

May 8, 2025

# **Cain Brothers Industry Insights**

## **Healthcare Market Report**



Banker commentary:

**Cain Brothers' Second Annual CEO Summit**

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## Cain Brothers' Second Annual CEO Summit

*Banker Commentary by Sean Trail*

From April 9 to 11, Cain Brothers, a division of KeyBanc Capital Markets, hosted an invitation-only gathering of 25 Healthcare Executives and other industry sponsors in its Second Annual CEO Summit. The event built upon the success and momentum from the inaugural summit a year prior, creating an opportunity for leaders in the Healthcare sector to network, share experiences and discuss key challenges facing the industry. Excellere Partners, McDermott, Will & Emery, Farragut Square Group, CIL Management Consultants and L.E.K. Consulting co-sponsored the Summit, which took place at the Little Nell Hotel in the heart of Aspen, Colorado.

### The Program Highlights

The event started on the evening of April 9 with a welcome Networking Reception featuring welcoming remarks from the Cain Brothers team and wine tasting with a Master Sommelier from the Little Nell Hotel. The content portion of the event kicked off on the morning of April 10 with KeyBanc Capital Markets President Randy Paine. He highlighted the positive momentum of both the business and market despite the recent challenges presented by tariff discussions and other regulatory changes. His comments teed up the series of presentations and panels that would follow.

In the first presentation, LEK Managing Director Jonas Funk shared an update on the Medical Technology market including key trends contributing both to the growth and disruption of the sector. In the second presentation, CIL Partner Rebecca Pigula shared a similar market update focused on Pharma and Pharma Services, highlighting some of the opportunities and impact from increased AI integration and near-term challenges from patent expirations, funding cuts and tariffs, among others.

MWE and Farragut Square rounded out the presentations with Brian Fortune (Senior Managing Director at Farragut), Holly Stokes (AVP of Government Regulations & Reimbursement at Farragut) and Michael Morgan (Partner and Global Leader, Privacy and Cybersecurity at MWE). The Farragut Square team shared their outlook on potential Medicaid cuts and the broader regulatory landscape while the MWE team highlighted some best practices around Cyber Security. The attendees furiously took notes as Michael shared tips to ensure websites are protected from potential privacy lawsuits while suggesting the local FBI as the best resource for cyber threats.

The day's program ended with a fireside chat over lunch between Dave Johnson (CEO, 4Sight Health) and Carl Hardie (Managing Director, Cain Brothers) on Dave's recently released book, "The Coming Healthcare Revolution: The Ten Forces that will Cure America's Health Crisis".

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As we broke from lunch, the Company executives were encouraged to continue networking efforts while skiing, snowshoeing and fly fishing throughout the remainder of the day and over a capstone event dinner that evening.

On the Summit's final morning, I had the opportunity to lead a panel discussion with KBCM's Healthcare Equity Research team, Paul Knight, Scott Schoenhaus, Matt Gillmor and Brett Fishbin. Each analyst provided an overview of their sector and key trends underpinning market performance, tying back to the themes and presentations from LEK, CIL and Farragut Square.

The Summit's notable takeaways included the following insights:

- The same challenges exist in the Healthcare industry today as 50 years ago. As an industry, U.S. healthcare will change more in the next 10 years than it has in the last 100. This creates both enormous challenges and opportunities for all categories of medical-products companies.
- Medical Technology companies have moved from simply being judged by revenue growth to now needing improved focus on margin profile – as costs have gone up throughout the healthcare landscape, managing and maintaining margin profile has become a critical challenge and focus.
- Competition throughout MedTech, Life Sciences and Pharma Services is continuing to get stronger overseas. It will be interesting to continue evaluating the impact of tariffs and perceived value of US supply chains.
- Headwinds across the Pharma landscape include increased scrutiny around investments (tighter purse strings), higher bar for progressing drug candidates and focus on efficiency gains – creates trickle down challenges to service providers including weaker pipelines, more competitive intensity, increased mix of 'winners and losers'. "Potential for a Wild Ride" with many patents expiring in 2028-29, public research funding cuts, FDA/CDC/NIH layoffs, tariffs and potential for increased pricing controls and D2C advertising restrictions.
- The Republican Party effectively has one year to push through policy change given historical swings in mid-term elections creating seemingly rapid implementation of regulatory changes.
- Medicaid cuts continue to be an area of focus, albeit likely lower than the publicized discussions. Much of the proposed cuts are achievable through repeal of prior regulations not yet in place. Additional cuts will come from a focus on PBM reform and focus on fraud, waste and abuse. Core benefits unlikely to be materially impacted.
- The laboratory and diagnostics sector has had one of the more effective lobbies over the recent years. The sector has successfully held off proposed PAMA cuts and lobbyists have effectively leveraged 'CBO scoring' as an argument against reimbursement cuts.
- Healthcare and Life Science Companies continue to be targeted by cyber-hackers given the intellectual property and individual personal data – only the financial services sector faces a more significant threat. The sector is looking at a \$640B loss over the next 5 years from these threats (with an average impact of \$5M per company).
- Digital models are becoming increasingly important, but implementation has been challenging and many companies have struggled with monetizing and showing ROI of investments. It is expected that companies will continue to invest in AI solutions across all areas of healthcare - as AI becomes more integrated, data security and privacy becomes increasingly important.

Throughout the entire event, the energy and intense interaction was evident, and all participants came away from the summit excited for opportunities to remain engaged. The Cain Brothers team, along with each of the co-sponsors look forward to continuing to grow the Summit into a 'must-attend' event each spring.

# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
5/1/2025	VirtuOx	Resmed	NA	NA	NA	Diagnostic testing facility for sleep, respiratory, and cardiac conditions
5/1/2025	Brightstar	Peak Rock Capital	NA	NA	NA	Provider of skilled and unskilled home care to clients through a franchise network of over 400 agencies that employ more than 15,000 caregivers and 5,700 registered nurses nationwide
5/1/2025	UpLift	Teladoc Health	\$45	3.0x	NA	Tech-enabled provider of virtual mental health therapy, psychiatry and medication management services
4/30/2025	Agape Care Group (Ridgmont Equity Partners)	Linden Capital Partners	NA	NA	NA	Hospice and palliative provider
4/30/2025	Urology America (Gauge Capital)	GI Alliance (Cardinal Health)	NA	NA	NA	Urologic services platform with more than 110 providers across 30 locations in 4 states
4/25/2025	Behavior Frontiers (Lorient Capital)	Nexphase Capital	NA	NA	NA	Autism services provider
4/22/2025	First Choice Mobile Radiology Services	HCAP Partners	NA	NA	NA	Provider of mobile X-ray, ultrasound, EKG, and echocardiogram services
4/21/2025	MedTec Healthcare	Waud Capital Partners	NA	NA	NA	Provider of in-home care and adult day services
4/21/2025	Pivot Onsite Innovations (Athletico Physical Therapy)	Concentra	\$55	0.9x	NA	Onsite health industry with over 200 onsite health clinics at employer locations in over 40 states
4/16/2025	Cedar Park Regional Medical Center (Community Health Systems) (80% stake)	Ascension Health	\$575	NA	NA	Texas based 126 bed facility with inpatient, outpatient, surgical and emergency care
4/15/2025	HealthTeam Advantage (Novant Health)	Cone Health	NA	NA	NA	North Carolina based Medicare Advantage Plan
4/15/2025	iCAD	RadNet	\$103	5.2x	NM	Provider of AI-powered breast health solutions
4/15/2025	AOM Infusion	Revelstoke Capital Partners	NA	NA	NA	Specialty infusion provider focused on chronic therapy management
4/14/2025	CenExel Clinical Research	BayPine	NA	NA	NA	Clinical trial site network focused on complex therapeutic areas
4/14/2025	SmarterDx	New Mountain Capital	NA	NA	NA	Clinical AI platform for revenue integrity and care quality
4/9/2025	Commonwealth Care Alliance	CareSource	NA	NA	NA	Insures 50,000 Massachusetts residents who are dually eligible for Medicare and Medicaid

