2/18/2025	Diablo Clinical Research	Flourish Research (Genstar Capital)	NA	NA	NA		Multi-therapeutic clinical research facility performing phase I-IV clinical trials and medical device studies
2/17/2025	Quigley Eye Specialists	Eye Health America (LLR Partners)	NA	NA	NA		Eye care provider including 10 clinics, 2 surgery centers in Florida
2/14/2025	OrthoNY	Zenyth Partners	NA	NA	~11x		Physician-owned orthopedic and pain management practice
2/14/2025	Charles Pharmacy & Surgical	Strive Medical (NMS Capital)	NA	NA	NA		Pharmacy and diabetes supplies company
2/13/2025	EIDO Healthcare	Marlin Equity Partners	NA	NA	NA		Provider of digital consent and patient information solutions
2/11/2025	Proud Moments (Audax Private Equity)	Nautic Partners	~\$425	NA	NA		Provider of applied behavioral analysis therapy to children with autism
2/10/2025	Edifecs (TA)	Cotiviti (Veritas Capital and KKR)	NA	NA	NA		Healthcare data interoperability
2/10/2025	PTI Health	DocGo	NA	NA	NA		Mobile lab collection and phlebotomy services company
2/6/2025	Carium	Healthmap Solutions (WindRose Health Investors)	NA	NA	NA		Digital care management and communication platform
2/5/2025	Avid Bioservices	GHO Capital Partners and Ampersand Capital Partners	NA	NA	NA		Biologics contract development and manufacturing organization
2/5/2025	Catapult Health	Teladoc Health	\$70	2.3x	NA		Provider of virtual preventive care services
2/4/2025	Horizon Infusions	Rubicon Founders	NA	NA	NA		Network of ambulatory infusion centers

Sources: Capital IQ, Merger market, and press releases

\* Denotes Cain Brothers/KeyBanc Capital Markets participation

Transaction occurred the past week

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
2/27/2025	League	SCAN Group	Strategic	Undisclosed	Healthcare consumer experience platform
2/20/2025	Function Health	Redpoint Ventures	Undisclosed	Post-Money Valuation ~\$2.5 bn	Digital lab testing provider
2/19/2025	OpenEvidence	Sequoia Capital	Undisclosed	Post-Money Valuation ~\$1 bn	Point of care solutions for doctors
2/17/2025	Abridge	Elad Gil and IVP (co-leads), Bessemer Venture Partners, California Health Care Foundation, CapitalG, CVS Health Ventures, K. Ventures, Lightspeed Venture Partners, NVentures, Redpoint Ventures, Spark Capital, and SV Angel	Series D	250	Generative AI platform for clinical conversations
2/10/2025	SelectQuote	Bain Capital, Morgan Stanley Private Credit, and Newlight Partners	Strategic	\$350	Distributor of Medicare insurance policies and owner of a healthcare services platform
2/6/2025	HelloHero	Decathlon Capital Partners	Undisclosed	Undisclosed	Provider of technology-powered mental health and behavioral care
1/30/2025	KODE Health	Noro-Moseley Partners (lead), Mercury, FCA Venture Partners, Epsilon Innovation Fund and 111 West Capital	Series B	\$27	On-demand medical coding platform that connects healthcare systems with certified medical coding professionals
1/30/2025	Rad AI	Transformation Capital (lead), Khosla Ventures, World Innovation Lab, UP2398, Kickstart Fund, OCV Partners, and Cone Health	Series C	\$60	Generative AI radiology platform
1/29/2025	Henry Schein	KKR	Strategic	\$250	Provider of health care solutions to office-based dental and medical practitioners
1/28/2025	Hone Health	Tribe Capital, PIF, Republic Capital, Vibe VC, Humbition, Hanwha, Gaingels, Looking Glass Capital, FJ Labs, and Agent Capital	Series A	\$33	Telehealth clinic specializing in preventative and proactive longevity care
1/28/2025	SafelyYou	Touring Capital (lead), Foundation Capital, Omega Healthcare Investors, Founders Fund, Cross Creek, Samsung Next, and Qualcomm Ventures	Series C	\$43	AI-enabled predictive care platform for senior living
1/28/2025	VideaHealth	Emily Melton (lead), Avenir Ventures, BAM Ventures, Spark Capital, Zetta Venture Partners, Pillar VC	Series B	\$40	Dental AI software
1/22/2025	Eleos	Greenfield Partners (lead), F-Prime Capital, Eight Roads, Menlo Ventures, ION Michael & Susan Dell Foundation, Union Tech Ventures and Centerstone	Series C	\$60	AI for behavioral health
1/22/2025	Lindus Health	Balderton Capital (lead), Visionaries Club Creandum, Firstminute, and Seedcamp	Series B	\$55	Tech-enabled clinical trial research services company
1/16/2025	Core Sound Imaging	PSG Equity	Growth	\$80	Provider of medical imaging platform
1/15/2025	Solera Health	Health Care Services Corp (lead), Adams Street, Cobalt Ventures, and Horizon Mutual Holdings	Insider	\$40	Digital health provider with on-benefit solution

# Equity Capital Markets

## Market Overview

- The ECM market saw muted activity as Technology names fell after Nvidia's earnings disappointed investors even while beating expectations:
  - Last week: 0 IPOs; 3 follow-ons; 3 converts
- Waystar (Healthcare Technology) priced a \$920 MM first follow-on offering → The deal was marketed for 2 days due to SEC requirements <12 months post-IPO
  - All proceeds raised provided liquidity to EQT, CPP Investment Board and Bain Capital → The combined stake for all 3 entities went from 66.2% to 54.1%
- Focus will remain on the follow-market, especially sponsor blocks, now that >95% of S&P 500 companies have reported Q4 results

## ECM Activity (Last 4 Weeks & YoY)

2025 - Last 4 Weeks			2024 - Last 4 Weeks			
Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share	
IPO	2,430	5	9%	1,233	3	6%
CONV	3,840	4	15%	7,664	8	35%
FO	19,579	16	76%	12,925	38	59%
<b>Total</b>	<b>25,849</b>	<b>25</b>	<b>100%</b>	<b>21,822</b>	<b>49</b>	<b>100%</b>
2025 YTD			2024 YTD			
Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share	
IPO	6,239	12	18%	3,010	9	9%
CONV	5,099	8	15%	9,484	13	28%
FO	22,728	28	67%	21,136	68	63%
<b>Total</b>	<b>34,065</b>	<b>48</b>	<b>100%</b>	<b>33,631</b>	<b>90</b>	<b>100%</b>

## 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
1/29/2025	Beta Bionics	Medical Products	BBNX	\$234.6	\$728.6	32.2%	90.4%	\$17.00	\$16.00 - \$17.00	39.0%	34.4%
10/10/2024	Ceribell	Medical Products	CBLL	\$207.3	\$578.3	35.8%	100.0%	\$17.00	\$14.00 - \$16.00	47.1%	55.9%
7/24/2024	Concentra Group Holdings	Services	CON	\$546.4	\$2,992.6	18.3%	100.0%	\$23.50	\$23.00 - \$26.00	(4.3%)	(0.8%)
7/17/2024	Ardent Health Partners	Services	ARDT	\$220.8	\$2,255.4	9.8%	100.0%	\$16.00	\$20.00 - \$22.00	0.4%	4.7%
6/13/2024	Tempus AI	Healthcare Technology	TEM	\$410.7	\$6,098.8	6.7%	100.0%	\$37.00	\$35.00 - \$37.00	8.8%	(26.3%)

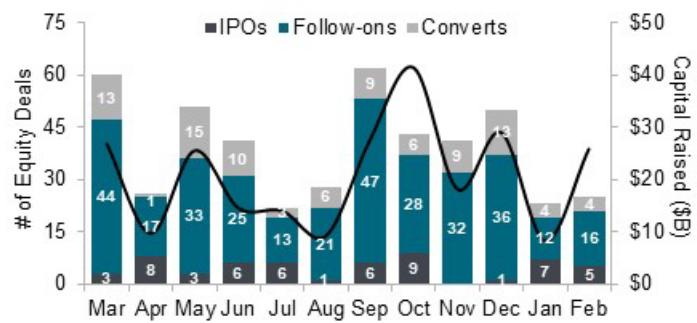
## Most Recent Healthcare Follow-on Offerings (\$MM)

