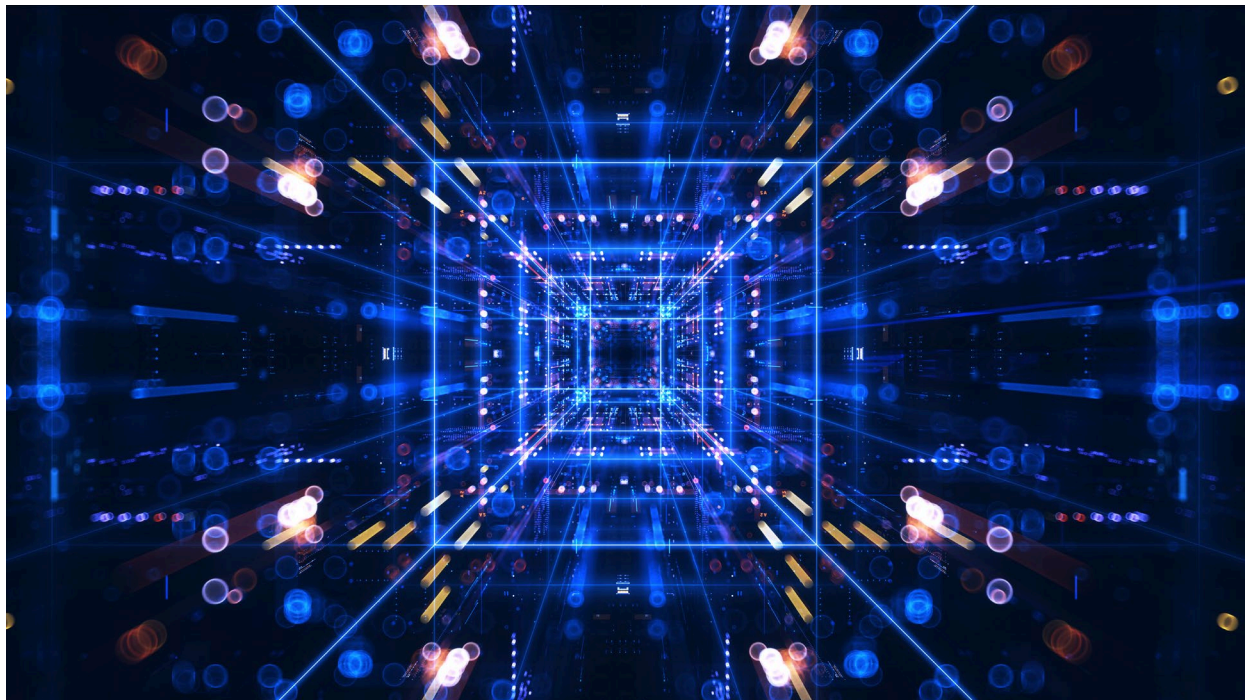


September 4, 2025

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Capitalism, Socialism, and Healthcare

Contents

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



Capitalism, Socialism, and Healthcare

Banker Commentary by Jim Moloney

Zohran Mamdani has captured the nation's attention as a socialist Democrat who is leading in the polls to be New York City's next mayor. Mamdani's platform is largely focused on socialist policies, which have historically failed to gain broad popular support — but today seems to be different. New York City is the commercial capital of the U.S. and, therefore, interesting to most of us, but it represents only about 4.7% of U.S. gross domestic product (GDP). While this mayoral election is intriguing, the more important story is the similar shift that is impacting the healthcare sector, which is 18% of U.S. GDP. Specifically, we are witnessing state-level healthcare policies that are shifting away from market-based solutions and toward more rigorous regulation and government mandates.

Recently we met with the business development team of a national hospital management company and asked if there any regions of the country in which they would not consider investing. Their answer was that Washington, Oregon, and California were considered “no-fly” zones for investment. They concluded that the regulatory and reimbursement environments in those states would not allow them to generate a sufficient return on invested capital to justify long-term investments in those markets. The specific policy concerns include onerous transaction review processes by these states' attorneys general, such as in California, or by new healthcare transaction review bodies such as the Office of Healthcare Affordability (OHA) in Oregon.

Those processes often result in approvals that are subject to conditions, such as the continuity of services (at the service line level) for a specific duration, requirements to participate in Medicare and Medicaid, requirements to maintain contracts with managed Medicaid plans, and periodic reviews of payer rate increases. In addition to these onerous and politically influenced review processes, California also requires all hospitals to comply with seismic standards that are prohibitively expensive for many hospitals and will potentially lead to many smaller and less well-capitalized hospitals to close prior the 2030 seismic deadline. However well-intended, the seismic regulations have been far too expensive and have added limited value to the California health system, other than adding considerable pressure on the cost of health care.

The U.S. economy has historically been more market-based than most other developed economies, and that has helped drive significantly greater wealth creation and growth than in peer economies. But the logic of a market-based economy is currently challenged by the significant disparities in wealth and income, much of which has been driven by “winner take most” sectors in technology. But the challenges of our healthcare system have also contributed to a view by many that market forces are not leading to the right economic results.

Healthcare has always been a particularly difficult sector of the economy, because a strict, market-based approach would result in a significant proportion of the population being unable to afford critical healthcare services, highlighting the age-old conundrum — is health care a human right or an

continued...

economic good? The answer is that it has some elements of both and that suggests that finding the right balance is the key to good policymaking. Unfortunately, recent high-profile bankruptcy filings of

Steward Healthcare, Prospect Medical, and Cano Health have led to the call for more regulation on healthcare companies, and particularly, of private-equity investments in healthcare. The reflexive reaction for many government regulators will be to impose more restrictive regulations on healthcare companies, especially those financed with private-equity capital.