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
4/30/2025	Plenful	Mitchell Rales and Arena Holdings (co-leads), Notable Capital, Bessemer Venture Partners, TQ Ventures, Susa/Kivu Ventures	Series B	\$50	AI-enabled healthcare workflow automation platform
4/29/2025	Persivia	Aldrich Capital Partners	Recap	\$107	AI driven digital health solutions for claims, social, and operational data
4/23/2025	Nourish	J.P. Morgan Growth Equity Partners (lead), Thrive Capital, Index Ventures, Y Combinator, Maverick Ventures, BoxGroup, Atomico, G Squared, and Pinegrove Opportunity Partners	Series B	\$70	Provider of nutrition counseling
4/16/2025	Chapter	Stripes (lead), XYZ Venture Capital, Susa Ventures, Addition, Narya Capital, and Maverick Ventures	Series D	\$75	Medicare navigation platform
4/15/2025	hellocare.ai	HealthQuest Capital (lead, Bon Secours Mercy Health, UCHHealth, OSF Ventures, and LRVHealth	Growth	\$47	AI-assisted virtual care delivery platform transforming hospital care models and operations
4/3/2025	Thatch	Index Ventures (lead), Andreessen Horowitz (a16z), General Catalyst, SemperVirens, PeopleTech Partners, The General Partnership, and ADP Ventures	Series B	\$40	Personalized health benefits platform
4/3/2025	Solace	Menlo Ventures (lead), SignalFire, Craft Ventures, Inspired Capital, and Torch Capital	Series B	\$60	Digital health platform that connects patients with expert health advocates
3/20/2025	Inspiren	Avenir (lead), Primary Venture Partners, Story Ventures, Third Prime, and Studio VC	Series A	\$35	Provider of AI solutions for the senior care industry
3/19/2025	Proscia	Insight Partners (lead), AI Capital Partners and Triangle Peak Partners	Venture	\$50	Provider of software for pathology's transition to digital and AI
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

# Equity Capital Markets

## Market Overview

- New issue markets remained fairly stagnant last week due to continued uncertainty related to trade negotiations:
  - Last week: 0 IPOs; 1 follow-on; 2 converts
- Expect issuers to remain in "wait and see" mode looking for volatility to come down to normalized levels and clarity on trade negotiations over the coming weeks before the next financial staleness deadline on May 14<sup>th</sup> which will require Q1 financial statements.
- More than 70% of the S&P 500 have reported 1Q results → Investors and potential issuers alike will be monitoring signaling & guidance (if any) from reporting companies.

## ECM Activity (Last 4 Weeks & YoY)

	2025 - Last 4 Weeks			2024 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	0	0	0%	5,554	7	62%
CONV	1,135	2	23%	345	1	4%
FO	3,780	5	77%	3,086	14	34%
<b>Total</b>	<b>4,915</b>	<b>7</b>	<b>100%</b>	<b>8,985</b>	<b>22</b>	<b>100%</b>

	2025 YTD			2024 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	8,973	15	14%	10,463	20	15%
CONV	15,629	20	25%	19,508	27	28%
FO	38,037	53	61%	40,379	130	57%
<b>Total</b>	<b>62,639</b>	<b>88</b>	<b>100%</b>	<b>70,350</b>	<b>177</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	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)



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

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

Transaction occurred the past week

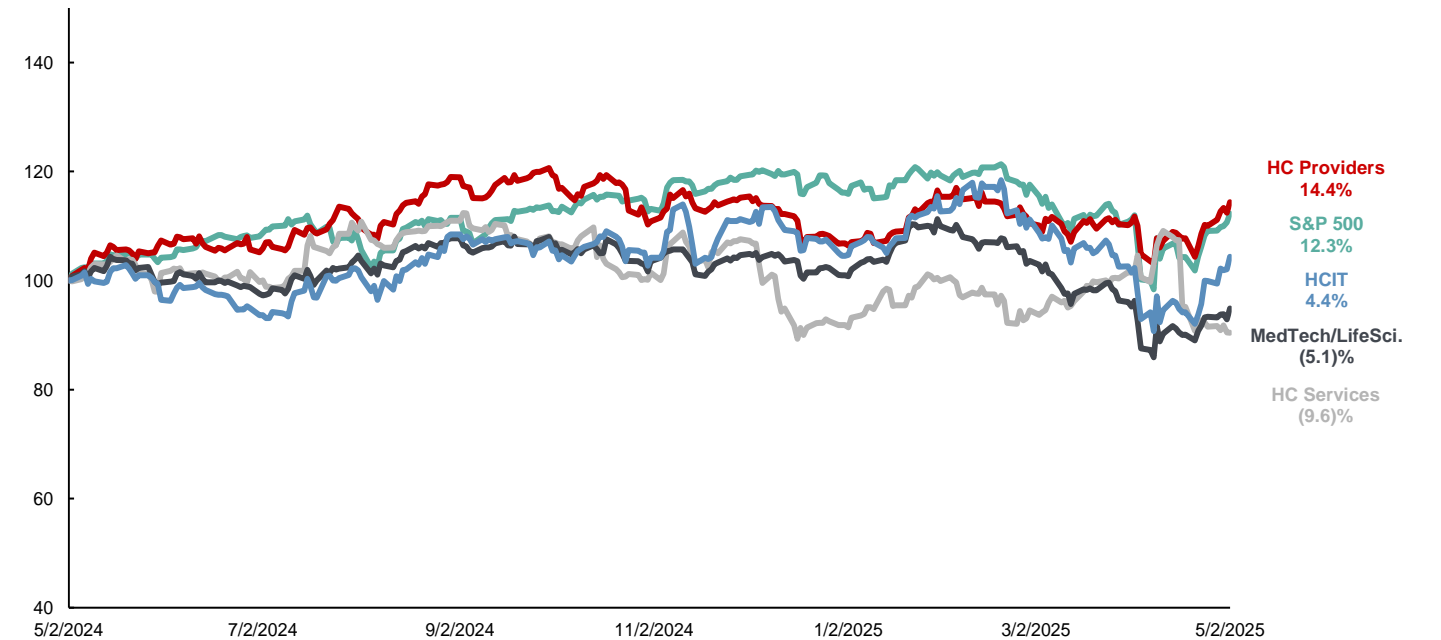
# Public Equity Market Activity & Indices

## Equity Indices (as of May 2, 2025)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	40,114	41,317	8.1%	3.0%
S&P 500	5,525	5,687	12.3%	2.9%
NASDAQ	17,383	17,978	13.5%	3.4%
Russell 2000	1,958	2,021	0.2%	3.2%
NYSE Healthcare	24,165	24,359	(4.0%)	0.8%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	4.9%	5.5%
Alternate Site Services	0.2%	4.0%
Diagnostics	15.7%	3.1%
Distribution	25.7%	2.9%
Healthcare IT	4.4%	4.4%
Healthcare REITs	56.6%	2.0%
Managed Care	(18.5%)	(3.1%)
Medical Technology	(3.0%)	1.5%
Outsourced Services	(37.9%)	4.7%
Pharma Services	(19.7%)	3.0%
Pharmacy	11.9%	2.9%
Primary Care	(9.0%)	6.1%
Post-Acute Care Services	24.2%	5.0%
Post-Acute Care Facilities	14.7%	4.1%

## Cain Brothers Healthcare Indices (1YR Performance)





# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- IG primary market activity continued to pick up pace last week with 32 issuers tapping the market to raise \$38.6BN; the week saw more typical corporate issuance after primarily banks re-opened markets post "Liberation Day."

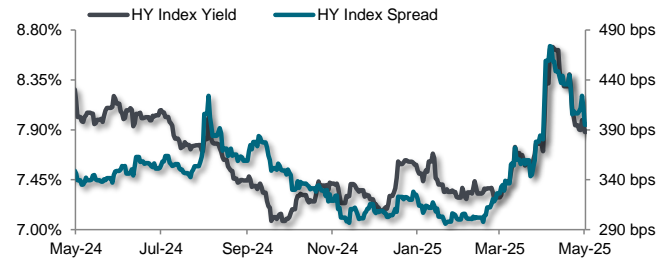
### High Yield

- High yield market conditions have shifted towards a more positive tone over the last two weeks amid resilient labor market, solid corporate earnings and Trump administration's softened rhetoric on China and Fed Chair Powell.