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	
2/20/2025	Waystar Holding Corp	Healthcare Technology	Marketed	WAY	\$920.0	\$7,058.2	13.0%	0.0%	(11.3%)	5.5%	6.1%	
2/14/2025	NeuroPace	Medical Products	Marketed	NPCE	\$74.8	\$439.4	17.0%	100.0%	(17.3%)	23.1%	42.3%	
1/29/2025	Butterfly Network	Medical Products	Marketed	BFLY	\$75.6	\$832.1	9.1%	100.0%	(10.1%)	29.8%	42.9%	
12/12/2024	Anteris Technologies	Medical Products	Marketed	AVR	\$88.8	\$378.8	23.4%	100.0%	(11.5%)	(6.7%)	(3.7%)	
11/19/2024	QuidelOrtho	Medical Products	Bought	QDEL	\$294.1	\$2,594.8	11.3%	0.0%	(7.7%)	5.3%	15.1%	

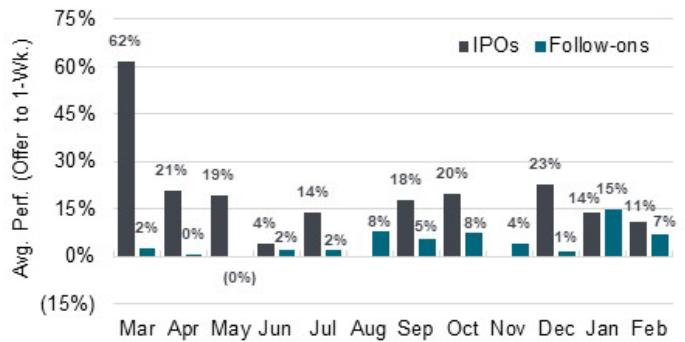
## Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
1/24/2025	Semler Scientific	Medical Products	SMLR	\$100.0	\$566.7	17.6%	4.25%	25.00%
12/16/2024	LeMaitre Vascular*	Medical Products	LMAT	\$172.5	\$2,070.8	8.3%	2.50%	30.00%
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%

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



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



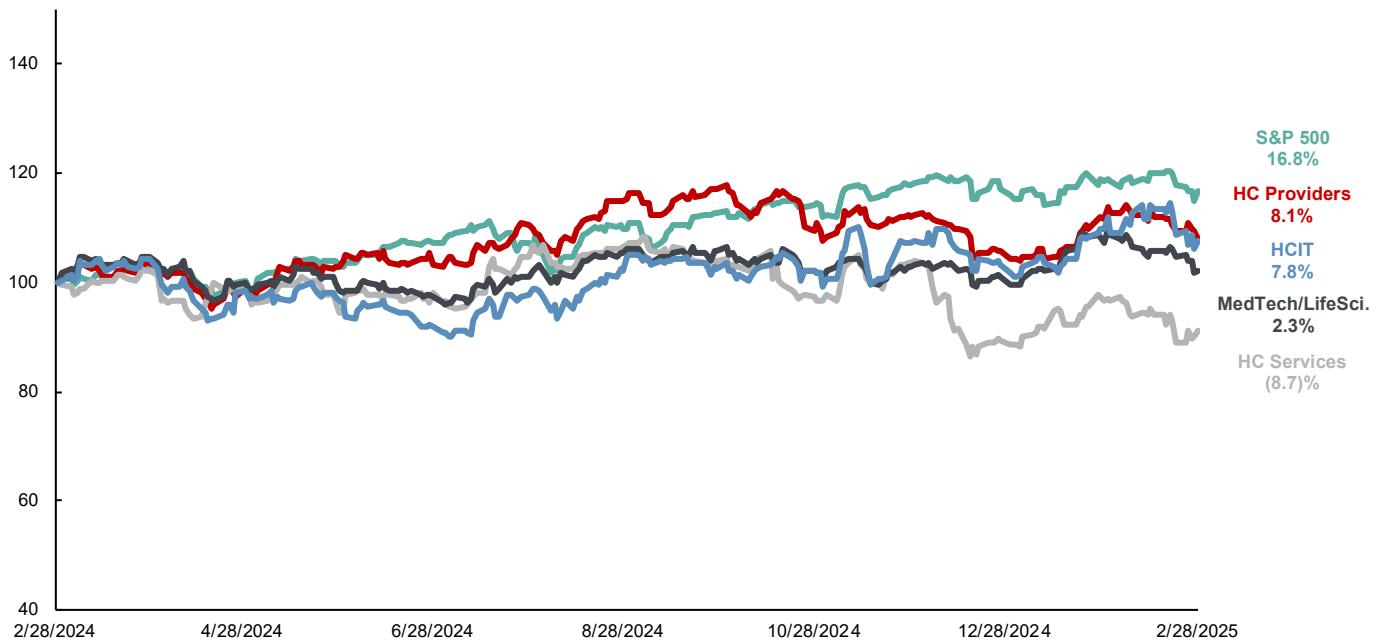
# Public Equity Market Activity & Indices

## Equity Indices (as of February 28, 2025)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	43,428	43,841	12.4%	1.0%
S&P 500	6,013	5,955	16.8%	(1.0%)
NASDAQ	19,524	18,847	17.1%	(3.5%)
Russell 2000	2,195	2,163	5.3%	(1.5%)
NYSE Healthcare	25,582	26,125	0.6%	2.1%

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	(3.3%)	(3.2%)
Alternate Site Services	1.4%	(0.2%)
Diagnostics	13.4%	(2.4%)
Distribution	10.3%	5.0%
Healthcare IT	7.8%	(0.9%)
Healthcare REITs	70.1%	4.0%
Managed Care	(11.0%)	1.8%
Medical Technology	5.1%	(2.3%)
Outsourced Services	(31.5%)	(5.6%)
Pharma Services	(16.9%)	(2.5%)
Pharmacy	(16.9%)	3.6%
Primary Care	(45.1%)	(23.5%)
Post-Acute Care Services	19.5%	3.9%
Post-Acute Care Facilities	9.9%	3.1%

## Cain Brothers Healthcare Indices (1YR Performance)



# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- IG Issuance this past week beat estimates of \$35 BN with 38 issuers tapping the market for \$52.4 BN in new issue volume.

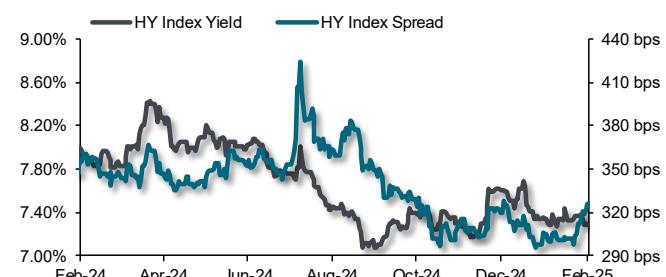
### High Yield

- High yield primary market activity nearly stalled last week amid earnings blackouts and the JPM leveraged finance conference; only three issuers tapped the market to raise \$2.0 BN.

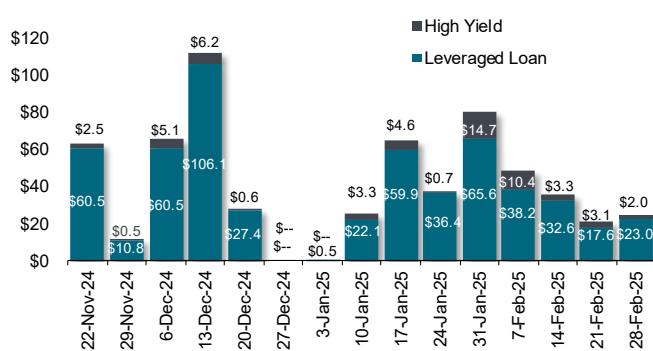
### Term Loan B Market

- While YTD 2025 CLO new issue volume currently trails 2024's record setting pace, spreads have tightened significantly in 2025, as the average AAA coupon YTD sits at S+121.