While this is understandable, it is likely to be less effective than focusing on how to make market-based models work better. More transparent disclosure requirements of privately owned companies would decrease the likelihood of state health officials being caught off guard if large privately owned health care businesses begin to struggle financially. States, and their residents, would be better served if regulators focused more attention on market signals and how to make the healthcare markets in their states function more effectively than to continue to use increasingly onerous regulations to achieve politically motivated objectives.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
8/29/2025	Lewis Drug	Sanford Health	NA	NA	NA	Pharmacy and retail store chain with 60 locations throughout South Dakota, Iowa and Minnesota
8/28/2025	Westside Children's Therapy	Achieve Partners	NA	NA	NA	Children's therapy provider offering physical, occupational, speech, applied behavior analysis, diagnostic and counseling services
8/27/2025	Clarity Software Solutions (Morgan Stanley Capital Partners)	mPulse (PSG Equity)	NA	NA	NA	Technology-driven healthcare engagement through multimodal communications
8/27/2025	KabaFusion (Novo Holdings)	Nautic Partners	NA	NA	NA	Provider of essential chronic and acute infusion therapies in home and alternative site
8/26/2025	Medsphere Systems (certain assets)	CareCloud	NA	NA	NA	Provider of enterprise inpatient and ambulatory solutions
8/26/2025	Waltz Health (Blue Venture Fund and Galxy Ventures)	EVERSANA (JLL Partners and Water Street Healthcare Partners)	NA	NA	NA	Software-powered drug-price marketplaces and direct-to-payer model
8/25/2025	Blue Cross Blue Shield of North Dakota	Cambia Health Solutions	NA	NA	NA	Not-for-profit managed care plan serving North Dakota
8/25/2025	Innova Design	Medical Manufacturing Technologies (Arcline Investment Management)	NA	NA	NA	Provider of laser bonding for medical devices
8/25/2025	PatientPoint (L Catterton and Littlejohn & Co.)	Advent International	NA	NA	NA	Digital point-of-care network, strategically delivering behavior-changing content and measurable outcomes for patients, providers, and health brands
8/22/2025	restor3d (minority stake)	Partners Group	NA	NA	NA	Technology-driven personalized orthopedic solutions
8/21/2025	Oral Surgery Michiana	Allied OMS (65 Equity)	NA	NA	NA	Indiana based oral surgical centers
8/20/2025	HealthTronics	Secretariat Capital	NA	NA	NA	Provider of kidney stone management solutions to urologists, health systems, and patients
8/14/2025	Blue Cloud Pediatric Surgery	Great Hill Partners	NA	NA	NA	Operator of pediatric ambulatory surgery centers focused on dental and oral surgery
8/13/2025	PURE Healthcare	AleraCare (Hildred Capital Management)	NA	NA	NA	Medical group that delivers healthcare services for individuals with complex chronic conditions
8/13/2025	PhaseWell Research	Shore Capital Partners	NA	NA	NA	Clinical trial site network
8/12/2025	Evolve Orthopedic Partners	Zenyth Partners	NA	NA	NA	Physician-led management services organization for orthopedic practices and ambulatory surgery centers
8/12/2025	Solaris Health (Lee Equity Partners)	The Specialty Alliance (Cardinal Health)	\$1,900	NA	NA	Urology management service organization
8/6/2025	DentalXChange (Bregal Sagemount)	KKR	NA	NA	NA	Provider of revenue cycle management solutions for the dental market
8/5/2025	O.R. Staffing Solutions	Argosy Healthcare	NA	NA	NA	Provider of workforce solutions for operating rooms in acute care hospitals and ambulatory surgery centers

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
8/27/2025	Assort Health	Lightspeed Ventures (lead)	Series B	\$50	AI-assisted patient communications solutions
8/21/2025	Wellth	Mercato Partners (lead), FCA Venture Partners, Comcast Ventures, SignalFire, NY Life, and CD-Venture	Series C	\$36	Digital health company helping high-risk populations build lasting healthy habits through daily care motivation
8/18/2025	Medallion	Acrew Capital (lead), Washington Harbour Partners and insiders, including Sequoia Capital, GV, Spark Capital, NFDG, and others	Undisclosed	\$43	AI-powered infrastructure platform that automates provider network operations, including credentialing, enrollment, and monitoring
8/18/2025	eMed Population Health	Aon	Strategic	Undisclosed	End-to-end GLP-1 care platform built on AI
8/14/2025	Citizen Health	8VC (lead), Transformation Capital and Headline	Series A	\$30	Patient-powered platform transforming rare disease care
8/13/2025	Fountain Life	EOS Ventures (lead)	Series B	\$13	Diagnostics and preventative health firm
8/12/2025	Arintra	Peak XV Partners (lead), Endeavor Health Ventures, Y Combinator, Counterpart Ventures, Spider Capital, Ten13	Series A	\$21	GenAI-native autonomous medical coding platform for healthcare providers
8/7/2025	August Health	Base10 Partners (lead), General Catalyst, Matrix Partners, Equitage Ventures, the Senior Living Transformation Company, and Stanford University	Series B	\$29	Provider of software services to senior living operators
8/6/2025	Positive Development	aMoon Fund, B Capital, and Flare Capital Partners (co-leads), Digitalis Ventures and Healthworx	Series C	\$52	Provider of tech and AI-enabled autism developmental therapy for children and families
7/31/2025	Carbyne	AT&T Ventures, Axon Enterprise, Cox Enterprises, Global Medical Response, Hanaco Growth, Hercules Capital, RCM Private Markets Fund, SVB	Undisclosed	\$100	Provider of cloud-native emergency communications and response solutions
7/29/2025	Arbital Health	Valtruis (lead), Transformation Capital, Shaper Capital, and Healthy Ventures	Series B	\$31	Provider of infrastructure for healthcare providers and payers to successfully manage risk-based contracts
7/29/2025	Small Door Veterinary	Equity: Valspring Capital (lead), Primary Venture Partners, C&S Family Capital, Lerer Hippeau, and Toba Capital Debt: Bridge Bank	Equity: \$35 Debt: \$20	\$55	Membership-based veterinary care company
7/23/2025	Aidoc	General Catalyst and Square Peg (co-leads), NVentures, Hartford HealthCare, Mercy, Sutter, WellSpan	Debt and Equity	\$150	Provider of AI clinical solutions
7/23/2025	Charta Health	Bain Capital Ventures (lead), Madrona, SV Angel, Refract Ventures, and South Park Commons	Series A	\$22	AI-enabled platform that automates billing and coding workflows
7/22/2025	AbsoluteCare	Kinderhook Industries, CVS Health Ventures, Pacific Life, and Lexington Partners	Undisclosed	\$135	Tech and data-enabled value-based care platform
7/21/2025	Fortuna	Andreessen Horowitz (lead)	Series A	\$18	Medicaid navigation platform
7/16/2025	evolvedMD	Goldman Sachs Alternatives (lead), Conductive Ventures, FCA Venture Partners, Healthworx Ventures, Tectonic Ventures, and Waterline Ventures	Series B	\$34	Collaborative care management provider that integrates mental health into primary care and other specialties
7/18/2025	Numan	Equity: Big Pi Ventures Debt: HSBC Innovation Banking	Equity and Debt	\$57	Digital healthcare platform focused on weight loss

Equity Capital Markets

Market Overview

- Last week, the summer slowdown was in full effect as the week before Labor Day is one of the slowest weeks of the year in ECM, comparable to only late December:
 - Last week: 0 IPOs; 1 follow-on; 0 converts
- Evolent Health priced \$145 MM in convertible senior notes due in 2031, which will be used to repurchase existing notes and common stock
- Two-thirds of the way through the year, ECM issuance is up 20% compared to last year
 - We expect to continue to see a large influx of new issues across all sectors in the final third of 2025, given the strong backlog of public filings

ECM Activity (Last 4 Weeks & YoY)

	2025 - Last 4 Weeks			2024 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,919	4	10%	26	1	0%
CONV	8,890	13	45%	1,881	5	21%
FO	9,165	31	46%	7,095	21	79%
Total	19,974	48	100%	9,002	27	100%

	2025 YTD			2024 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	20,076	40	12%	20,703	40	15%
CONV	54,746	65	34%	40,831	61	30%
FO	87,449	176	54%	72,528	223	54%
Total	162,271	281	100%	134,062	324	100%

Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
8/7/2025	Heartflow	Medical Products	HTFL	\$364.2	\$1,531.7	23.8%	100.0%	\$19.00	\$17.00 - \$18.00	51.3%	77.3%
7/30/2025	Shoulder Innovations	Medical Products	SI	\$75.0	\$303.4	24.7%	100.0%	\$15.00	\$19.00 - \$21.00	0.3%	(12.9%)
7/22/205	Carlsmed	Medical Products	CARL	\$100.5	\$397.7	25.3%	100.0%	\$15.00	\$14.00 - \$16.00	(3.3%)	(3.3%)
6/17/2025	Caris Life Sciences	Healthcare Technology	CAI	\$568.2	\$5,836.6	9.7%	100.0%	\$21.00	\$19.00 - \$20.00	33.3%	31.9%
6/5/2025	Omada Health	Healthcare Technology	OMDA	\$172.6	\$1,059.1	16.3%	100.0%	\$19.00	\$18.00 - \$20.00	21.1%	(9.6%)