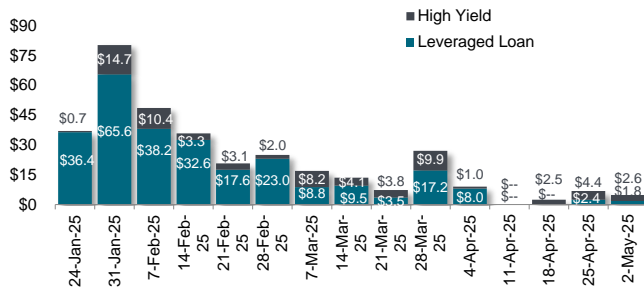
### Term Loan B Market

- Despite an extended streak of loan fund outflows, CLO issuance has remained strong, and spreads have remained tight compared to 2024, as the average AAA coupon YTD sits at S+131.

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$BN)



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

Double-B Issuers	4Q24	1Q25	30-Day Rolling Average
			05/02/25
Ba1	S+192 / 6.6%	S+233 / 6.7%	S+175 / 6.1%
Ba2	S+198 / 6.6%	S+199 / 6.4%	--
Ba3	S+252 / 7.1%	S+232 / 6.7%	S+413 / 9.2%
Single-B Issuers	4Q24	1Q25	30-Day Rolling Average
			05/02/25
B1	S+303 / 7.6%	S+278 / 7.2%	--
B2	S+357 / 8.2%	S+333 / 7.7%	S+350 / 8.1%
B3	S+383 / 8.5%	S+357 / 7.9%	S+525 / 11.4%

## 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
3/25/2025	Bausch Health	Sr. Sec. Notes	\$4,400	Caa1/B/NR	10.000%	4/15/2032	580 bps	10.00%-10.25%
3/18/2025	Insulet	Sr. Notes	\$450	B2/B+/NR	6.500%	4/1/2033	232 bps	6.50%-6.75%
3/6/2025	Acadia Healthcare	Sr. Notes	\$550	Ba3/B+/NR	7.375%	3/15/2033	316 bps	7.50%-7.75%

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

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
4/2/2025	Owens & Minor Inc	Not Sponsored	Ba3 / BB-	Acquisition	\$400	SOFR+525, 0% @ 95	10.819%
3/31/2025	Opella	Clayton, Dubilier & Rice	B1 / B+	LBO	\$3,750	SOFR+325, 0% @ 99.5	7.694%

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

Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
4/8/2025	Bausch Health	Public	Caa2 / B-	Refinancing	\$500mm 5-year Revolver	Leverage-based Grid SOFR+375-425 Opens at SOFR+425 CSA: 10	Max. First Lien Leverage Ratio: 4.25x Min. Liquidity: \$400mm

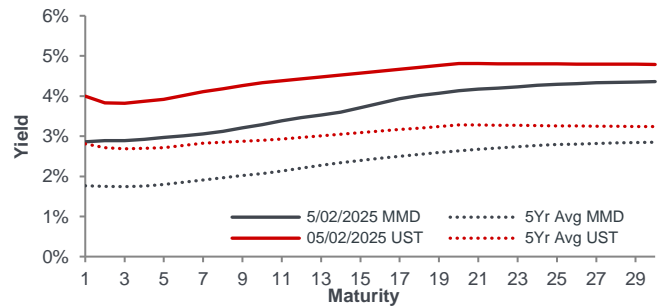


# Public Finance Market

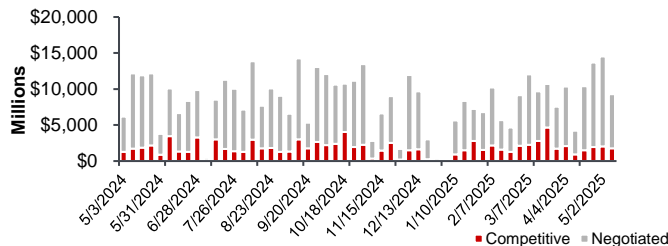
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 4 bps week-over-week, closing at 4.33% on Friday. 10-year MMD decreased 15 bps week over week.
- Healthcare Public Issuance in 2024 increased 143% vs 2023. YTD 2025 Issuance is roughly equal to YTD 2024 Issuance through the end of April.
- Muni bond funds saw \$1.6BN of inflows and high yield funds gained \$234MM for the week ended May 2<sup>nd</sup>.

## MMD & UST Yield Curve



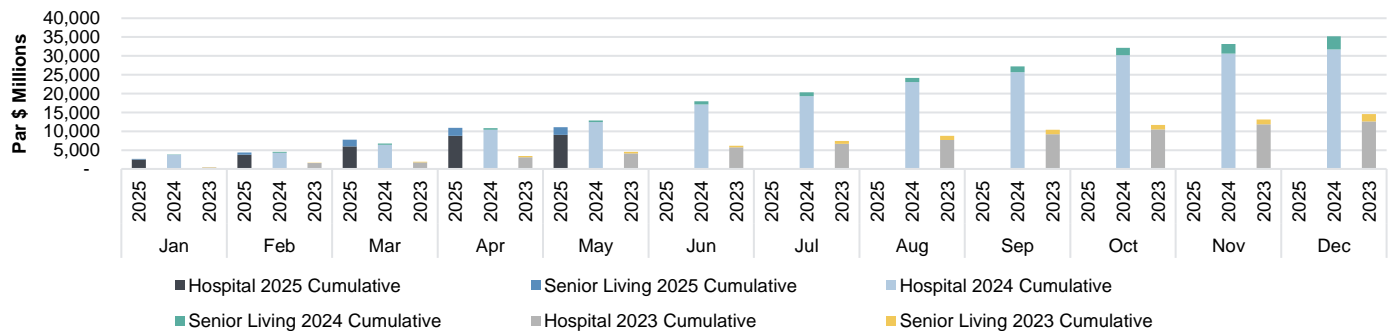
## Weekly New Issue Volume (\$MM)



## Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.83%	9 bps	2	2.89%	(11 bps)	75%
10	4.33%	4 bps	10	3.29%	(15 bps)	76%
30	4.79%	5 bps	30	4.36%	(10 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
Recent Pricings, Week of 4/28										
Bon Secours Mercy Health, Inc.	311,315	OH	ACO	TE	A1 / A+ / AA-	2041	2035(C)	5.00%	4.58%	4.70%
Bon Secours Mercy Health, Inc.	265,200	VA	HCVEDA	TE	A1 / A+ / AA-	2048	2035(C)	5.00%	4.97%	4.98%
Bon Secours Mercy Health, Inc.	99,640	SC	SCJEDA	TE	A1 / A+ / AA-	2055	2030(P)	5.00%	3.84%	4.66%
Bon Secours Mercy Health, Inc.	98,800	SC	SCJEDA	TE	A1 / A+ / AA-	2049	2032(P)	5.00%	3.97%	4.56%
Bon Secours Mercy Health, Inc.	94,705	SC	SCJEDA	TE	A1 / A+ / AA-	2044	2035(C)	5.25%	4.76%	4.93%
Brown University Health	174,800	MA	MDFA	TE	NR / BBB+ / BBB+	2050	2035(C)	5.50%	5.05%	5.24%
Brown University Health	85,000	MA	MDFA	TE	NR / BBB+ / BBB+	2055	2031(P)	5.00%	4.04%	4.67%
Mary Washington Healthcare OG	164,205	VA	VSBA	TE	A3 / NR / A	2055	2035(C)	5.25%	4.97%	5.11%
Mary Washington Healthcare OG	50,000	VA	VSBA	TE	A3 / NR / A	2060	2035(P)	5.00%	4.13%	4.60%
HealthPartners Obligated Group	195,575	MN	CSPM	TE	A2 / A / NR	2033	NC	5.00%	3.80%	N/A
Baylor College of Medicine	150,000	TX	HCCEFFC	TE	NR / A / NR	2054	2032(P)	5.00%	4.00%	4.63%
Denver Health and Hospital Auth	113,475	CO	DHHA	TE	NR / BBB / BBB	2055	2034(C)	6.00%	5.23%	5.61%
Twin Lakes Community	27,310	NC	NCMCC	TE	NR / NR / BBB	2055	2035(C)	5.25%	5.24%	5.24%
Twin Lakes Community	4,750	NC	NCMCC	TE	NR / NR / BBB	2029	2026(C)	3.90%	3.90%	N/A
Twin Lakes Community	3,250	NC	NCMCC	TE	NR / NR / BBB	2030	2026(C)	4.05%	4.05%	N/A
Exp. Pricings, Week of 5/5										
Adena Health System OG Proj	87,520	OH	CFO	TE	A3 / A- / NR	-	-	-	-	-
Ochsner Clinic Foundation Proj	567,895	LA	LPFA	TE	A3 / A / NR	-	-	-	-	-
Dartmouth Health Obligated Group	420,285	NH	NHHEFA	TE	NR / A / A	-	-	-	-	-
Chiara Housing and Services, Inc.	82,705	WI	WHEFA	TE	NR / NR / NR	-	-	-	-	-
Bethesda Project	38,910	CO	CHFA	TE	NR / 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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### The Value-Based Care Trifecta: Mastering Tech, Financials and Partnerships<sup>1</sup>