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$BN)



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

Double-B Issuers	3Q24	4Q24	30-Day Rolling Average
	02/28/25		
Ba1	S+192 / 7.0%	S+192 / 6.6%	S+244 / 6.8%
Ba2	S+192 / 7.0%	S+198 / 6.6%	S+184 / 6.2%
Ba3	S+268 / 7.9%	S+252 / 7.1%	S+227 / 6.6%
Single-B Issuers	3Q24	4Q24	30-Day Rolling Average
	02/28/25		
B1	S+333 / 8.6%	S+303 / 7.6%	S+287 / 7.2%
B2	S+363 / 8.9%	S+357 / 8.2%	S+346 / 8.0%
B3	S+394 / 9.3%	S+383 / 8.5%	S+372 / 7.8%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
2/18/2025	HCA Inc	Sr Notes	\$700	Baa3/BBB-/-	5.000%	3/1/2028	+70	30 bps
2/18/2025	HCA Inc	Sr Notes	\$300	Baa3/BBB-/-	FRN	3/1/2028	FRN	30 bps
2/18/2025	HCA Inc	Sr Notes	\$750	Baa3/BBB-/-	5.250%	3/1/2030	+90	30 bps
2/18/2025	HCA Inc	Sr Notes	\$750	Baa3/BBB-/-	5.500%	3/1/2032	+103	32 bps
2/18/2025	HCA Inc	Sr Notes	\$1,500	Baa3/BBB-/-	5.750%	3/1/2035	+123	27 bps
2/18/2025	HCA Inc	Sr Notes	\$1,250	Baa3/BBB-/-	6.200%	3/1/2055	+148	27 bps
2/11/2025	Zimmer Biomet Holdings Inc	Sr Notes	\$600	Baa2/BBB/BBB	4.700%	2/19/2027	+45	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
1/14/2025	Lifepoint Health	Sr. Sec. Notes	\$700	B2/B/NR	8.375%	2/15/2032	368 bps	8.375% area
12/16/2024	Varex Imaging (add-on) *	1st Lien Notes	\$125	B2/BB-/NR	7.875%	10/15/2027	271 bps	101.00%-101.50%
12/3/2024	US Acute Care (add-on) *	Sr. Sec. Notes	\$200	B3/B-/NR	9.750%	5/15/2029	460 bps	102.50%-103.00%

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

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
2/27/2025	Performance Health Holdings	KKR	B2 / B	Refinancing	\$350	SOFR+375, 0% @ 99	8.323%
2/21/2025	Eversana	JLL Partners	B3 / B-	Refinancing	\$950	SOFR+450, 0% @ 99.5	8.944%

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
2/19/2025	Molina Healthcare	Public	Ba2 / BB	GCP	\$500mm 2-year DDTL	SOFR+112.5 Ticking Fee: 25 bps	Max. Total Net Leverage Ratio: 4.00x Min. Interest Coverage Ratio: 3.50x

Sources: Capital IQ, Mergermarket, and press releases

\* Denotes Cain Brothers/KeyBanc Capital Markets participation

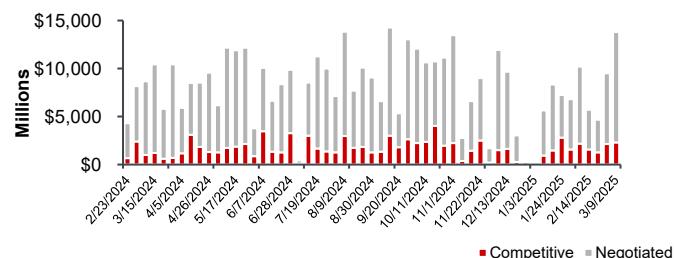
Transaction occurred over the past week

# Public Finance Market

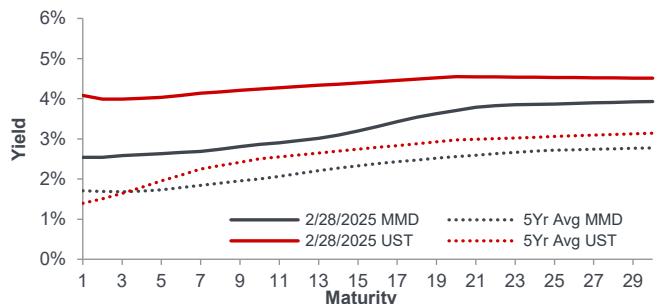
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 18 bps week-over-week, closing at 4.24% on Friday. 10-year MMD decreased 10 bps week over week
- Healthcare Public Issuance in 2024 issuance increased 143% vs 2023. YTD 2025 Issuance is ~3% lower than YTD 2024 Issuance through February.
- Muni bond funds gained \$786 MM of inflows while high yield funds gained \$420 MM for the week February 28<sup>th</sup>.

## Weekly New Issue Volume (\$MM)



## MMD & UST Yield Curve

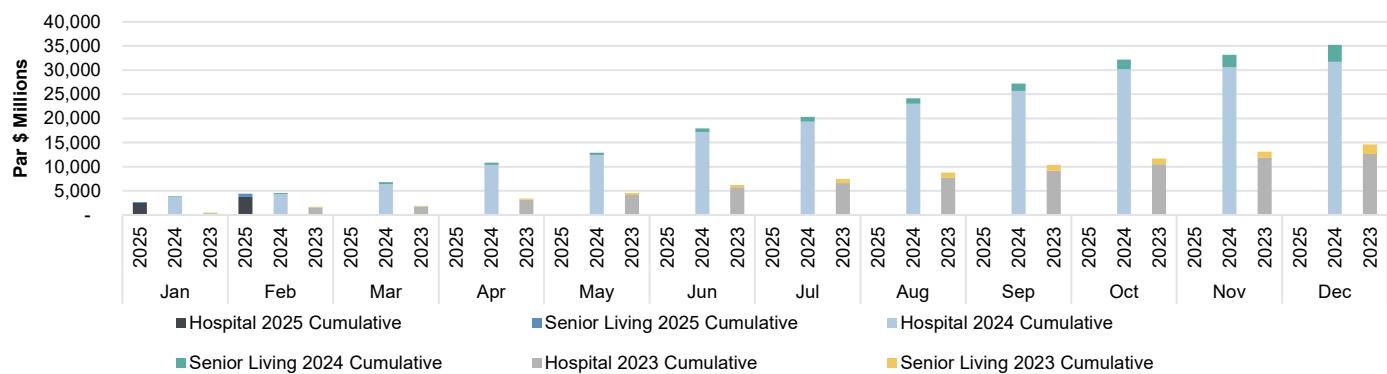


## Benchmark Yields

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Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.99%	(20 bps)	2	2.54%	(10 bps)	64%
10	4.24%	(18 bps)	10	2.86%	(10 bps)	67%
30	4.51%	(16 bps)	30	3.93%	(4 bps)	87%

## Healthcare Public Issuance Overview



## 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 2/24</b>										
Royal Charter Properties-East	185,950	NY	DASNY	TE	NR / NR / NR	2044	2026(C)	5.32%	5.32%	N/A
Tanner Medical Center, Inc. Proj	170,535	GA	CCHA	TE	Aa2 / AA / NR	2055	2035(C)	5.00%	4.32%	4.65%
Baptist Health Care, Inc.	36,770	FL	FDTC	TE	NR / NR / NR	2055	2026(C)	6.88%	6.88%	N/A
<b>Exp. Pricings, Week of 3/3</b>										
BJC Health System	616,805	MO	HEFASM	TE	Aa2 / AA / NR	-	-	-	-	-
Bella Vida Forefront Living Project	231,585	TX	NHCEFFC	TE	NR / NR / NR	-	-	-	-	-
ISF-Ativo Portfolio	134,960	AZ	AIDA	TE	NR / NR / NR	-	-	-	-	-
ISF-Ativo Portfolio	102,120	CA	CPFA	TE	NR / NR / NR	-	-	-	-	-

Sources: Bloomberg, TM3

\* Denotes Cain Brothers/KeyBanc Capital Markets participation

NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1st Put, (R) = Reprice Date

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# Relevant News

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## Efforts To Modernize Healthcare Data Advancing<sup>1</sup>

**Healthcare Finance | March 3, 2025**

Healthcare, as a business, lives and dies on the data. The goal of public health data modernization is to move from silos, brittle public health data systems to connected, resilient and sustainable "response-ready" systems that can help to solve problems before they happen. Speaking during the public health data modernization forum at the HIMSS25 conference in Las Vegas Monday, Dr. Tabitha Offutt-Powell, vice president, Public Health Data Modernization and Informatics, said data modernization isn't just about the technology, but putting the right people and processes in place. Technology is evolving, she said, but with that come challenges and limitations. The priorities for data modernization efforts are to generate easily understandable data, and to create an infrastructure for doing so by building partnerships with states and healthcare delivery systems.

## Federal Medicaid Cuts Could Shift \$44.3B In Costs To Expansion States<sup>2</sup>

**Healthcare Dive | February 27, 2025**

Since taking office, President Donald Trump has tasked Republicans in Congress with cutting the national deficit. On Tuesday, the House of Representatives advanced a budget resolution that directs the Energy and Commerce Committee to identify \$880 billion worth of spending cuts, which could come from Medicaid. Democratic Leader Hakeem Jeffries decried the resolution during a media availability Tuesday, saying the proposal "set in motion the largest Medicaid cut in American history." Republicans are weighing multiple cuts to the program, including slashing federal funding for states that expanded the Medicaid program under the Affordable Care Act.