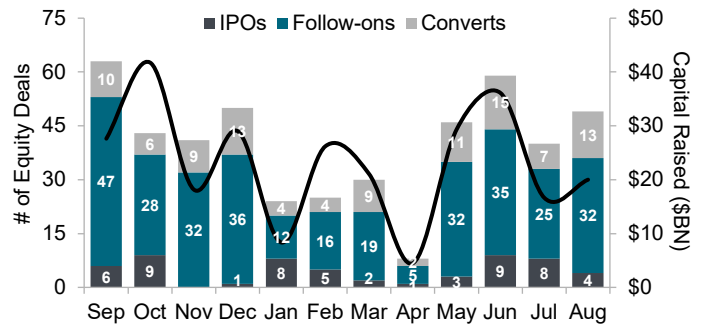
Most Recent Healthcare Follow-on Offerings (\$MM)

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
8/13/2025	Solventum	Medical Products	Bought	SOLV	\$648.1	\$12,896.6	5.0%	0.0%	(1.0%)	(0.6%)	(1.1%)
7/24/2025	Absci	Healthcare Technology	Marketed	ABSI	\$50.0	\$506.2	9.9%	100.0%	(14.5%)	(3.7%)	(5.7%)
6/10/2025	Brightspring Health Services	Services	Marketed	BTSG	\$350.2	\$3,923.0	8.9%	0.0%	(2.2%)	0.6%	(1.8%)
5/22/2025	Guardian Pharmacy Services	Services	Marketed	GRDN	\$157.5	\$1,429.0	11.0%	0.0%	(20.8%)	4.5%	1.9%
5/15/2025	Senseonics	Medical Products	Marketed	SENS	\$57.5	\$437.0	13.2%	100.0%	(9.1%)	6.0%	5.0%

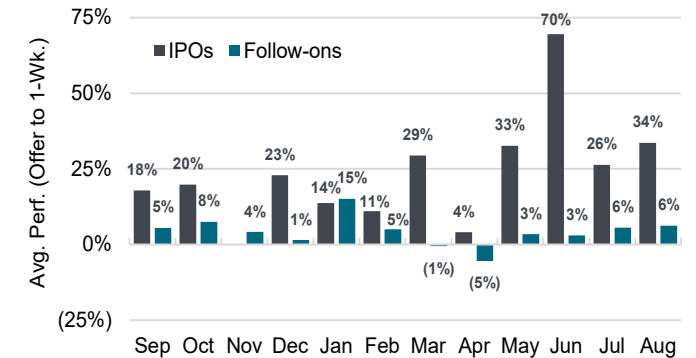
Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
8/19/2025	Evolent Health	Services	EVH	\$145.0	\$1,059.9	13.7%	4.50%	50.00%
6/30/2025	Tempus AI	Healthcare Technology	TEM	\$750.0	\$10,999.8	6.8%	0.75%	32.50%
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%

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 \$25MM or more priced on a U.S.-based exchange; Price performance includes both marketed and bought deal follow-ons; * denotes Cain Brothers / KBCM transaction; excludes SPACs and fixed price IPOs

Transaction occurred the past week

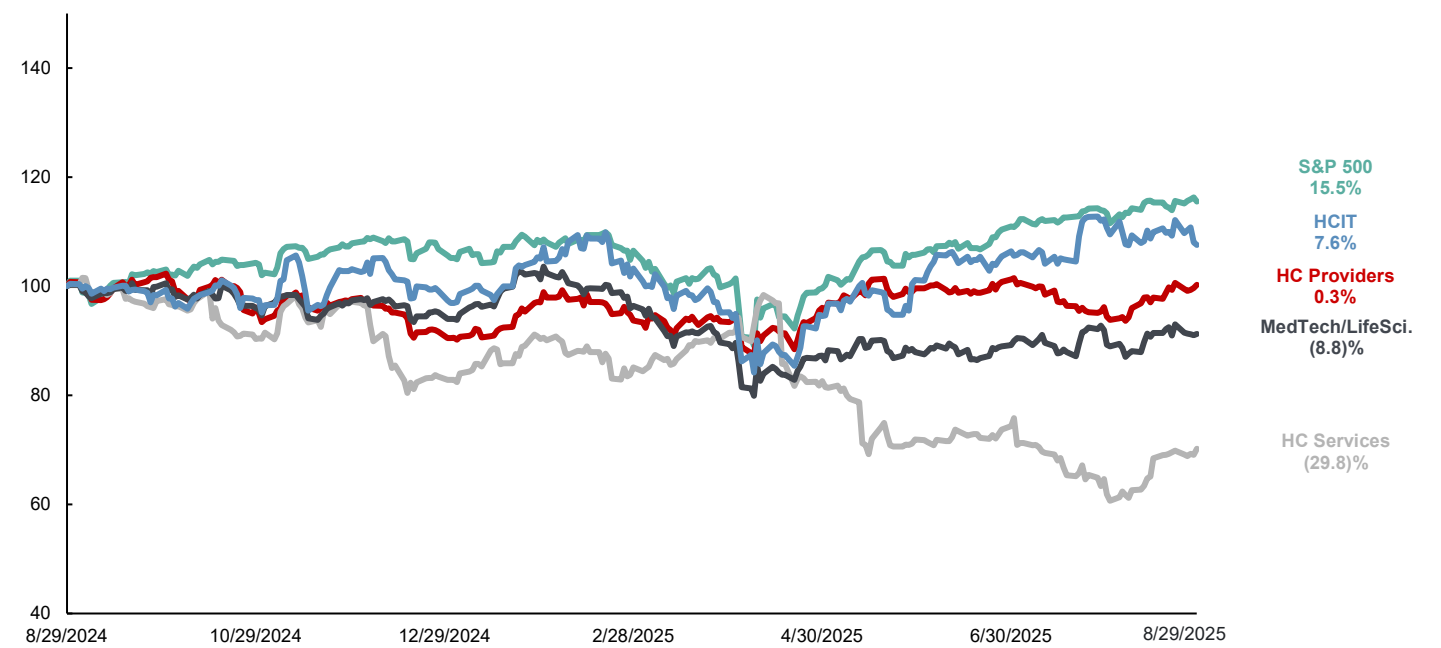
Public Equity Indices

Equity Indices (as of August 29, 2025)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	45,632	45,545	10.2%	(0.2%)
S&P 500	6,467	6,460	15.5%	(0.1%)
NASDAQ	21,497	21,456	22.5%	(0.2%)
Russell 2000	2,362	2,366	7.4%	0.2%
NYSE Healthcare	24,271	24,147	(14.6%)	(0.5%)

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	(8.1%)	(0.1%)
Alternate Site Services	(15.2%)	(1.4%)
Diagnostics	9.7%	(0.1%)
Distribution	18.9%	(0.2%)
Healthcare IT	7.5%	(4.1%)
Healthcare REITs	37.1%	1.7%
Managed Care	(43.2%)	0.5%
Medical Technology	(7.8%)	(2.3%)
Outsourced Services	(29.5%)	(0.7%)
Pharma Services	(16.6%)	0.5%
Pharmacy	26.4%	2.5%
Primary Care	(48.8%)	1.4%
Post-Acute Care Services	14.0%	(1.2%)
Post-Acute Care Facilities	7.6%	(1.2%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- IG primary market activity essentially shut down prior to Labor Day Weekend, with four issuers raising \$3.4BN.