***Behavioral Health Business | April 25, 2025***

Value-based care has been a buzzword in behavioral health for decades. Still, it can be difficult for behavioral health providers to begin that journey and determine effective strategies versus unsuccessful approaches. Veterans in the space say you'll need three things to get going: technology, understanding the financial outcomes and solid partnerships. "You have to understand value from your [provider] perspective, and you have to understand value from [the payer] perspective," Aaron Simon, head of managed care at Geode Health, said at Behavioral Health Business' VALUE event. "If you can't express what your value is to [payers] and to the patients, you're never going to win because they have two people who they're trying to serve. They're trying to serve the patients and give them a good experience. They're also trying to serve the employer groups paying their bills. So you have to be able to figure those two things out."

### Medicare Enrollment Proposals Would Speed Shift To Private Care<sup>2</sup>

***Bloomberg Law | April 29, 2025***

Medicare's shift toward privatization could get a significant boost if the Centers for Medicare & Medicaid Services embraces either of two conservative proposals that could increase enrollment in the program's bulging managed care option. Project 2025, the Heritage Foundation's national policy blueprint, calls for all new Medicare-eligible adults to "opt-in" to the program through a private Medicare Advantage plan rather than the traditional fee-for-service program, the historic landing spot for new enrollees since the program's inception. The Paragon Health Institute, a conservative think tank, wants to require newly eligible beneficiaries to "affirmatively choose" one or the other. With strong Republican support of Medicare Advantage and GOP control of Congress and the White House, "I think the stars are properly aligned for something like this to take place," said Robert Moffit, senior research fellow at the Heritage Foundation's Center for Health and Welfare Policy. He said either proposal would be an improvement over the current system. Fifty-four percent of eligible beneficiaries are already enrolled in Medicare Advantage plans, which are offered by private insurers like UnitedHealth Group, Humana, and CVS Health. The Congressional Budget Office expects that to reach 64% by 2034.

### Senators Introduce RPM Access Act To Increase Rural Payment Rate For Remote Monitoring<sup>3</sup>

***Fierce Healthcare | May 1, 2025***

Wednesday, Senators Marsha Blackburn, R-Tenn., and Mark Warner, D-Va., introduced a bill that would increase reimbursement for remote monitoring in rural areas. Representatives David Kustoff, R-Tenn., Mark Pocan D-Wis., Troy Balderson, R-Ohio, and Don Davis, D-N.C., also introduced the Rural Patient Monitoring Access Act in the House, which would expand access to remote patient monitoring in rural areas, where low payment rates discourage providers and RPM companies from providing services. Patients in rural areas have a higher disease burden than the national average, including chronic conditions such as heart disease, hypertension and diabetes. It is harder for patients in rural areas to see a doctor, thus they could benefit more from routine monitoring of their conditions at home, the Peterson Center on Healthcare argued in a recent report on RPM services.

1. <https://bhbusiness.com/2025/04/25/so-you-want-to-get-into-value-based-care-heres-what-you-need-to-know/>

2. <https://news.bloomberglaw.com/health-law-and-business/medicare-enrollment-proposals-would-speed-shift-to-private-care>

3. <https://www.fiercehealthcare.com/regulatory/rpm-access-act-introduced-congress>

### **Consumer Financial Protection Bureau Asks Court To Toss Its Rule Barring Medical Debt From Credit Reports<sup>1</sup>**

*Fierce Healthcare / May 5, 2025*

The remnants of a federal consumer protection watchdog has asked the court to vacate its own regulation barring medical debt from credit scores. In a joint motion, the Consumer Financial Protection Bureau (CFPB) joined credit reporting and consumer data trade groups in requesting that the court set aside the Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information. CFPB had issued the final rule on Jan. 7 under the Biden administration, with the plaintiff trade groups—Cornerstone Credit Union League and the Consumer Data Industry Association—suing to block it that same day. The final rule was initially set to go into effect in March, and alongside excluding medical debt from consumer credit reports would also prohibit lenders from considering borrowers' medical information during assessments. Though major credit reporting agencies began voluntarily removing some medical collections from their reports in 2022, the final rule was expected to improve the scores of 15 million people by an average of 20 points due to the billions of outstanding medical debt that remained.

### **CMS Will Announce States Participating In Cell And Gene Therapy Model—But Health Plans Still Have Questions<sup>2</sup>**

*Fierce Healthcare / May 5, 2025*

In June, the Centers for Medicare & Medicaid Services (CMS) will name the participating states for the agency's new Cell and Gene Therapy (CGT) Access Model. One state has already started participating, the CMS said, and 35 states are agreeing to participating, reported Bloomberg. These states represent about 84% of Medicaid beneficiaries with sickle cell disease. Insurers, however, are wary broadly of the financial costs associated with cell and gene therapies, a report from the Pharmaceutical Strategies Group found. The report surveyed individuals on behalf of employers, health plans and unions. Nearly three-fourths (73%) of respondents said they view the affordability of cell and gene therapies as a moderate or major challenge in the next two to three years. For health plans, that figure rises to 87%. A majority (70%) of people said they were, at best, only somewhat confident they properly understood the financial impact of these therapies. Innovative gene therapies are meant to better treat rare diseases but are subject to high initial costs.

### **Home-Based Providers Report Early Success With GUIDE Model<sup>3</sup>**

*Home Health Care News / May 5, 2025*

In what has been considered the most significant shift in recent Medicare policy, the Centers for Medicare & Medicaid Services (CMS) launched the Guiding an Improved Dementia Experience (GUIDE) Model last year. Home-based care companies are enthusiastically embracing the GUIDE Model, often teaming up with vendors to do so. Care providers already report benefits, including expanded referral networks and improved patient quality of life – and possibly overall cost-savings. Virtual nursing startup PocketRN is a GUIDE participant and is contracted with franchise personal care company, Right at Home, as a partner organization. “We were awarded participation in GUIDE for our nurse for life model, which we’ve been developing and building for years, and is focused on providing a dedicated, specialized nurse to older adults and their caregivers as they navigate the complexities of care in the home,” Jenna Morgenstern-Gaines, CEO of PocketRN, told Home Health Care News. “We do this in close partnership with home and community-based services providers, and other health care organizations across the continuum of care.”

May 23, 2025

# Cain Brothers Industry Insights

## Healthcare Market Report



Banker commentary:

**The Costs of Untreated Mental Illness Are Significant and Access Remains a Key Challenge for Improving Outcomes**

## Contents

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



## The Costs of Untreated Mental Illness Are Significant and Access Remains a Key Challenge for Improving Outcomes

Banker Commentary by Erika Haanpaa

The mental health problem in America continues to worsen, and the challenge is even more acute as it relates to our young people. In 2023, 40% of high school students reported persistent feelings of sadness or hopelessness<sup>1</sup>; suicide and homicide rates have been on the rise since 2010; and diagnoses of mental or behavioral health problems among 12- to 17-year-olds increased from 15% in 2016 to more than 20% in 2023<sup>2</sup>.