## Why PACE Programs Are Joining Forces With Senior Housing<sup>3</sup>

**Modern Healthcare | March 4, 2025**

Operators of a program designed to keep older adults out of nursing homes are looking to attract enrollees by integrating with senior housing communities. Programs of All-Inclusive Care for the Elderly in Massachusetts, New York, Michigan and California are locating PACE centers within or adjacent to senior housing facilities. These locations make it easier for participants to access PACE services, help operators recruit new members and help older adults remain in senior housing and their communities longer. Locating centers close to where participants live can also reduce operating costs, though there can be challenges to colocating PACE centers with senior housing.

# Relevant News

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## State Issues To Watch In Autism Therapy: ABA Hour Caps, Rate Cuts<sup>1</sup>

**Behavioral Health Business | March 3, 2025**

New years bring new starts. That includes new legislative sessions, executive administration and potential changes to the regulatory landscape. The challenge of understanding state-level regulatory changes is multiplied 50 times over. Given the lack of a specific division within the federal government to oversee autism therapy, state providers must watch the patchwork of state rules and regulations that make up the industry's oversight. Unlike the rest of the behavioral health world, autism therapy isn't overridingly tied to a facility type or especially tied into a public health program such as psychiatry services or addiction treatment services. That means that state oversight makes up for the specific regulation of the relatively isolated autism therapy industry.

## Trump Issues Executive Order To Expand IVF Access: What To Know<sup>2</sup>

**Healthline | February 19, 2025**

President Donald Trump issued an executive order on Tuesday to expand access to in vitro fertilization (IVF). The president has not yet specified how the treatments would be paid for. Infertility is not covered by many insurance companies in the U.S. Some employers provide cost-sharing fertility benefits to help reduce the financial burden of assisted reproductive technologies like IVF, but many Americans still pay out-of-pocket. A single IVF cycle can range from \$12,000 to \$17,000, and as much as \$25,000 if medications are needed. An IVF cycle does not guarantee a live birth and often requires multiple treatment rounds. IVF access varies from state to state. Currently, 22 states and Washington, DC have infertility coverage laws that vary widely. Massachusetts and Illinois have legislation mandating insurance coverage for IVF treatment. More employers now offer fertility benefits to workers to help with cost sharing. Fertility insurance can help offset infertility testing, diagnostics, and treatment costs.

## What's Going On With Physician Pay?<sup>3</sup>

**Becker's ASC Review | March 4, 2025**

Physician pay has been the subject of recent controversy as yet another year of cuts from CMS adds to ongoing frustration within the physician workforce, a pattern some legislators are trying to halt. Here are recent updates on physician pay:

1. As of Jan. 1, Medicare is paying physicians 2.83% less than last year for services provided to the country's 66 million Medicare patients. 2. The physician fee schedule conversion factor for 2025 is \$32.35, down from \$33.29 in 2024. 3. A bipartisan group of 10 House members on Jan. 31 introduced a bill to stop the 2.83% Medicare physician pay cut this year and provide a 2% pay bump to stabilize physician practices and protect patients' access to care. 4. If passed, the "Medicare Patient Access and Practice Stabilization Act," would prospectively cancel the 2.83% cut that took effect Jan 1. Similar legislation saw bipartisan, bicameral support in December, but Congress failed to address the issue during the lame-duck session.

1. <https://bhbusiness.com/2025/03/03/state-issues-to-watch-in-autism-therapy-aba-hour-caps-rate-cuts/>

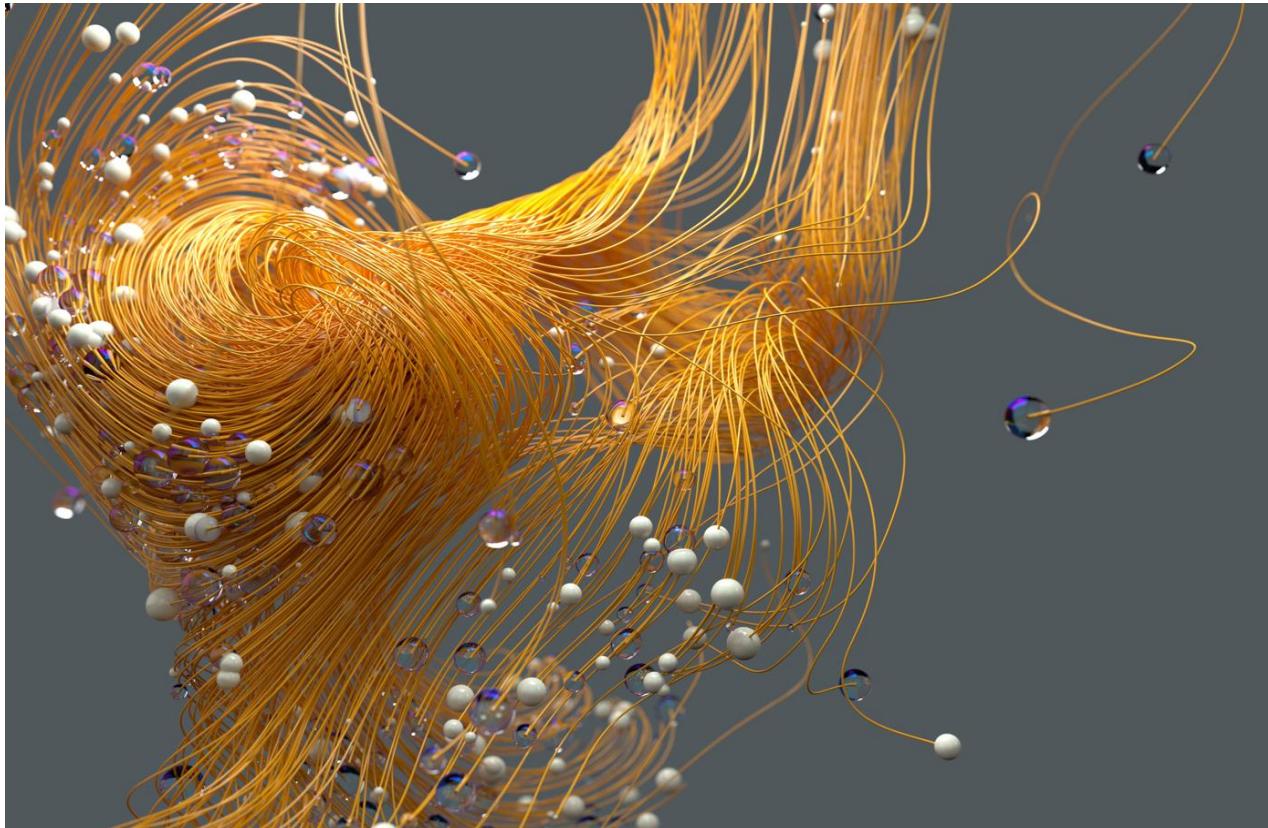
2. <https://www.healthline.com/health-news/trump-executive-order-expand-ivf-access-reduce-costs#No-immediate-impact-on-IVF-costs-access>

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3. <https://www.beckersasc.com/asc-coding-billing-and-collections/whats-going-on-with-physician-pay.html>

March 20, 2025

# Cain Brothers Industry Insights

## Healthcare Market Report



Banker commentary:

**Tax-exempt Bond Funding for Senior Living Development**

# Banker Commentary

## Contents

- **Banker Commentary**
- **M&A Activity**
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- **High Grade, High Yield & Leveraged Loans**
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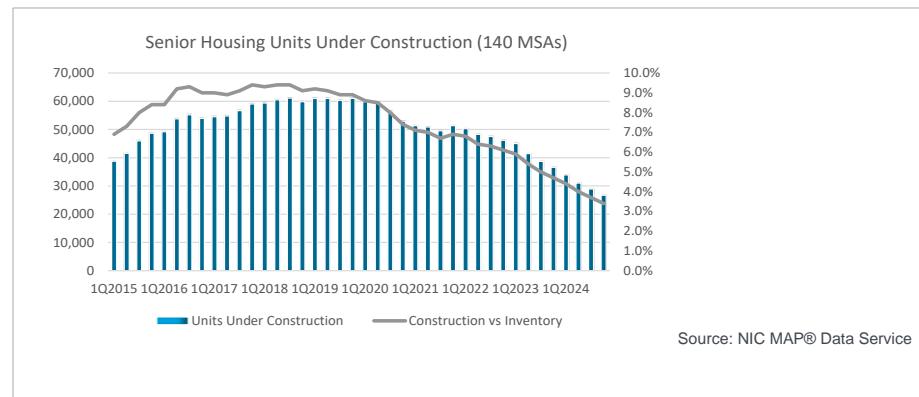


## Tax-exempt Bond Funding for Senior Living Development

*Banker Commentary by Kathy Kirchhoff*

After a couple years of sleepy activity, development of market rate senior living [Independent Living (IL), Assisted Living (AL) and Memory Care (MC)] has picked up. There were several factors that dampened development recently:

- The rapid increase in interest rates after years of artificially low interest rates (eight increases in fed funds rate from 0.25% in March 2022 to 4.75% in February 2023, followed by 3 additional rate increases, taking the fed funds rate to 5.50% in July 2024),
- The collapse of Silicon Valley Bank in March 2023 and concerns regarding regional bank stability,
- Ongoing labor pressures,
- Higher construction costs and material shortages, and
- General 'buy vs build' viewpoint prioritizing acquisition, especially acquisition of distressed properties over development as a growth strategy.