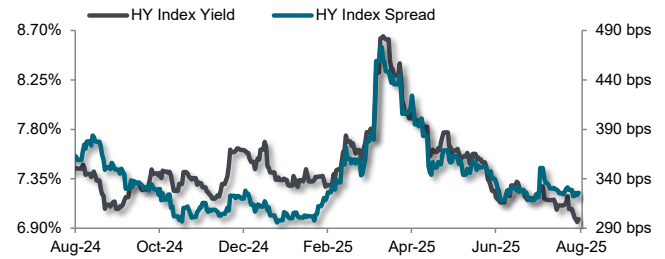
High Yield

- The high yield primary market was shut for the second consecutive week last week to wrap up the annual "summer slowdown" precluding Labor Day.

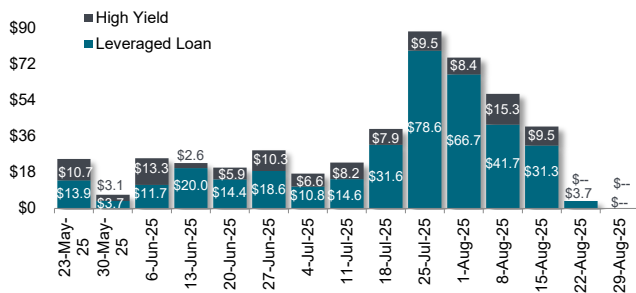
Term Loan B Market

- CLO issuance has remained strong throughout 2025, and spreads have come back down since May after ticking upwards from 2025 lows reached in February.

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q25	2Q25	30-Day Rolling Average
			08/29/25
Ba1	S+233 / 6.7%	S+265 / 7.1%	S+225 / 6.7%
Ba2	S+199 / 6.4%	S+230 / 6.6%	S+207 / 6.5%
Ba3	S+232 / 6.7%	S+268 / 7.2%	S+250 / 6.9%
Single-B Issuers	1Q25	2Q25	30-Day Rolling Average
			08/29/25
B1	S+278 / 7.2%	S+317 / 7.7%	S+258 / 7.0%
B2	S+333 / 7.7%	S+340 / 7.8%	S+316 / 7.6%
B3	S+357 / 7.9%	S+378 / 8.4%	S+349 / 8.0%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
8/18/2025	Eli Lilly & Co	Sr Notes	\$1,000	Aa3/A+/-	4.000%	10/15/2028	+28	27 bps
8/18/2025	Eli Lilly & Co	Sr Notes	\$750	Aa3/A+/-	FRN	10/15/2028	SOFR+53	27 bps
8/18/2025	Eli Lilly & Co	Sr Notes	\$750	Aa3/A+/-	4.250%	3/15/2031	+40	25 bps
8/18/2025	Eli Lilly & Co	Sr Notes	\$1,000	Aa3/A+/-	4.550%	10/15/2032	+48	27 bps
8/18/2025	Eli Lilly & Co	Sr Notes	\$1,250	Aa3/A+/-	4.900%	10/15/2035	+57	28 bps
8/18/2025	Eli Lilly & Co	Sr Notes	\$1,000	Aa3/A+/-	5.550%	10/15/2055	+65	30 bps
8/18/2025	Eli Lilly & Co	Sr Notes	\$1,000	Aa3/A+/-	5.950%	10/15/2065	+73	32 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
7/28/2025	CHS/Community Health Systems	Sr. Sec. Notes	\$1,790	Caa1/B-/NR	9.750%	1/15/2034	533 bps	9.50% area
7/24/2025	Patterson Cos	Sr. Sec. Notes	\$500	B2/B/NR	8.750%	4/17/2032	572 bps	8.75% cpn @ 93-94
7/23/2025	Team Health	Sr. Sec. Notes	\$430	NR/B-/B-	8.375%	6/30/2028	455 bps	8.50% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
8/14/2025	MDVIP *	Goldman Sachs	B3 / B	Extension	\$910	SOFR+300, 0.5% @ 99.5	7.485%
8/14/2025	Precision Medicine Group	Not Sponsored	B2 / B-	Dividend Recap	\$800	SOFR+350, 0% @ 99.5	7.985%

Most Recent Healthcare Pro Rata Issuances (\$MM)

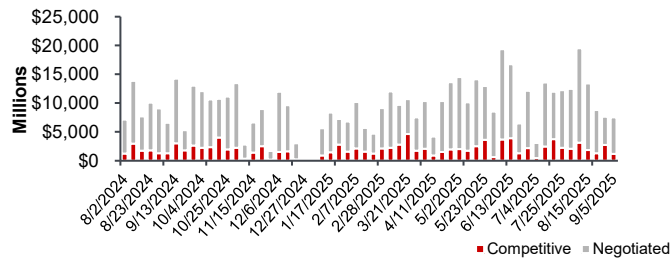
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
8/12/2025	Molina Healthcare	Public	Ba2 / BB	Share Repurchase	\$500mm 2-year TLA	Leverage-based Grid SOFR+150-175 Opens at SOFR+150	Max. Net Leverage Ratio: 4.00x Min. Interest Coverage Ratio: 3.50x

Public Finance Market

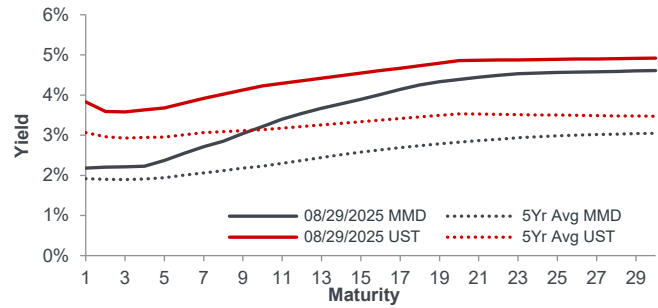
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 3 bps week-over-week, closing at 4.23% on Friday. 10-year MMD decreased 1 bp week over week
- Healthcare Public Issuance in 2024 increased 143% vs 2023. YTD 2025 Issuance through the end of August was 25% higher than YTD 2024 through the end of August.
- Muni bond funds gained \$591 MM and high yield funds gained \$126 MM for the week ended August 29th.