This is particularly concerning given that 50% of lifetime mental illness starts by age 14 and 75% by age 24. Left untreated mental and behavioral challenges can have significant consequences including continued deterioration of mental health, worsening physical health, lost productivity, and numerous other indirect effects.

Mental illness can increase the likelihood of preventable chronic conditions, and several studies have noted higher costs related to chronic physical healthcare conditions, such as diabetes and heart disease, in patients with mental illnesses. A Deloitte report estimated the total incremental cost of chronic physical health conditions at \$23.9 billion in 2024<sup>3</sup>, and a Milliman research report found that medical costs for patients with comorbid mental health or substance use disorders (MH/SUD) are 2-3 times higher than those for patients without MH/SUD comorbidities<sup>4</sup>.

A working paper published by the National Bureau of Economic Research estimates the economic costs of mental illness at more than \$280 billion annually in the United States<sup>5</sup>. There are also several indirect costs when considering the overall impact of untreated mental illnesses, including the societal costs of homelessness and incarceration as well as the impacts on family caregivers, notably parents of children with mental or behavioral health challenges, who can experience increased levels of anxiety and burnout.

There are evidence-based treatments that can lead to improved overall outcomes for people with mental or behavioral health challenges; however, barriers persist. While destigmatization and awareness have led more people to seek treatment, concerns with perceptions remain a barrier for patients in need of treatment. There are also significant access constraints, particularly for child and adolescent services. Nearly half of children who needed services in 2021 and 2022 did not receive mental health care when needed, primarily due to difficulties getting an appointment, issues related

<sup>1</sup> CDC: Youth Risk Behavioral Survey

<sup>2</sup> CDC: National Survey of Children's Health

<sup>3</sup> Deloitte.com: The projected costs and economic impact of mental health inequities in the United States

<sup>4</sup> nber.org: Macroeconomics of Mental Health

<sup>5</sup> nber.org: Macroeconomics of Mental Health

## continued...

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to costs, and lack of availability of needed services in the area<sup>6</sup>. Inadequate networks are contributing to the overall barriers to access for mental health treatment.

Under the Mental Health Parity and Addiction Equity Act (MHPAEA), insurers are required to offer comparable coverage for mental health care as for medical / surgical (M/S) services. However, the 2024 MHPAEA Report to Congress issued in January 2025 found many disparities related to coverage of mental health and substance use disorder treatment. As part of its work to review parity compliance, the DoL's Employee Benefits Survey Administration (EBSA) conducted surveys using a 'secret shopper' approach to randomly selected providers listed in network directories as accepting new patients and found that only 8 – 28% of providers listed for MH/SUD services offered a way for callers to obtain the services sought<sup>7</sup>. The report also outlines investigations into other areas that suggest significant network inadequacies, including meaningfully higher utilization of out-of-network providers for MH/SUD services vs. M/S services; differences in standards for monitoring network adequacy for MH/SUD services, including lower provider to member ratios and a failure to differentiate between types of MH/SUD services providers; disparities in network reimbursement rates, such as an issuer paying 120-123% of Medicare rates for M/S services and only 88-98% for MH/SUD services; and impermissible exclusions or limitations on key treatments for MH/SUD, including ABA therapy for autism spectrum disorder and medication assisted treatment for opioid use disorder.

Through their investigations into compliance with parity requirements, EBSA and CMS have worked with payers and plans to correct actions that are potentially noncompliant and improve access for patients across the country. There is meaningful work yet to be done, but access is improving; and perhaps, as more stakeholders acknowledge the significant benefits that can come from early, effective treatment, not only in terms of reduced costs but also in greater societal and economic opportunities and outcomes, there will be even more pathways for individuals to gain access to this much needed care.

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<sup>6</sup> cdc.gov: Factors Associated with Not Receiving Mental Health Services in Children with a Mental Disorder in Early Childhood in the United States, 2021-2022

<sup>7</sup> dol.gov: 2024 MHPAEA Report to Congress



# M&A Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
5/15/2025	Aetion	Datavant (New Mountain Capital)	NA	NA	NA	Real-world evidence platform enabling critical decision-making in healthcare
5/14/2025	Workplace Options (WindRose Health Investors)	TELUS Health (GTCR)	NA	NA	NA	Provider of digital and in-person well-being services
5/12/2025	Paradigm Health	Cressey & Company	NA	NA	NA	Provider of hospice and palliative care services
5/8/2025	NextGen Healthcare (Thoma Bravo)	Madison Dearborn Partners	NA	NA	NA	Provider of healthcare technology and data solutions
5/7/2025	ActivStyle (AdaptHealth)	Sumitomo	NA	NA	NA	Provider of home medical supplies for patients with chronic conditions
5/6/2025	Healthcare RCM Business (i3 Verticals)	Infinx (KKR and Norwest Venture Partners)	\$96	NA	NA	Provider of healthcare revenue cycle management solutions
5/5/2025	ACT Dental	Smile Source (Incline Equity Partners)	NA	NA	NA	Provider of dental practice coaching and education
5/2/2025	Quantix	Diatonic Healthcare	NA	NA	NA	Healthcare and regulated industry specialist staffing platform
5/1/2025	VirtuOx	Resmed	NA	NA	NA	Diagnostic testing facility for sleep, respiratory, and cardiac conditions
5/1/2025	Brightstar	Peak Rock Capital	NA	NA	NA	Provider of skilled and unskilled home care to clients through a franchise network of over 400 agencies that employ more than 15,000 caregivers and 5,700 registered nurses nationwide
5/1/2025	UpLift	Teladoc Health	\$45	3.0x	NA	Tech-enabled provider of virtual mental health therapy, psychiatry and medication management services
4/30/2025	Agape Care Group (Ridgemont Equity Partners)	Linden Capital Partners	NA	NA	NA	Hospice and palliative provider
4/30/2025	Urology America (Gauge Capital)	GI Alliance (Cardinal Health)	NA	NA	NA	Urologic services platform with more than 110 providers across 30 locations in 4 states
4/25/2025	Behavior Frontiers (Lorient Capital)	Nexphase Capital	NA	NA	NA	Autism services provider
4/22/2025	First Choice Mobile Radiology Services	HCAP Partners	NA	NA	NA	Provider of mobile X-ray, ultrasound, EKG, and echocardiogram services
4/21/2025	MedTec Healthcare	Waud Capital Partners	NA	NA	NA	Provider of in-home care and adult day services
4/21/2025	Pivot Onsite Innovations (Athletico Physical Therapy)	Concentra	\$55	0.9x	NA	Onsite health industry with over 200 onsite health clinics at employer locations in over 40 states
4/16/2025	Cedar Park Regional Medical Center (Community Health Systems) (80% stake)	Ascension Health	\$575	NA	NA	Texas based 126 bed facility with inpatient, outpatient, surgical and emergency care