While interest rates remain elevated compared to recent levels prior to 2022, they are comparable to the historical averages; construction costs and labor pressures continue, but at more modest levels; and, although for many there is still a preference for acquisition vs development, there have been some recent noteworthy development projects that have secured funding involving nonprofit sponsorship and tax-exempt bond funding. Specifically:

- The James: \$468 million development of 350-unit market rate rental senior living (IL, AL, MC) community in Irvine, CA
- Sunrise Manhattan Beach: \$131 million development of 110-bed market rate senior living (AL, MC) community in Manhattan Beach, CA
- ISF – Ativo: \$240 million acquisition of 79-unit market rate senior living (AL, MC) in Yuma, AZ, development of 207-unit market rate senior living (IL, AL, MC) in Buckeye, AZ, and 144-unit market rate senior living (IL, AL, MC) in Santa Clarita, CA

Most for-profit operators use conventional bank and agency debt, which is constrained by a loan-to-value metric and typically requires equity of 20 – 35%. Most non-profit operators use tax-exempt

## continued...

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bond financing which is structured on projected cash flow, debt service coverage at stabilization, and liquidity (cash and investment reserves).

The primary advantages of tax-exempt bond funding are higher debt leverage/lower equity requirements, lower interest rates due to tax-exempt treatment for investors and longer maturity and amortization periods of up to 35-40 years and, in some geographies, property tax exemption. The primary disadvantages of tax-exempt debt are the cost of negative arbitrage from upfront funding of bonds vs. draw down structure of conventional bank funding, bond investors' liquidity expectations, which can upsize the project funding, higher financing costs, and longer transaction process as the securities are subject to both IRS regulations related to tax-exempt character of bonds and SEC/MSRB regulations related to the securities, which requires additional documentation and legal considerations.

As an example, the actual 6.55% tax-exempt cost of capital for The James compares to a proforma 7.70-8.00% conventional taxable cost of capital and reflects a 70-100 basis point variance on the 35-year bond tranche.

For market rate senior living projects to access tax-exempt bond financing the owner of the project must be a nonprofit organization. Accordingly, increases in value of the project inure to the nonprofit organization. This is a significant factor that must be considered in evaluating a nonprofit, tax-exempt bond funding for a market rate senior living project as the monetization of the asset upon stabilization is often a key element in the economics for the project owner.

Numerous studies and industry pundits project that by 2030 the demand for senior living will exceed the current supply. Development of additional senior living capacity is needed to meet this demand. Tax-exempt bond funding has been the primary source of capital for Life Plan Communities for 40 years and can be a source of stable, fixed rate, attractively priced capital for market rate rental senior living projects as well. There are many non-profits with a mission to serve seniors that can be good partners with for-profit operators, thereby providing access to attractive growth capital.

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
3/13/2025	Porter	Eir Partners	NA	NA	NA	Healthcare IT and services platform for care and coverage coordination
3/12/2025	Mercalis (Odyssey Investment Partners)	PharmaCord (Permira)	Merger	NA	NA	Provides end-to-end solutions across the entire commercialization value chain
3/12/2025	Clinilabs	InTandem Capital Partners	NA	NA	NA	Dedicated to providing a complete range of central nervous system drug and device development services
3/11/2025	PPM Partners	Knack RCM (LKCM Headwater)	NA	NA	NA	RCM provider for the anesthesia sector
3/11/2025	BioReference Health (OPKO Health)	Labcorp	\$225	~2.5x	NA	Laboratory testing businesses focused on oncology and oncology-related clinical testing services
3/10/2025	WCG Clinical's eCOA business	Clario (Astorg, Nordic Capital, Novo Holdings and Cinven)	NA	NA	NA	Electronic clinical outcomes assessments business
3/10/2025	Korean American Medical Group	Seoul Medical Group (Ascend Capital Partners)	NA	NA	NA	Provider of primary and specialist care services, and non-clinical healthcare services to Asian American patients in Southern California
3/6/2025	Walgreens Boots Alliance	Sycamore Partners	\$23,700	0.2x	8.4x	Healthcare conglomerate with pharmacy business, retail health and value-base provider via VillageMD
3/4/2025	Care Solace	Lemnis	NA	NA	NA	Provider of mental health care coordination services for K-12 schools and municipalities
3/4/2025	ElderServe Health dba RiverSpring Health	CareSource	NA	NA	NA	Provider of long-term care services to more than 20,000 older adults and adults with disabilities in New York
3/4/2025	Medicare Shared Savings Program (CVS)	Wellvana (Heritage Group, Valtruis, WCAS, Memorial Hermann)	NA	NA	NA	Value-based care enablement
3/3/2025	ModMed (Warburg Pincus)	Clearlake Capital	NA	NA	NA	Specialty-specific healthcare SaaS technology
3/3/2025	Brightstar Care	Peak Rock Capital	NA	NA	NA	Franchisor of home care services with over 400 agencies nationwide
2/27/2025	CareerMD	CHG Healthcare (Ares and Leonard Green)	NA	NA	NA	Physician career management platform
2/27/2025	All Recovery	TPN.health	NA	NA	NA	Provider-patient matching technology
2/24/2025	Spectra Laboratories (Fresenius Medical Care)	Quest Diagnostics	NA	NA	NA	Provider of renal-specific laboratory testing services
2/20/2025	Danville Services (Aries Capital Partners)	Meridian Executive Services (DW Healthcare Partners)	NA	NA	NA	Provider of intellectual and developmental disability services
2/19/2025	IMRIS	GroveCourt Capital Partners	NA	NA	NA	Intraoperative MRI solutions

Sources: Capital IQ, Merger market, and press releases

\* Denotes Cain Brothers/KeyBanc Capital Markets participation

Transaction occurred the past week

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
3/11/2025	Vori Health	NEA (lead), AlleyCorp, Intermountain Health's Intermountain Ventures, Echo Health Ventures, and Max Ventures	Series B	\$53	Physician-led solution for musculoskeletal care
3/6/2025	Ria Health	Peloton Equity (lead), SV Health Investors, BPEA Private Equity and SOSV	Growth	Undisclosed	Telehealth provider of evidence-based alcohol use disorder treatment
3/5/2025	Freed	Sequoia Capital Operations (lead), Scale Management	Undisclosed	\$30	AI-based medical documentation software
3/4/2025	Bluebird Kids Health	F Prime and .406 Ventures (co-lead)	Undisclosed	\$32	Value-based pediatric primary care
2/27/2025	League	SCAN Group	Strategic	Undisclosed	Healthcare consumer experience platform
2/20/2025	Function Health	Redpoint Ventures	Undisclosed	Post-Money Valuation ~\$2.5 bn	Digital lab testing provider
2/19/2025	OpenEvidence	Sequoia Capital	Undisclosed	Post-Money Valuation ~\$1 bn	Point of care solutions for doctors
2/17/2025	Abridge	Elad Gil and IVP (co-leads), Bessemer Venture Partners, California Health Care Foundation, CapitalG, CVS Health Ventures, K. Ventures, Lightspeed Venture Partners, NVentures), Redpoint Ventures, Spark Capital, and SV Angel	Series D	\$250	Generative AI platform for clinical conversations
2/10/2025	SelectQuote	Bain Capital, Morgan Stanley Private Credit, and Newlight Partners	Strategic	\$350	Distributor of Medicare insurance policies and owner of a healthcare services platform
2/6/2025	HelloHero	Decathlon Capital Partners	Undisclosed	Undisclosed	Provider of technology-powered mental health and behavioral care
1/30/2025	KODE Health	Noro-Moseley Partners (lead), Mercury, FCA Venture Partners, Epsilon Innovation Fund and 111 West Capital	Series B	\$27	On-demand medical coding platform that connects healthcare systems with certified medical coding professionals
1/30/2025	Rad AI	Transformation Capital (lead), Khosla Ventures, World Innovation Lab, UP2398, Kickstart Fund, OCV Partners, and Cone Health	Series C	\$60	Generative AI radiology platform
1/29/2025	Henry Schein	KKR	Strategic	\$250	Provider of health care solutions to office-based dental and medical practitioners
1/28/2025	Hone Health	Tribe Capital, PIF, Republic Capital, Vibe VC, Humbition, Hanwha, Gaingels, Looking Glass Capital, FJ Labs, and Agent Capital	Series A	\$33	Telehealth clinic specializing in preventative and proactive longevity care
1/28/2025	SafelyYou	Touring Capital (lead), Foundation Capital, Omega Healthcare Investors, Founders Fund, Cross Creek, Samsung Next, and Qualcomm Ventures	Series C	\$43	AI-enabled predictive care platform for senior living
1/28/2025	VideaHealth	Emily Melton (lead), Avenir Ventures, BAM Ventures, Spark Capital, Zetta Venture Partners, Pillar VC	Series B	\$40	Dental AI software