Weekly New Issue Volume (\$MM)



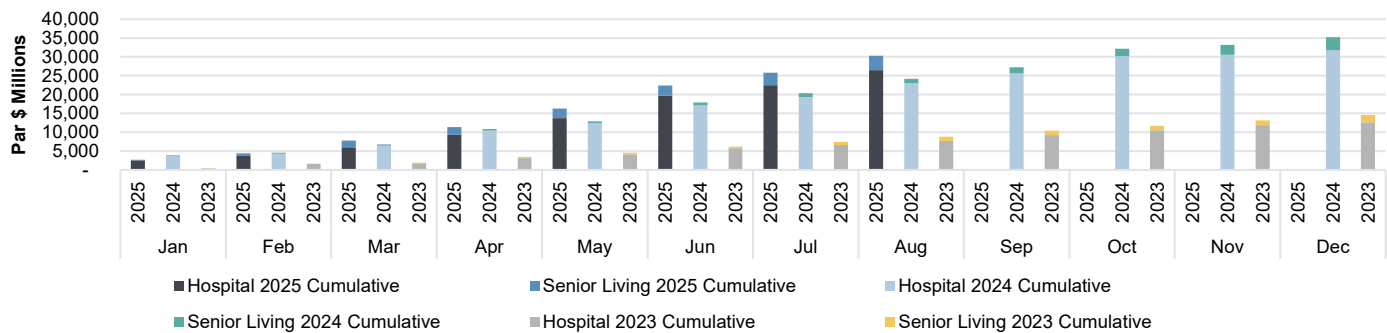
MMD & UST Yield Curve



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/ UST
2	3.59%	(9 bps)	2	2.20%	1 bps	61%
10	4.23%	(3 bps)	10	3.22%	(1 bps)	76%
30	4.92%	4 bps	30	4.61%	0 bps	94%

Healthcare Public Issuance Overview



Recent Healthcare Public Issuance

Healthcare Public Issuance										
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
Recent Pricings, Week of 8/25										
Delaware Valley Hospital, Inc.	50,000	NY	DCCRC	TE	NR / NR / NR	2055	2026(C)	8.38%	8.38%	N/A
Healthcore NorthBay Properties	22,010	CA	CMFA	TE	NR / NR / NR	2035	MWC	5.69%	5.69%	N/A
Exp. Pricings, Week of 9/1										
No Expected Pricings	-	-	-	-	-	-	-	-	-	-

Relevant News

AI Is Healthcare's Mirror: Fixing Claims Starts With Fixing The Data¹

Forbes | August 29, 2025

Ask a healthcare executive what AI is doing for the industry today, and you're likely to hear headline-grabbing use cases: drug discovery, personalized primary care, chatbot triage, AI-enabled therapy, etc. There's no shortage of examples that draw investor enthusiasm and generate media buzz. But they rarely touch one of healthcare's most expensive administrative failures: claims processing. The U.S. healthcare system spends about \$200 billion each year on claims-related overhead tied to data errors, and up to 90% of that is labor-driven. Providers often bear the brunt, with every mispayment carrying downstream costs from staff burnout to compliance exposure and negative patient experiences. Investment in AI-driven claims processing is accelerating—led by solutions that promise to adjudicate claims more accurately than human adjusters. But the effectiveness of these solutions will remain capped by the quality of data infrastructure they stand on.

How Healthcare Accelerator Programs Are Changing Care²

MIT Technology Review | September 2, 2025

As healthcare faces mounting pressures, from rising costs and an aging population to widening disparities, forward thinking innovations are more essential than ever. Accelerator programs have proven to be powerful launchpads for health tech companies, often combining resources, mentorship, and technology that startups otherwise would not have access to. By joining these fast-moving platforms, startups are better able to rapidly innovate, enhance, and scale their healthcare solutions, bringing transformative approaches to hospitals and patients faster. Healthcare accelerator programs offer a powerful combination of guidance, resources, and connections to help early-stage startups grow, scale, and succeed in a complex industry.

Hospital Referrals For Patients With Serious Mental Illness³

McKnight's Long-Term Care News | August 26, 2025

Hospitals with preferred provider networks often push patients with severe mental illness to non-affiliated nursing homes, but regulatory and payment incentives may be changing that trend. A new study shows that hospital patients with behavioral health needs and one of six conditions targeted by the Centers for Medicare & Medicaid Services in a readmission reduction program more often find placement with in-network skilled nursing facilities. Nursing homes can seize on that finding to improve market share and patient care, researchers reported in the August edition of Health Services Research. "Our results suggest that hypothesized benefits that come from concentrated investments in transitional care practices — a key benefit of preferred partner status — may not systematically extend to individuals with mental and behavioral health conditions," found the team, led by Taylor Bucy, PhD, assistant professor at the University of Kansas School of Medicine.

Relevant News

‘Daunting’ Healthcare Costs Exceed Employer Projections¹

HR Dive | August 21, 2025

Actual cost increases for employer-sponsored health insurance at the largest U.S. employers exceeded expectations in 2024, depicting a dire picture for the future of the industry, leaders at the Business Group on Health said in a press conference Tuesday. BGH announced the results of its latest annual healthcare benefits survey during the event. The topline finding is that large employers within the group's membership experienced median cost increases of 7.5% in 2024, up from 6.8% in 2023 and north of the projected 6.5% increase that employers projected for the year after adjusting their plan designs. Last year marked the second consecutive year in which spending increases exceeded projections, Ellen Kelsay, president and CEO of BGH, said during the event. And the trend is expected to continue into 2026, with employers forecasting a median increase of 7.6% after plan design changes — the highest single-year projection in more than a decade, per Kelsay.

Nearly 30% Of Nursing Homes Report Daily Medicare Advantage Denials, Delays ²

Skilled Nursing News | August 28, 2025

Medicare Advantage (MA) plans, which cover a majority of Medicare enrollees, are denying or delaying medically necessary post-acute care with alarming frequency. That's according to a survey from the American Health Care Association (AHCA), the nation's largest nursing home provider association. The survey went to 363 nursing home providers in May 2025. Of these providers, 37% reported they received weekly denials, 29% reported daily denials, and 17% reported monthly denials. The survey also found that 67% of skilled nursing providers had a patient's coverage pulled too soon during their nursing home stay, often against medical advice. "This constant hoop jumping is resulting in too many skilled nursing patients being discharged too soon against medical advice, threatening their recovery," said Clif Porter, president and CEO of AHCA, in a press release announcing the results.

Medicare ACOs Saved \$2.4B In 2024, Setting A New Record For The Program³

Fierce Healthcare | August 29, 2025

Accountable care organizations saved Medicare \$2.4 billion last year, according to new federal data. The Centers for Medicare & Medicaid Services released (PDF) the latest results from the Medicare Shared Savings Program, which shows that 75% of the 476 participating ACOs earned \$4.1 billion in performance payments. These organizations represent 80% of the 10.3 million beneficiaries assigned to an ACO. The Centers for Medicare & Medicaid Services (CMS) said this is the highest share of ACOs that earned payments as well as the largest amount of savings generated in the program since it was formed. The organizations generated \$241 in net per capita savings and \$643 in gross per capita savings for 2024, according to the report.

September 19, 2025

Cain Brothers Industry Insights

Healthcare Market Report



Banker commentary:

Big Tech's AI Spend and the Coming Transformation of U.S. Healthcare

Contents

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



Big Tech's AI Spend and the Coming Transformation of U.S. Healthcare

Banker Commentary by Jill Frew

The U.S. healthcare industry generates staggering volumes of data. McKinsey estimates the industry produces roughly 30% of all global data (more than any other industry) and that its data volume is growing at a 36% compound annual rate. Hospitals alone spend more than \$500 billion annually on administrative expenses, such as claims processing and documentation, in part because they rely on manual processes and labor to process and verify data. Reducing these costs is a key target for artificial intelligence (AI) companies, and it explains why Big Tech and leading AI companies building Large Language Models (LLMs) are pouring unprecedented amounts of capital into AI infrastructure.