# Private Placement Activity

## Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
5/14/2025	Cohere Health	Temasek (lead), Deerfield Management, Define Ventures, Flare Capital Partners, Longitude Capital, and Polaris Partners	Series C	\$90	Clinical intelligence company providing AI-enabled prior authorization solutions for physicians and health plans
5/14/2025	Sprinter Health	General Catalyst (lead), Andreessen Horowitz (a16z) Bio + Health, Regents of the University of California, Google Ventures, and Accel	Series B	\$55	Mobile healthcare provider that combines technology and a full-stack medical practice
5/14/2025	TELUS Health	GTCR	Preferred Minority Equity	\$200	Provider of payor technology, pharmacy management technology, electronic medical records and supplemental benefits
5/13/2025	PhaseV	Accel and Insight Partners (co-leds), Viola Ventures, EXOR, and LionBird	Series A	\$50	AI/ML-driven clinical development
4/30/2025	Plenful	Mitchell Rales and Arena Holdings (co-leads), Notable Capital, Bessemer Venture Partners, TQ Ventures, Susa/Kivu Ventures	Series B	\$50	AI-enabled healthcare workflow automation platform
4/29/2025	Persivia	Aldrich Capital Partners	Recap	\$107	AI driven digital health solutions for claims, social, and operational data
4/23/2025	Nourish	J.P. Morgan Growth Equity Partners (lead), Thrive Capital, Index Ventures, Y Combinator, Maverick Ventures, BoxGroup, Atomico, G Squared, and Pinegrove Opportunity Partners	Series B	\$70	Provider of nutrition counseling
4/16/2025	Chapter	Stripes (lead), XYZ Venture Capital, Susa Ventures, Addition, Narya Capital, and Maverick Ventures	Series D	\$75	Medicare navigation platform
4/15/2025	hellocare.ai	HealthQuest Capital (lead, Bon Secours Mercy Health, UCHHealth, OSF Ventures, and LRVHealth	Growth	\$47	AI-assisted virtual care delivery platform transforming hospital care models and operations
4/3/2025	Thatch	Index Ventures (lead), Andreessen Horowitz (a16z), General Catalyst, SemperVirens, PeopleTech Partners, The General Partnership, and ADP Ventures	Series B	\$40	Personalized health benefits platform
4/3/2025	Solace	Menlo Ventures (lead), SignalFire, Craft Ventures, Inspired Capital, and Torch Capital	Series B	\$60	Digital health platform that connects patients with expert health advocates
3/20/2025	Inspiren	Avenir (lead), Primary Venture Partners, Story Ventures, Third Prime, and Studio VC	Series A	\$35	Provider of AI solutions for the senior care industry
3/19/2025	Proscia	Insight Partners (lead), AI Capital Partners and Triangle Peak Partners	Venture	\$50	Provider of software for pathology's transition to digital and AI
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

# Equity Capital Markets

## Market Overview

- New issue markets continued to gain momentum on strong market gains and better-than-expected economic data:
  - Last week: 0 IPOs; 11 follow-on; 3 converts
- Last week included a steady flow of sponsor selling shareholder follow-ons, all of which were comfortably absorbed with shares trading above offer: Somnigroup (Consumer), V2X (Defense), Klaviyo (Software), Loar (Defense), Savers Value Village (C&R) & Waystar (HCIT).
- Two IPOs are looking to price this week: Hinge Health (Health-Tech) and MNTN (Consumer)
  - Other issuers have recently updated or flipped registration statements public, indicating plans for near-term launches including Voyager & Circle.

## ECM Activity (Last 4 Weeks & YoY)

	2025 - Last 4 Weeks			2024 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	127	1	1%	3,335	5	19%
CONV	5,360	6	35%	4,858	6	27%
FO	9,621	19	64%	9,525	21	54%
<b>Total</b>	<b>15,107</b>	<b>26</b>	<b>100%</b>	<b>17,718</b>	<b>32</b>	<b>100%</b>

	2025 YTD			2024 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	9,100	16	12%	10,814	22	13%
CONV	19,854	24	27%	24,021	32	29%
FO	44,654	69	61%	48,705	145	58%
<b>Total</b>	<b>73,607</b>	<b>109</b>	<b>100%</b>	<b>83,539</b>	<b>199</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%

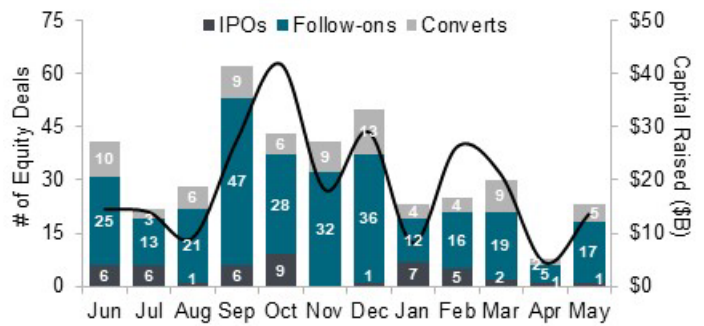
## Most Recent Healthcare Follow-on Offerings (\$MM)

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
5/15/2025	Senseonics	Medical Products	Marketed	SENS	\$50.0	\$442.2	11.3%	100.0%	(9.1%)	6.0%	-
5/14/2025	Waystar	Healthcare Technology	Marketed	WAY	\$557.0	\$6,834.3	8.2%	0.0%	(3.9%)	1.3%	-
2/20/2025	Waystar	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%

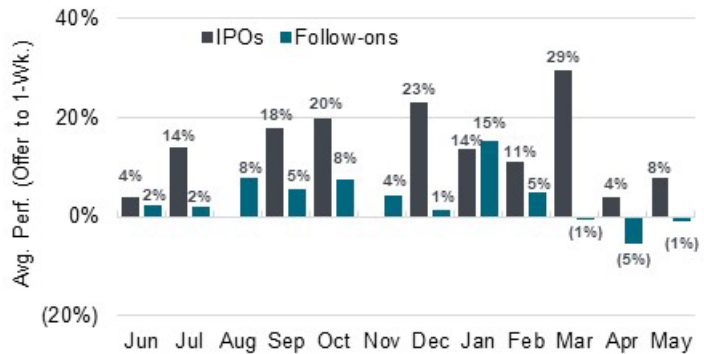
## Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
5/8/2025	Hims & Hers Health*	Healthcare Technology	HIMS	\$1,000.0	\$11,504.9	8.7%	0.00%	37.50%
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%

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



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



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

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

Transaction occurred the past week

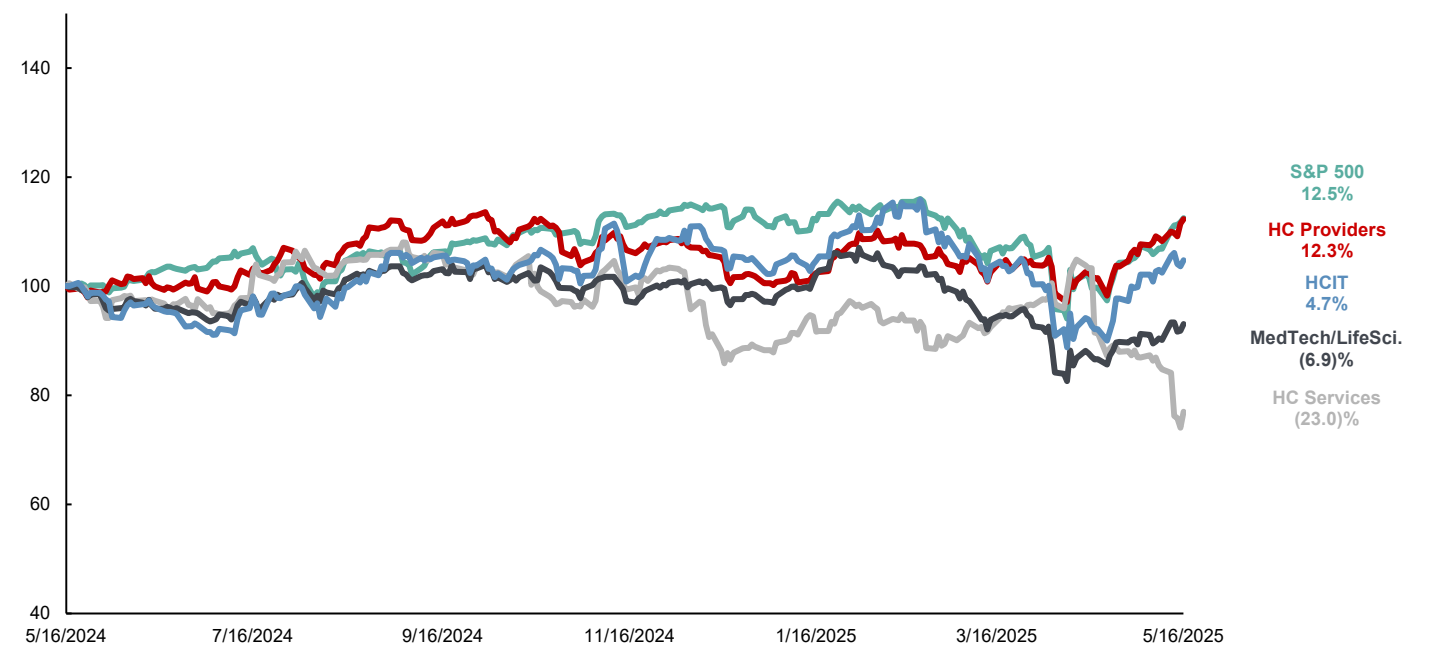
# Public Equity Market Activity & Indices