# Equity Capital Markets

## Market Overview

- The ECM market saw minimal IPO activity outside of public flips for Klarna (FinTech) & Hinge Health (HCIT) → KBCM / Cain Brothers is serving as a joint book runner on Hinge Health's IPO; Follow-on and convertible markets were active but limited due to market volatility.
  - Last week: 0 IPOs; 5 follow-ons; 4 converts
- Integer (Medical Products) priced a \$1 BN convertible debt offering → The base offering was upsized from \$750 MM and enabled the company to pad its balance sheet and repurchase an existing convert that was deep in the money → KBCM / Cain Brothers served as a co-manager.
- Look for additional follow-on and convert issuance into month-end if markets begin to steady.

## ECM Activity (Last 4 Weeks & YoY)

2025 - Last 4 Weeks			2024 - Last 4 Weeks			
Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share	
IPO	232	1	1%	0	0	0%
CONV	9,080	11	50%	16,021	18	49%
FO	8,927	15	49%	16,585	48	51%
<b>Total</b>	<b>18,240</b>	<b>27</b>	<b>100%</b>	<b>32,606</b>	<b>66</b>	<b>100%</b>
2025 YTD			2024 YTD			
Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share	
IPO	6,471	13	15%	3,010	9	6%
CONV	10,339	15	24%	17,841	23	36%
FO	26,732	36	61%	28,576	95	58%
<b>Total</b>	<b>43,542</b>	<b>64</b>	<b>100%</b>	<b>49,427</b>	<b>127</b>	<b>100%</b>

## 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
3/5/2025	Kestra Medical Technologies	Medical Products	KMTS	\$232.3	\$842.1	27.6%	100.0%	\$17.00	\$14.00 - \$16.00	28.5%	24.5%
1/29/2025	Beta Bionics	Medical Products	BBNX	\$234.6	\$728.6	32.2%	90.4%	\$17.00	\$16.00 - \$17.00	39.0%	34.4%
10/10/2024	Ceribell	Medical Products	CBLL	\$207.3	\$578.3	35.8%	100.0%	\$17.00	\$14.00 - \$16.00	47.1%	55.9%
7/24/2024	Concentra Group	Services	CON	\$546.4	\$2,992.6	18.3%	100.0%	\$23.50	\$23.00 - \$26.00	(4.3%)	(0.8%)
7/17/2024	Ardent Health Partners	Services	ARDT	\$220.8	\$2,255.4	9.8%	100.0%	\$16.00	\$20.00 - \$22.00	0.4%	4.7%

## 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	
2/20/2025	Waystar Holding Corp	Healthcare Technology	Marketed	WAY	\$920.0	\$7,058.2	13.0%	0.0%	(11.3%)	5.5%	6.1%	
2/14/2025	NeuroPace	Medical Products	Marketed	NPCE	\$74.8	\$439.4	17.0%	100.0%	(17.3%)	23.1%	42.3%	
1/29/2025	Butterfly Network	Medical Products	Marketed	BFLY	\$75.6	\$832.1	9.1%	100.0%	(10.1%)	29.8%	42.9%	
12/12/2024	Anteris Technologies	Medical Products	Marketed	AVR	\$88.8	\$378.8	23.4%	100.0%	(11.5%)	(6.7%)	(3.7%)	
11/19/2024	QuidelOrtho	Medical Products	Bought	QDEL	\$294.1	\$2,594.8	11.3%	0.0%	(7.7%)	5.3%	15.1%	

## 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
3/13/2025	Integer*	Medical Products	ITGR	\$1,000.0	\$3,980.3	25.1%	1.88%	27.50%
3/4/2025	Alphatec	Medical Products	ATEC	\$405.0	\$1,690.9	24.0%	0.75%	32.50%
1/24/2025	Semler Scientific	Medical Products	SMLR	\$100.0	\$566.7	17.6%	4.25%	25.00%
12/16/2024	LeMaitre Vascular*	Medical Products	LMAT	\$172.5	\$2,070.8	8.3%	2.50%	30.00%
5/23/2024	HAEMONETICS	Medical Products	HAE	\$700.0	\$4,580.3	15.3%	2.50%	30.00%

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



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



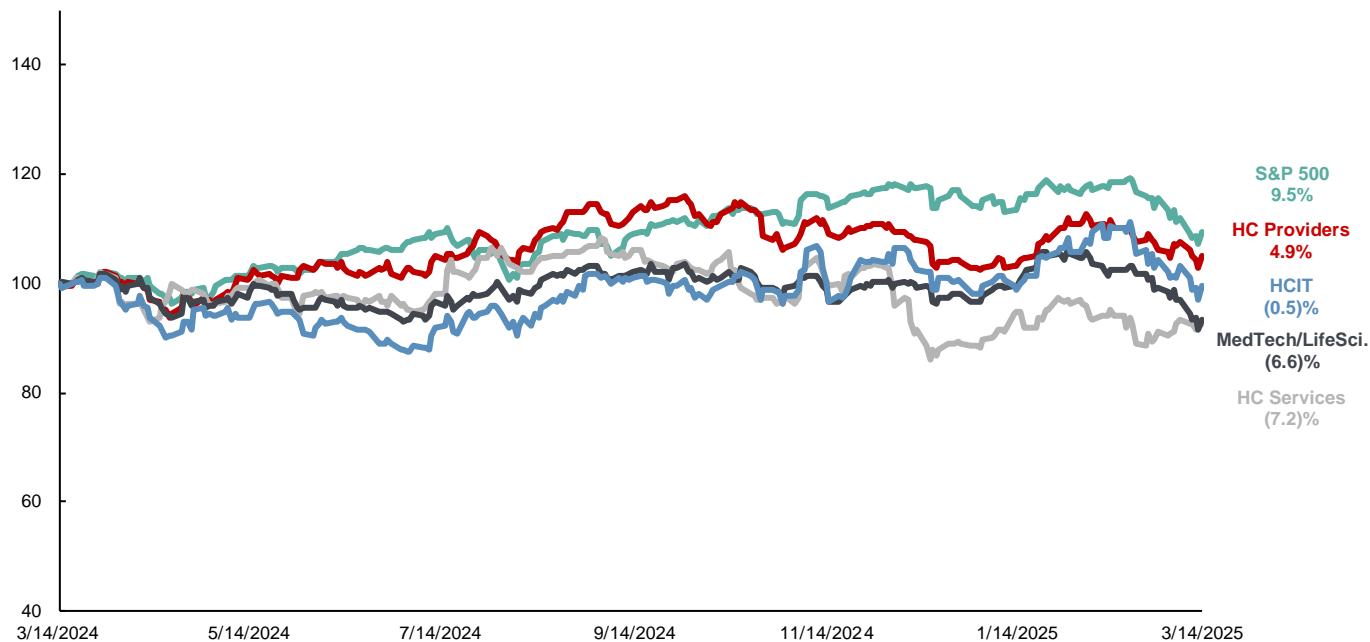
# Public Equity Market Activity & Indices

## Equity Indices (as of March 14, 2025)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	42,802	41,488	6.6%	(3.1%)
S&P 500	5,770	5,639	9.5%	(2.3%)
NASDAQ	18,196	17,754	10.1%	(2.4%)
Russell 2000	2,075	2,044	0.6%	(1.5%)
NYSE Healthcare	26,239	25,354	(3.8%)	(3.4%)

Cain Brothers Indices	Returns	
	52 Week	Weekly
Acute Care	(5.2%)	(3.3%)
Alternate Site Services	(2.5%)	(0.7%)
Diagnostics	9.5%	(0.8%)
Distribution	10.7%	0.7%
Healthcare IT	(0.5%)	(3.8%)
Healthcare REITs	66.6%	0.0%
Managed Care	(8.9%)	(1.0%)
Medical Technology	(4.5%)	(3.7%)
Outsourced Services	(31.7%)	(3.1%)
Pharma Services	(20.9%)	(3.1%)
Pharmacy	(18.0%)	(1.2%)
Primary Care	(23.1%)	8.3%
Post-Acute Care Services	12.8%	(0.4%)
Post-Acute Care Facilities	6.2%	(1.9%)

## Cain Brothers Healthcare Indices (1YR Performance)



# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- IG primary market activity remained modest last week, with 29 issuers tapping the market for \$36.6 BN in new issue volume.