The rapid acceleration of AI usage is expected to have profound implications on the healthcare industry, where AI is driving massive gains in workforce productivity. More than 70% of physicians are using AI, nearly twice the percentage from a year ago. Healthcare leaders are increasing spend on AI, and a crowded universe of well-capitalized AI companies have emerged to address a broad range of administrative and clinical use cases.

A Capital-Intensive AI Arms Race

LLMs need vast computational resources. The biggest models require thousands of graphics processing units ("GPUs"), specialized chips, and facilities capable of consuming massive amounts of power. Leading technology firms view these investments as essential to owning the future of AI, and 2025 is turning out to be a watershed year. Earlier this month, OpenAI informed investors its projected cash burn over the next four years is estimated to total \$115 billion. Regardless, investors are valuing OpenAI at approximately \$500 billion. The four largest U.S. tech firms plan to spend over \$320 billion on AI infrastructure in 2025, a 40% increase from 2024.

These investments reflect a recognition that generative AI will reshape business and consumer services. Meta executives noted that hyperscalers, like Amazon Web Services and Google, are already ordering "tens of thousands of GPUs" to train their models, and Microsoft plans to funnel much of its \$80 billion into U.S. facilities that will house AI workloads. Record levels of investment suggest that AI has moved from experimental to essential infrastructure. The scale of spending resembles the build-out of railroads and electricity grids. Hyperscalers hope to amortize costs by renting equipment to partners, and healthcare providers may become both data suppliers and customers.

Big Tech Investments in Healthcare AI

Several healthcare-focused AI companies with industry-focused LLMs have emerged in recent years, including OpenEvidence, Tempus AI, Abridge, and Hippocratic AI. While these specialized models are reporting significant growth, Big Tech is investing heavily in healthcare LLMs and the infrastructure needed to support these platforms.

continued...

- Nvidia is a key provider of the GPU hardware powering healthcare AI infrastructure for drug discovery, medical imaging, and surgical robotics. Nvidia estimates that healthcare represents a \$100 billion AI opportunity.
- Alphabet is building specialized AI models for healthcare, such as MedLM, and has developed tools for analyzing medical imaging and patient records. Its consumer products also feature AI-powered health tracking.
- Microsoft is integrating its generative AI solution, DAX Copilot, into the clinical workflows of over 500 healthcare organizations. In addition, it provides crucial cloud infrastructure (Azure) that supports LLM development.
- OpenAI's healthcare ambitions reflect a larger pivot: OpenAI wants to own not just foundation models, but also the infrastructure and AI applications built on top of them. OpenAI recently hired one of the founders of Doximity and Instagram's co-head of healthcare.
- Amazon provides a medical transcription tool (HealthScribe) and is testing a chatbot called Health AI to provide medical advice and suggest products to users.

Implications for Healthcare

Healthcare is uniquely positioned to benefit from Big Tech's massive AI investments. The industry produces over 10 zettabytes of structured and unstructured data from several sources including EHRs, billing codes, and clinician notes. Training LLMs on this data requires the type of large-scale computers that only Big Tech companies can provide.

The coming wave of AI infrastructure spending signals that Big Tech companies see healthcare as a prime market. Those who harness these capabilities early could differentiate on both operational efficiency and patient experience, making this an essential frontier for both investors and healthcare leaders.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
9/10/2025	CPS Infusion	Seven Hills Capital	NA	NA	NA	Provider of infusion therapy
9/10/2025	Springbuk	Truven (Francisco Partners)	NA	NA	NA	Health intelligence platform for employers and their advisors
9/9/2025	WestStar Physical Therapy Network	Accord Asset Partners and Paras Capital Partners	NA	NA	NA	Physical therapy provider specializing in workers' compensation and auto injury patients
9/5/2025	Reliant Specialty Infusion	Shore Capital Partners	NA	NA	NA	Provider of ambulatory infusion services
9/4/2025	AccessOne Parent (Frontier Growth)	Phreesia	\$160	4.6x	14.5x	Financing solutions for healthcare receivables
9/4/2025	Evernorth Care Group (Cigna)	HonorHealth*	NA	NA	NA	Integrated primary care of clinics serving 80,000 patients in Arizona
9/3/2025	CPS Infusion	Seven Hills Capital	NA	NA	NA	Provider of outpatient infusion therapy for rare and chronic disease patients
9/3/2025	OrthoNOW	Redwood Growth Partners	NA	NA	NA	Orthopedic urgent care network in South Florida
9/3/2025	Thirty Madison	Remedy Meds	\$500	NA	NA	Telehealth capabilities across men's, women's, and metabolic health
9/2/2025	Shields Health Solutions	Evernorth Health Services (Cigna)	\$3,500	NA	NA	Specialty pharmacy management company
8/29/2025	Lewis Drug	Sanford Health	NA	NA	NA	Pharmacy and retail store chain with 60 locations throughout South Dakota, Iowa and Minnesota
8/28/2025	Westside Children's Therapy	Achieve Partners	NA	NA	NA	Children's therapy provider offering physical, occupational, speech, applied behavior analysis, diagnostic and counseling services
8/27/2025	Clarity Software Solutions (Morgan Stanley Capital Partners)	mPulse (PSG Equity)	NA	NA	NA	Technology-driven healthcare engagement through multimodal communications
8/27/2025	KabaFusion (Novo Holdings)	Nautic Partners	NA	NA	NA	Provider of essential chronic and acute infusion therapies in home and alternative site
8/26/2025	Medsphere Systems (certain assets)	CareCloud	NA	NA	NA	Provider of enterprise inpatient and ambulatory solutions
8/26/2025	Waltz Health (Blue Venture Fund and Galxy Ventures)	EVERSANA (JLL Partners and Water Street Healthcare Partners)	NA	NA	NA	Software-powered drug-price marketplaces and direct-to-payer model
8/25/2025	Blue Cross Blue Shield of North Dakota	Cambia Health Solutions	NA	NA	NA	Not-for-profit managed care plan serving North Dakota
8/25/2025	Innova Design	Medical Manufacturing Technologies (Arcline Investment Management)	NA	NA	NA	Provider of laser bonding for medical devices
8/25/2025	PatientPoint (L Catterton and Littlejohn & Co.)	Advent International	NA	NA	NA	Digital point-of-care network, strategically delivering behavior-changing content and measurable outcomes for patients, providers, and health brands