## Equity Indices (as of May 16, 2025)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	41,249	42,655	7.0%	3.4%
S&P 500	5,660	5,958	12.5%	5.3%
NASDAQ	17,929	19,211	15.0%	7.2%
Russell 2000	2,023	2,113	0.8%	4.5%
NYSE Healthcare	23,342	23,254	(11.7%)	(0.4%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	11.4%	9.8%
Alternate Site Services	3.6%	3.4%
Diagnostics	7.9%	2.5%
Distribution	27.0%	3.8%
Healthcare IT	4.7%	2.2%
Healthcare REITs	48.3%	(0.3%)
Managed Care	(34.9%)	(13.8%)
Medical Technology	(4.2%)	3.9%
Outsourced Services	(33.9%)	2.6%
Pharma Services	(26.4%)	(2.4%)
Pharmacy	1.2%	(5.3%)
Primary Care	(45.9%)	(10.7%)
Post-Acute Care Services	26.0%	3.3%
Post-Acute Care Facilities	17.6%	4.8%

## Cain Brothers Healthcare Indices (1YR Performance)



# High Grade, High Yield & Leveraged Loan Market

## Market Summary

### High Grade

- IG primary market activity continued its strong pace this past week as 34 issuers tapped the market for \$41.4 BN in new issue volume.

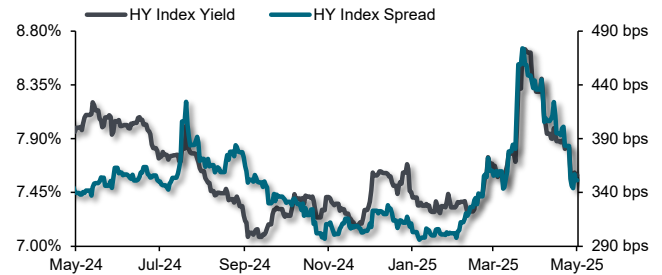
### High Yield

- High yield spreads returned to pre-"Liberation Day" levels amid last week's tariff de-escalation, resilient economic data, and solid earnings.

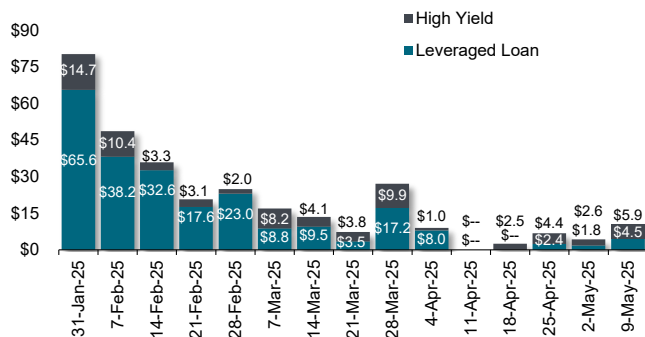
### Term Loan B Market

- CLO issuance has remained strong in 2025, and spreads have remained tight compared to 2024, as the average AAA coupon YTD sits at S+128.

## HY Index Yield & Spread (YTD)



## Weekly New Issue Volume (\$BN)



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

Double-B Issuers	4Q24	1Q25	30-Day Rolling Average	
			05/16/25	
Ba1	S+192 / 6.6%	S+233 / 6.7%	---	
Ba2	S+198 / 6.6%	S+199 / 6.4%	S+200 / 6.4%	
Ba3	S+252 / 7.1%	S+232 / 6.7%	S+283 / 6.0%	
Single-B Issuers	4Q24	1Q25	30-Day Rolling Average	
			05/16/25	
B1	S+303 / 7.6%	S+278 / 7.2%	S+400 / 8.8%	
B2	S+357 / 8.2%	S+333 / 7.7%	S+313 / 7.7%	
B3	S+383 / 8.5%	S+357 / 7.9%	S+442 / 9.6%	

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
5/6/2025	Biogen Inc	Sr Notes	\$400	Baa2/BBB+	5.050%	1/15/2031	+115	35 bps
5/6/2025	Biogen Inc	Sr Notes	\$650	Baa2/BBB+	5.750%	5/15/2035	+145	30 bps
5/6/2025	Biogen Inc	Sr Notes	\$700	Baa2/BBB+	6.450%	5/15/2055	+165	35 bps
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

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
3/25/2025	Bausch Health	Sr. Sec. Notes	\$4,400	Caa1/B/NR	10.000%	4/15/2032	580 bps	10.00%-10.25%
3/18/2025	Insulet	Sr. Notes	\$450	B2/B+/NR	6.500%	4/1/2033	232 bps	6.50%-6.75%
3/6/2025	Acadia Healthcare	Sr. Notes	\$550	Ba3/B+/NR	7.375%	3/15/2033	316 bps	7.50%-7.75%

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

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
5/6/2025	Ensemble Health Partners	Golden Gate Capital	B2 / B	Dividend Recap	\$800	SOFR+300, 0% @ 99.5	7.462%
4/2/2025	Owens & Minor Inc	Not Sponsored	Ba3 / BB-	Acquisition	\$400	SOFR+525, 0% @ 95	10.819%

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

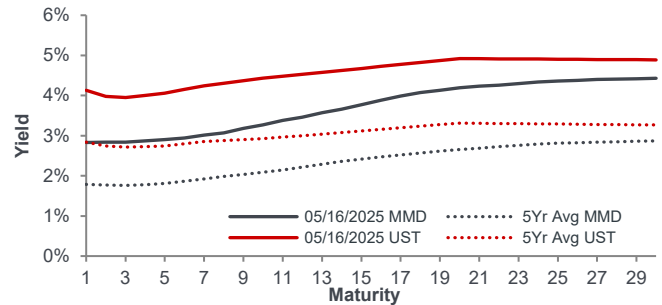
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
4/8/2025	Bausch Health	Public	Caa2 / B-	Refinancing	\$500mm 5-year Revolver	Leverage-based Grid SOFR+375-425 Opens at SOFR+425 CSA: 10	Max. First Lien Leverage Ratio: 4.25x Min. Liquidity: \$400mm

# Public Finance Market

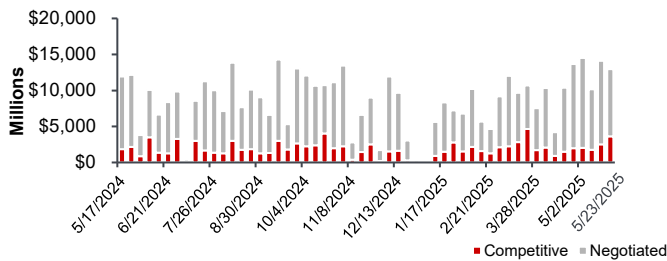
## Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 6 bps week-over-week, closing at 4.43% on Friday. 10-year MMD decreased 2 bps week over week.
- Healthcare Public Issuance in 2024 increased 143% vs 2023. YTD 2025 Issuance through May 16<sup>th</sup> is currently 14% higher than YTD 2024 through the end of May.
- Muni bond funds gained \$76MM and high yield funds gained \$140MM for the week ended May 16<sup>th</sup>.