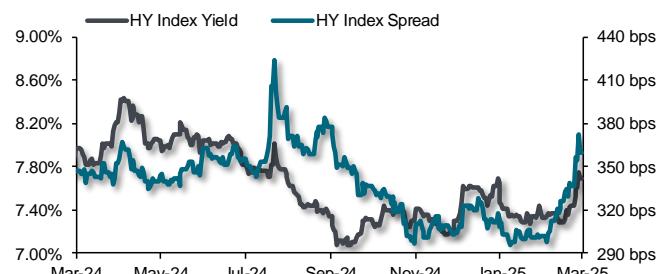
### High Yield

- High yield primary market activity remained steady last week amid a declining secondary market, which sidelined some potential issuers awaiting a stronger backdrop.

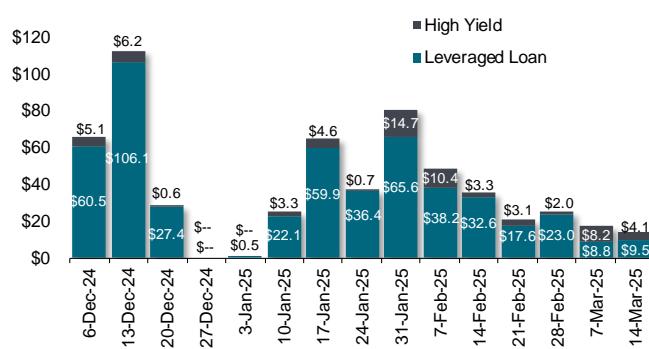
### Term Loan B Market

- YTD 2025 CLO new issue volume marginally trails 2024's record setting pace, and spreads have tightened significantly in 2025, as the average AAA coupon YTD sits at S+122.

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$BN)



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

Double-B Issuers	3Q24	4Q24	30-Day Rolling Average
	03/14/25		
Ba1	S+192 / 7.0%	S+192 / 6.6%	S+225 / 6.6%
Ba2	S+192 / 7.0%	S+198 / 6.6%	S+195 / 6.3%
Ba3	S+268 / 7.9%	S+252 / 7.1%	S+260 / 7.0%
Single-B Issuers	3Q24	4Q24	30-Day Rolling Average
	03/14/25		
B1	S+333 / 8.6%	S+303 / 7.6%	S+272 / 7.1%
B2	S+363 / 8.9%	S+357 / 8.2%	S+341 / 7.9%
B3	S+394 / 9.3%	S+383 / 8.5%	S+385 / 8.3%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
3/6/2025	GlaxoSmithKline Capital	Sr Notes	\$400	A2/A--	4.315%	3/12/2027	+33	22 bps
3/6/2025	GlaxoSmithKline Capital	Sr Notes	\$600	A2/A--	FRN	3/12/2027	SOFR+50	22 bps
3/6/2025	GlaxoSmithKline Capital	Sr Notes	\$850	A2/A--	4.500%	4/15/2030	+55	25 bps
3/6/2025	GlaxoSmithKline Capital	Sr Notes	\$750	A2/A--	4.875%	4/15/2035	+70	25 bps
3/3/2025	Humana Inc	Sr Notes	\$750	Baa2/BBB/BBB	5.550%	5/1/2035	+138	27 bps
3/3/2025	Humana Inc	Sr Notes	\$500	Baa2/BBB/BBB	6.000%	5/1/2055	+160	28 bps
2/18/2025	HCA Inc	Sr Notes	\$700	Baa3/BBB/-	5.000%	3/1/2028	+70	30 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
3/6/2025	Acadia Healthcare	Sr. Notes	\$550	Ba3/B+/NR	7.375%	3/15/2033	316 bps	7.50%-7.75%
1/14/2025	Lifepoint Health	Sr. Sec. Notes	\$700	B2/B/NR	8.375%	2/15/2032	368 bps	8.375% area
12/16/2024	Varex Imaging (add-on) *	1st Lien Notes	\$125	B2/BB-/NR	7.875%	10/15/2027	271 bps	101.00%-101.50%

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

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
3/12/2025	Pacific Dental Services	Not Sponsored	B2 / B	Dividend Recap	\$250	SOFR+275, 0% @ 99.5	7.196%
3/11/2025	LGC	Astorg	B3 / B-	Extension	\$1,000	SOFR+400, 0% @ 99.5	8.450%

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
3/3/2025	Acadia Healthcare	Public	Ba2 / BB-	Refinancing	\$1,000mm 5-year Revolver \$650mm 5-year TLA	Leverage-based Grid SOFR+137.5-225 Opens at SOFR+150	Max. Total Net Leverage Ratio: 5.00x Min. Interest Coverage Ratio: 3.00x

Sources: Capital IQ, Mergermarket, and press releases

\* Denotes Cain Brothers/KeyBanc Capital Markets participation

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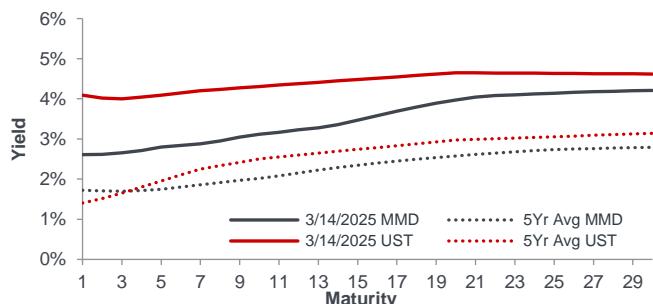
Transaction occurred over the past week

# Public Finance Market

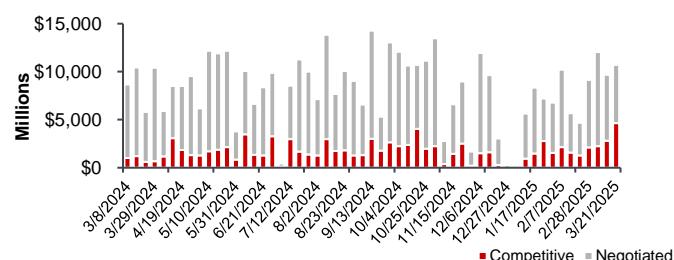
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 1 bp week-over-week, closing at 4.31% on Friday. 10-year MMD increased 16 bps week over week.
- Healthcare Public Issuance in 2024 issuance increased 143% vs 2023. YTD 2025 Issuance is ~2% lower than YTD 2024 Issuance through March 14<sup>th</sup>.
- Muni bond funds saw \$373 MM of outflows while high yield funds gained \$107 MM for the week March 14<sup>th</sup>.

## MMD & UST Yield Curve



## Weekly New Issue Volume (\$MM)

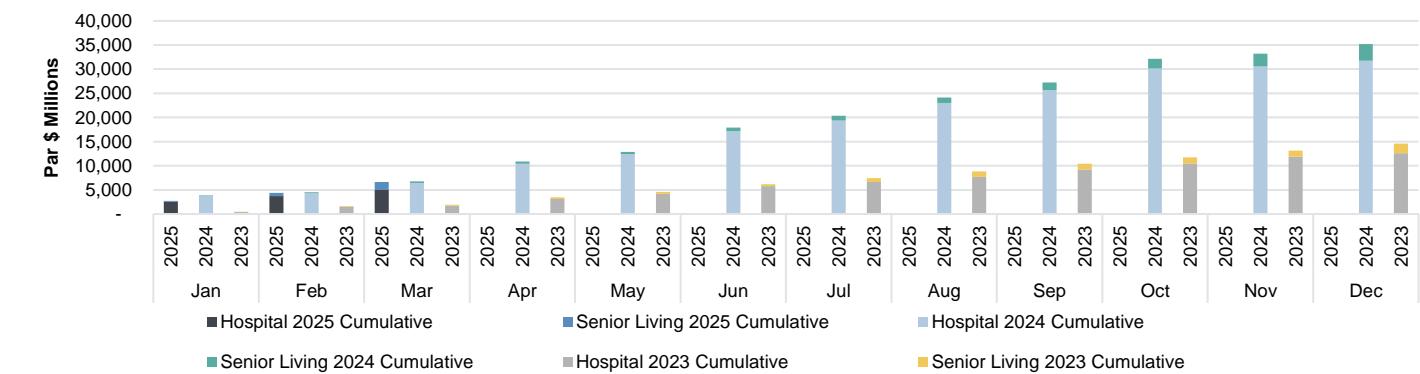


## Benchmark Yields

30

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	4.02%	3 bps	2	2.62%	6 bps	65%
10	4.31%	(1 bps)	10	3.12%	16 bps	72%
30	4.62%	0 bps	30	4.21%	16 bps	91%