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
9/12/2025	Unmind	Trinity Capital	Growth	\$20	Workplace mental health platform powered by AI
9/11/2025	Diana Health	HealthQuest Capital (lead), Norwest Venture Partners, .406 Ventures, LRVHealth, AlleyCorp	Series C	\$55	Network of women's health practices working in partnership with hospitals
9/9/2025	GEOH	Council Capital	Undisclosed	\$30	Providers of practice management software and services for home care agencies
9/9/2025	Harbor Health	General Catalyst, 8VC, and Alta Partners (co-leads), DFO Management	Undisclosed	\$130	Primary and specialty care clinic group and health insurance company
9/9/2025	Strive Health	New Enterprise Associates (lead), CVS Health Ventures, CapitalG, Echo Health Ventures, Town Hall Ventures, Redpoint	Series D	\$300	Value-based kidney care
9/9/2025	Strive Health	Hercules Capital	Debt	\$250	Value-based kidney care
9/3/2025	XiFin	Goldman Sachs External Investing Group and Avista Healthcare Partners	Undisclosed	Undisclosed	Revenue cycle management and billing solutions enhanced with embedded AI
8/27/2025	Assort Health	Lightspeed Ventures (lead)	Series B	\$50	AI-assisted patient communications solutions
8/21/2025	Wellth	Mercato Partners (lead), FCA Venture Partners, Comcast Ventures, SignalFire, NY Life, and CD-Venture	Series C	\$36	Digital health company helping high-risk populations build lasting healthy habits through daily care motivation
8/18/2025	Medallion	Acrew Capital (lead), Washington Harbour Partners and insiders, including Sequoia Capital, GV, Spark Capital, NFDG, and others	Undisclosed	\$43	AI-powered infrastructure platform that automates provider network operations, including credentialing, enrollment, and monitoring
8/18/2025	eMed Population Health	Aon	Strategic	Undisclosed	End-to-end GLP-1 care platform built on AI
8/14/2025	Citizen Health	8VC (lead), Transformation Capital and Headline	Series A	\$30	Patient-powered platform transforming rare disease care
8/13/2025	Fountain Life	EOS Ventures (lead)	Series B	\$13	Diagnostics and preventative health firm
8/12/2025	Arintra	Peak XV Partners (lead), Endeavor Health Ventures, Y Combinator, Counterpart Ventures, Spider Capital, Ten13	Series A	\$21	GenAI-native autonomous medical coding platform for healthcare providers
8/7/2025	August Health	Base10 Partners (lead), General Catalyst, Matrix Partners, Equitage Ventures, the Senior Living Transformation Company, and Stanford University	Series B	\$29	Provider of software services to senior living operators
8/6/2025	Positive Development	aMoon Fund, B Capital, and Flare Capital Partners (co-leads), Digitalis Ventures and Healthworx	Series C	\$52	Provider of tech and AI-enabled autism developmental therapy for children and families
7/31/2025	Carbyne	AT&T Ventures, Axon Enterprise, Cox Enterprises, Global Medical Response, Hanaco Growth, Hercules Capital, RCM Private Markets Fund, SVB	Undisclosed	\$100	Provider of cloud-native emergency communications and response solutions
7/29/2025	Arbital Health	Valtruis (lead), Transformation Capital, Shaper Capital, and Healthy Ventures	Series B	\$31	Provider of infrastructure for healthcare providers and payers to successfully manage risk-based contracts
7/29/2025	Small Door Veterinary	Equity: Valspring Capital (lead), Primary Venture Partners, C&S Family Capital, Lerer Hippeau, and Toba Capital Debt: Bridge Bank	Equity: \$35 Debt: \$20	\$55	Membership-based veterinary care company

Equity Capital Markets

Market Overview

- Last week, a myriad of new issue equity offerings priced across all deal types and sectors as indices continued to hit new all-time highs in anticipation of the Fed officially announcing a rate cut at this week's meeting:
 - Last week: 6 IPOs; 13 follow-ons; 6 converts
- Waystar priced a \$709 MM bought deal follow-on offering which featured 100% secondary proceeds offering liquidity to their sponsors (Bain, CPP and EQT) → This marks the third sell-down offering following their IPO in June 2024
- We expect the trend of robust ECM issuance to continue in the near-future with stocks at all-time-highs and rate cuts on the horizon

ECM Activity (Last 4 Weeks & YoY)

	2025 - Last 4 Weeks			2024 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	3,316	6	17%	809	3	5%
CONV	9,049	16	47%	2,985	4	18%
FO	7,052	25	36%	13,155	29	78%
Total	19,417	47	100%	16,949	36	100%

	2025 YTD			2024 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	23,416	46	13%	21,512	43	14%
CONV	62,535	78	35%	43,816	65	29%
FO	93,622	196	52%	84,345	249	56%
Total	179,573	320	100%	149,673	357	100%

Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance		
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week	
8/7/2025	Heartflow	Medical Products	HTFL	\$364.2	\$1,531.7	23.8%	100.0%	\$19.00	\$17.00 - \$18.00	51.3%	77.3%	
7/30/2025	Shoulder Innovations	Medical Products	SI	\$75.0	\$303.4	24.7%	100.0%	\$15.00	\$19.00 - \$21.00	0.3%	(12.9%)	
7/22/205	Carlsmed	Medical Products	CARL	\$100.5	\$397.7	25.3%	100.0%	\$15.00	\$14.00 - \$16.00	(3.3%)	(3.3%)	
6/17/2025	Caris Life Sciences	Healthcare Technology	CAI	\$568.2	\$5,836.6	9.7%	100.0%	\$21.00	\$19.00 - \$20.00	33.3%	31.9%	
6/5/2025	Omada Health	Healthcare Technology	OMDA	\$172.6	\$1,059.1	16.3%	100.0%	\$19.00	\$18.00 - \$20.00	21.1%	(9.6%)	

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
9/11/2025	Waystar Holding	Healthcare Technology	Bought	WAY	\$709.2	\$7,056.7	10.1%	0.0%	(2.7%)	(5.2%)	-
9/3/2025	Sotera Health	Medical Products	Bought	SHC	\$307.0	\$4,539.1	6.8%	0.0%	(3.9%)	1.0%	2.5%
8/13/2025	Solventum	Medical Products	Bought	SOLV	\$648.1	\$12,896.6	5.0%	0.0%	(1.0%)	(0.6%)	(1.1%)
7/24/2025	Absci	Healthcare Technology	Marketed	ABSI	\$50.0	\$506.2	9.9%	100.0%	(14.5%)	(3.7%)	(5.7%)
6/10/2025	Brightspring Health Services	Services	Marketed	BTSG	\$350.2	\$3,923.0	8.9%	0.0%	(2.2%)	0.6%	(1.8%)

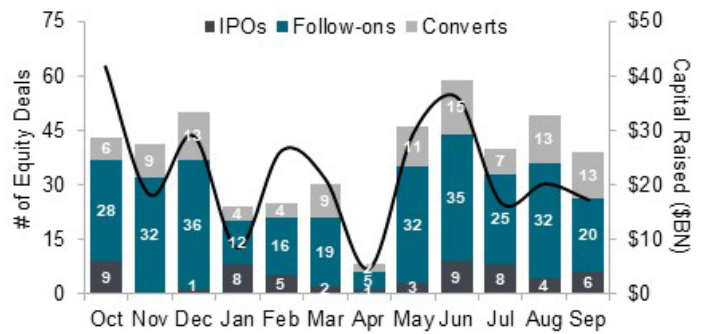
Most Recent Healthcare Convertible Debt Offerings (\$MM)

Issuer Information				Deal Sizing			Pricing	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	Coupon	Premium
8/19/2025	Evolent Health	Services	EVH	\$145.0	\$1,059.9	13.7%	4.50%	50.00%
6/30/2025	Tempus AI	Healthcare Technology	TEM	\$750.0	\$10,999.8	6.8%	0.75%	32.50%
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%

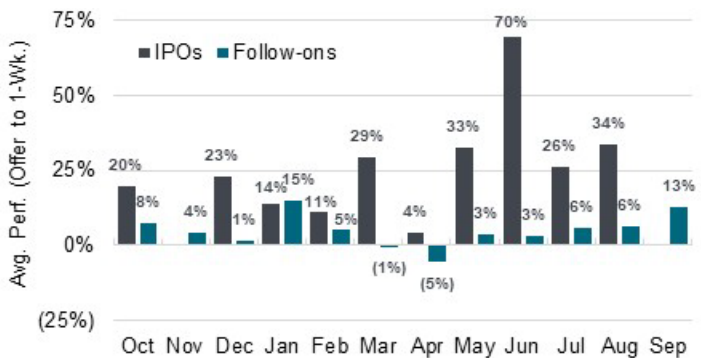
Sources: Bloomberg, Capital IQ, Dealogic, and Press Releases