## MMD & UST Yield Curve



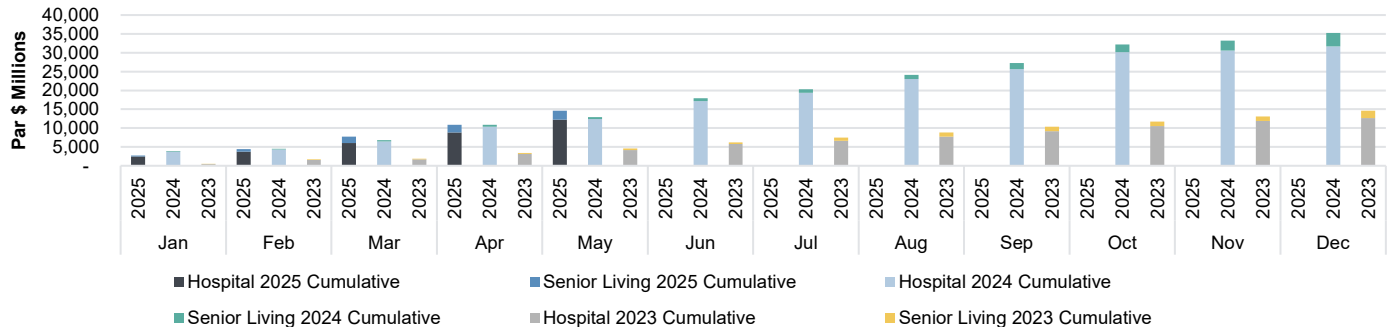
## Weekly New Issue Volume (\$MM)



## Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	Yr
2	3.98%	10 bps	2	2.84%	(2 bps)	71%
10	4.43%	6 bps	10	3.27%	(2 bps)	74%
30	4.89%	6 bps	30	4.43%	5 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
Recent Pricings, Week of 5/12										
Harris County Hospital District	808,505	TX	HCT	TE	Aa1 / NR / NR	2055	2035(C)	5.00%	4.91%	4.96%
Marquette Project	74,920	IN	IFA	TE	NR / NR / BBB	2055	2035(C)	5.38%	5.47%	N/A
Indiana Masonic Home Project	41,955	IN	IFA	TE	NR / NR / BBB-	2054	2035(C)	5.50%	5.58%	N/A
Indiana Masonic Home Project	9,420	IN	IFA	TE	NR / NR / BBB-	2029	NC	4.30%	4.30%	N/A
Pinecrest of Country Manor Project	41,920	MN	CBM	TE	NR / NR / NR	2060	2034(C)	6.00%	6.13%	N/A
Exp. Pricings, Week of 5/19										
Sutter Health	1,300,000	CA	SH	TAX	A1 / A+ / AA-	-	-	-	-	-
MultiCare Health System	641,170	WA	WHCFA	TE	NR / A / A+	-	-	-	-	-
CharterCARE Health of Rhode	143,285	RI	RIHEBC	TE	NR / BB- / NR	-	-	-	-	-
Immanuel Living at Buffalo Hill Proj	50,880	MT	CKM	TE	NR / NR / NR	-	-	-	-	-
Masonic Villages Project	44,425	PA	LCHA	TE	NR / A / NR	-	-	-	-	-
PHS Apple Valley Sen. Housing	30,675	MN	CAVM	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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### Residents More Likely To Suffer Physical Restraints, Bedsores At Bankrupt Nursing Homes: Report <sup>1</sup>

**Healthcare Dive | May 16, 2025**

The report comes amid growing concern about the impact of provider bankruptcies on patient care, as health systems increasingly shoulder unsustainable levels of debt, forcing restructurings. The team chose to focus on the long-term care industry due to its size, the vulnerability of patients seeking care and its reliance on public financing through Medicare and Medicaid. Senior care also drives a significant portion of Chapter 11 bankruptcy filings nationwide, accounting for almost one-fourth of filings between 2019 and 2024, according to a January report from the Gibbons Advisors. Researchers analyzed the impact of nursing home bankruptcies between 2010 and early 2020, identifying 180 chain bankruptcies which include 727 facilities. While the vast majority of bankrupt facilities included in the team's sample continued to operate through their restructuring, the teams said care declined. Patients' risk of hospitalization rose by 1.4 percentage points compared to those at non-bankrupt facilities, which researchers said represented "major harms to patient health." The use of physical restraints and bedsores likewise increased by 77% and 14% of the mean, respectively.

### Judge Shuts Down Drugmakers' 340B Rebate Plans, For Now<sup>2</sup>

**Healthcare Dive | May 19, 2025**

Drugmakers Eli Lilly, Bristol Myers Squibb, Sanofi and Novartis all sued the government after HRSA blocked their plans to pay hospitals rebates to defray the full cost of 340B medications after the drugs have already been acquired. Currently, regulators' interpretation of 340B statute requires drugmakers to give discounts at the point of sale. Manufacturers argued that allowing them to transition to a rebate model would give them a chance to make sure that the hospitals prescribing the drugs and the patients they're going to are actually eligible for 340B, curbing fraud, waste and abuse in the drug discount program. Drugmakers have grown increasingly concerned about improper discounts as 340B grows, both in how many providers are eligible to participate and in the volume of purchased drugs. The program, which was founded three decades ago to lower drug prices for safety-net providers, can result in discounts of 20% to 50% off list prices, cutting significantly into manufacturers' profits. Lilly, Bristol Myers, Sanofi and Novartis were joined in their lawsuits by technology company Kalderos, which offers software to implement the rebates. The litigation sought the courts' blessing for the rebate plans.

### How The Medicaid Reconciliation Bill Could Help Wither Away The Affordable Care Act<sup>3</sup>

**Fierce Healthcare | May 20, 2025**

Understandably, the legislation plodding through Congress is most closely associated with reductions in Medicaid spending, but there is new scrutiny on how the megabill could impact the state of the health insurance marketplace. Policy observers see the next six months as hugely pivotal, with a series of actions and provisions potentially responsible for cutting enrollment in the Affordable Care Act exchange by one-third, said KFF President and CEO Drew Altman. Marketplace enrollment has increased 113% over the last five years to 24.3 million covered individuals. Enhanced premium tax credits are set to expire at the end of the year. If they do, enrollment in the ACA marketplace will decrease by 4.4 million people but save \$358 billion over a 10 year period. A proposed rule from the Trump administration could see 2.2 million (PDF) additional people lose coverage if finalized, reports the Congressional Budget Office. This rule, which has elements included in the bill, would shorten the open enrollment period, cause data verification inconsistencies and eliminate a special enrollment period, which drew criticism from insurer Oscar Health during its latest earnings call.

# Relevant News

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## Virtual Depression And Anxiety Programs Prove Effective But Costs Vary Wildly, PHTI Finds<sup>1</sup> *Fierce Healthcare | May 20, 2025*

An independent analysis found virtual mental health solutions for depression and anxiety effectively treat the conditions, but they vary widely in their economic impact. While some solutions could lower healthcare spending by a few million a year for commercial payers, the most commonly adopted solutions are driving up costs by \$25.6 million per year, the Peterson Health Technology Institute (PHTI) found in a new report. The PHTI is a third-party group that brings together payers, providers and vendors to assess the clinical evidence and economic impact of leading digital health solutions. The virtual mental health solutions for depression and anxiety report is the PHTI's fourth evaluation of digital health products since the start of 2024. It has previously reviewed market-leading solutions for diabetes, hypertension and musculoskeletal disorders. Depression and anxiety affect about 1 in 5 adults and cost employers \$240 billion per year in treatment costs and lost productivity, the report says. Research also suggests that for every \$1 payers spend on mental healthcare, they gain back \$4 in productivity. The proliferation of virtual mental health treatments since the COVID-19 pandemic has expanded access to mental healthcare for millions of Americans.

## The Companies Pushing MRI Scans And Blood Tests For Longevity<sup>2</sup> *Modern Healthcare | May 20, 2025*

A new cohort of companies is selling preventative MRIs and blood tests directly to patients. Their pitches focus on extending patients' lives by identifying tumors, cancers, and other diseases earlier than traditional tests given by primary care clinicians during annual physicals.

## AI In Medtech Is Booming. Track New Devices Here<sup>3</sup> *Medtech Dive | May 20, 2025*

Artificial intelligence has become a buzzword in the medtech industry as more medical devices incorporate the technology. Device companies are using AI to speed up imaging, triage CT scans for serious conditions and identify potential heart arrhythmias. The Food and Drug Administration is also fielding more submissions in recent years, with the 223 AI devices authorized in 2023 being the most in the agency's history. As of the FDA's latest data update in March, the device center had authorized more than 1,000 AI devices since 1995. The majority of AI devices are in radiology, but the technology is becoming more prevalent in other specialties, such as cardiology and neurology. Regulators face a challenge as generative AI, which can create text and images, and foundation models, large-scale models that can be used for numerous purposes, gain traction among developers. MedTech Dive is tracking the FDA's list of authorized AI technologies to understand which companies are developing the most AI devices and how those products are used.

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