## Healthcare Public Issuance Overview



## 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 3/10</b>												
Mozaic Concierge Living Project	145,605	CT	HACOS	TE	NR / NR / NR	2060		2034(C)	6.25%	6.35%	N/A	
Mozaic Concierge Living Project	96,140	CT	HACOS	TE	NR / NR / NR	2030		NC	4.25%	4.25%	N/A	
Mozaic Concierge Living Project	60,885	CT	HACOS	TE	NR / NR / NR	2032		NC	4.75%	4.75%	N/A	
Mozaic Concierge Living Project	29,420	CT	HACOS	TE	NR / NR / NR	2033		NC	5.38%	5.50%	N/A	
Mozaic Concierge Living Project	1,350	CT	HACOS	TAX	NR / NR / NR	2030		NC	7.25%	7.25%	N/A	
Jackson Health System	219,615	FL	MDCF	TE	Aa2 / NR / AA+	2055		2035(C)	5.50%	4.52%	4.99%	
ACTS Retirement	100,170	PA	MCPIDA	TE	NR / NR / A-	2055		2034(C)	5.00%	4.85%	4.93%	
ACTS Retirement	62,930	FL	PBCHF	TE	NR / NR / A-	2055		2034(C)	5.00%	4.90%	4.95%	
<b>Exp. Pricings, Week of 3/17</b>												
UPMC*	387,300	PA	PEDFA	TE	A2 / A / A	-		-	-	-	-	
UPMC*	312,550	PA	PEDFA	TE	A2 / A / A	-		-	-	-	-	
UPMC	35,565	PA	MFA	TE	A2 / A / A	-		-	-	-	-	
Grossmont Healthcare District	166,105	CA	SDCC	TE	Aa2 / NR / NR	-		-	-	-	-	
UC Health	137,225	OH	CHO	TE	Baa3 / BBB- / NR	-		-	-	-	-	
UC Health	122,464	OH	UCH	TAX	Baa3 / BBB- / NR	-		-	-	-	-	

Sources: Bloomberg, TM3

\* Denotes Cain Brothers/KeyBanc Capital Markets participation

NC = No Call, MWC = Make Whole Call, (C) = Par Call, (P) = 1st Put, (R) = Reprice Date

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## Relevant News

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### 3D Printing Medical Devices: Industry Unlocks New Possibilities<sup>1</sup>

**MSN / March 11, 2025**

As momentum continues to build, medical device companies are ramping up their investment in 3D printing technology. Driven by a strong focus on innovation and improving patient outcomes, the adoption of 3D printing services is rapidly expanding across the sector. According to GlobalData analysis, the medical 3D printing market is set to grow from a \$2bn market in 2022 to \$4bn in 2026 at a compound annual growth rate (CAGR) of 21%. Also known as additive manufacturing, 3D printing can be used to create custom prosthetics, implants and surgical tools that meet the individual needs of patients. Bioprinting, although still in early stages, also holds potential to create custom tissues or organs for transplantation. 3D printing service Stratasys Direct has been a key supplier to the medical device industry for several years. However, its manufacturing facility in Tucson, Arizona only recently obtained ISO 13485 certification, a globally recognized standard for quality management systems in medical device manufacturing. The manufacturer now plans to extend this certification to other facilities in Texas and Minnesota to accommodate increasing demand from medical device companies.

### CMMI To Cut Participation In Payment Models, Estimates \$750M In Savings<sup>2</sup>

**Fierce Healthcare / March 12, 2025**

The Center for Medicare and Medicaid Innovation (CMMI) will stop certain payment models by the end of the year. Without going into specifics initially, the Centers for Medicare & Medicaid Services' (CMS) Innovation Center said it conducted a "data-driven review" of all the agency's models. Some of the models will "conclude as scheduled," while others will stop by the end of 2025, a news release said. The CMS said this should result in \$750 million in savings, without giving more details. The CMS Innovation Center will release a new strategy that is more aligned with the priorities of the new administration, but a timeline for that strategy's publication was not given. "CMS will help participants in the selected models to minimize disruption to their operations and the beneficiaries they serve," the agency said. One model that will see the ax is the Medicare \$2 Drug List Model, which aimed to cap out-of-pocket generic drugs at \$2 a month. This payment model was used to soften the blow of the termination of the Value-Based Insurance Design (VBID) Model, announced at the tail-end of the Biden administration.

### MedPAC Report Calls for Increases in Doc Pay For Medicare Services<sup>3</sup>

**Medpage Today / March 13, 2025**

Physician and other health professional services should get an annual 1.3% increase in Medicare claims reimbursement, and Congress should set a separate safety-net payment averaging 1.7% more for clinicians serving low-income fee-for-service (FFS) beneficiaries. Those were two recommendations from the Medicare Payment Advisory Commission's (MedPAC) March report opens in a new tab or window to Congress. The independent agency advises Congress on issues related to payment, quality of care, and access to care for 65 million beneficiaries. The report estimated that the combination of the recommended update and safety-net policies would increase fee schedule revenue for the average clinician by 3% above what current law calls for, although impacts would differ by specialty, with an average of 5.7% for primary care doctors and 2.5% for other clinicians.

1. <https://www.msn.com/en-us/money/technology/3d-printing-medical-devices-industry-unlocks-new-possibilities/ar-AA1AFmIQ>

2. <https://www.fiercehealthcare.com/regulatory/cmmi-cut-short-payment-models-estimates-750m-savings>

3. <https://www.medpagetoday.com/publichealthpolicy/medicare/114646>

# Relevant News

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## MedPAC Calls For 2026 Hospice Rate Freeze<sup>1</sup>

**Hospice News / March 14, 2025**

The Medicare Payment Advisory Commission (MedPAC) has recommended to Congress a freeze on hospice payment increases starting in 2026. In its annual report to Congress, MedPAC urged policymakers to eliminate hospice base-rate increases for 2026. The commission made a similar recommendation last year. MedPAC commissioners maintained that hospice payment levels were "favorable," due to increases in utilization and length of stay, sufficient access to capital, investor interest in the space and margin data. The 2021 aggregated Medicare hospice margin was 10.4%, according to MedPAC. The commission projected an aggregate 2025 margin of 8%. However, these aggregated numbers do not reflect the sometimes significant differences in margins among individual providers, ranging from large, national companies to smaller, local nonprofits.

## Spending Bill Advances With Telehealth Extension In The Senate<sup>2</sup>

**Modern Healthcare / March 14, 2025**

Congress completed work on a government funding bill Friday that modestly trims spending, gives President Donald Trump greater flexibility to cut programs and extends expiring healthcare priorities. In a 54-46 vote, the Senate approved legislation the House passed Tuesday that prevents the partial government shutdown that would have commenced at midnight EDT. Sens. Maggie Hassan (D-N.H.) and Angus King (Maine), an independent who caucuses with Democrats, broke with the minority party to vote in favor and Sen. Rand Paul (Ky.) was the lone Republican to vote nay. Trump intends to sign the bill. The "continuing resolution," or CR, funds government operations through fiscal 2025, which ends Sept. 30, and extends and finances key healthcare programs for the same duration.

## Drug Shortages Could Surge 25% As AI Reshapes Specialty Pharmacy: Survey<sup>3</sup>

**Becker's Hospital Review / March 17, 2025**

A new Academy of Managed Care Pharmacy Foundation report, "Emerging Trends Impacting Managed Care Pharmacy," developed in partnership with Pfizer, warned of significant shifts within managed care pharmacies fueled by AI adoption, drug shortages and affordability challenges. The survey findings, published in the Journal of Managed Care & Specialty Pharmacy, showed 62% of respondents predict that the number of active drug shortages will rise by more than 25% within five years, potentially worsening patient access to critical medications. In addition, 92% of respondents reported they anticipate AI will be more integrated into more than half of prior authorization reviews. Another pressing concern for participants was the rise in drug costs, with 54% expecting at least half of U.S. states to establish drug-affordability boards. Additionally, 97% foresee a 25% surge in GLP-1 therapies. The foundation is the philanthropic arm of the AMCP.

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1. <https://hospicenews.com/2025/03/14/medpac-calls-for-2026-hospice-rate-freeze/>

2. <https://www.modernhealthcare.com/politics-policy/spending-bill-senate-telehealth>

3. <https://www.beckershospitalreview.com/pharmacy/drug-shortages-could-surge-25-as-ai-reshapes-specialty-pharmacy-survey>