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

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



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



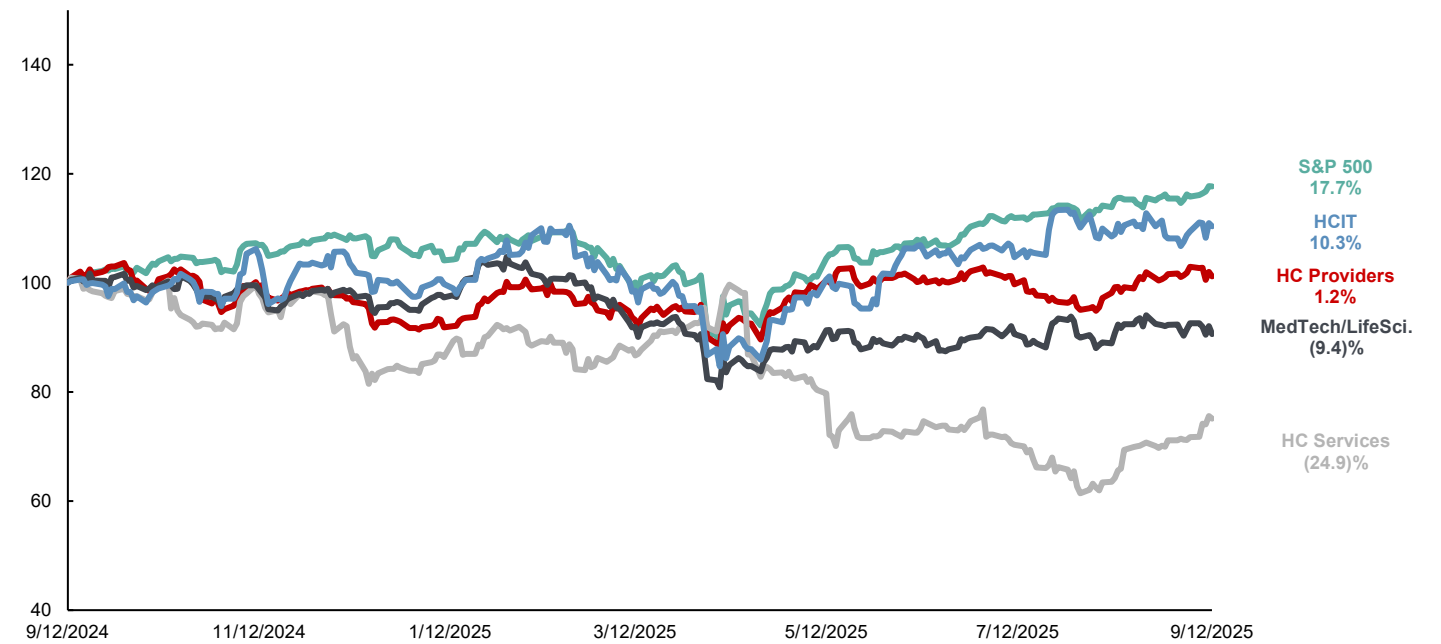
Public Equity Indices

Equity Indices (as of September 12, 2025)

Index	Wk Open	Wk Close	Returns	
			52 Week	Weekly
DJIA	45,401	45,834	11.5%	1.0%
S&P 500	6,481	6,584	17.7%	1.6%
NASDAQ	21,700	22,141	26.0%	2.0%
Russell 2000	2,391	2,397	12.6%	0.3%
NYSE Healthcare	24,147	24,359	(13.4%)	0.9%

Cain Brothers Indicies	Returns	
	52 Week	Weekly
Acute Care	(6.0%)	(3.0%)
Alternate Site Services	(15.1%)	(0.1%)
Diagnostics	13.1%	0.4%
Distribution	27.7%	2.9%
Healthcare IT	10.3%	0.8%
Healthcare REITs	30.1%	1.1%
Managed Care	(38.5%)	6.1%
Medical Technology	(9.0%)	(2.2%)
Outsourced Services	(25.7%)	(3.5%)
Pharma Services	(14.7%)	(2.7%)
Pharmacy	28.2%	1.4%
Primary Care	(51.4%)	(2.4%)
Post-Acute Care Services	17.1%	1.0%
Post-Acute Care Facilities	8.9%	(0.5%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- The second week of September saw another strong week of issuance; \$40.5 BN of deal volume was produced across 56 tranches.

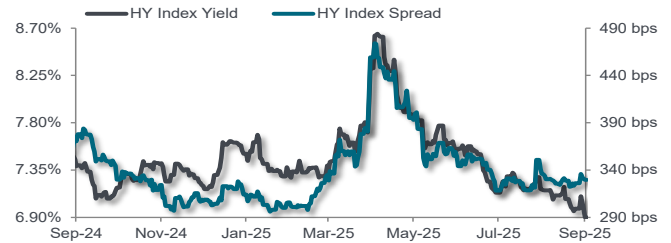
High Yield

- The primary market priced another \$9.4 BN from 12 issuers last week, reflecting strong demand and robust risk appetite amid expectations of Fed interest-rate cuts.

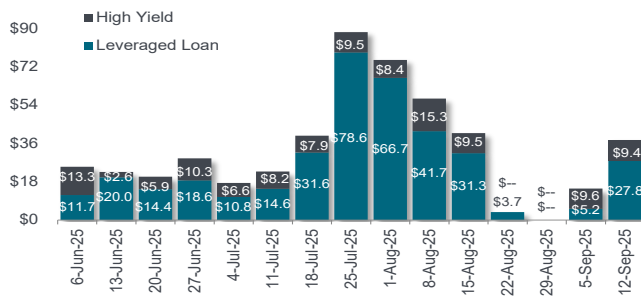
Term Loan B Market

- CLO issuance has remained strong throughout 2025, and spreads have come back down since May after ticking upwards from 2025 lows reached in February.

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	1Q25	2Q25	30-Day Rolling Average
			09/12/25
Ba1	S+233 / 6.7%	S+265 / 7.1%	S+200 / 6.2%
Ba2	S+199 / 6.4%	S+230 / 6.6%	S+210 / 6.4%
Ba3	S+232 / 6.7%	S+268 / 7.2%	S+238 / 6.7%
Single-B Issuers	1Q25	2Q25	30-Day Rolling Average
			09/12/25
B1	S+278 / 7.2%	S+317 / 7.7%	S+283 / 7.1%
B2	S+333 / 7.7%	S+340 / 7.8%	S+293 / 7.2%
B3	S+357 / 7.9%	S+378 / 8.4%	S+388 / 8.2%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
9/8/2025	Elevance Health Inc	Sr Notes	\$750	Baa2/A/BBB+	4.000%	9/15/2028	+55	25 bps
9/8/2025	Elevance Health Inc	Sr Notes	\$750	Baa2/A/BBB+	4.600%	9/15/2032	+85	25 bps
9/8/2025	Elevance Health Inc	Sr Notes	\$1,000	Baa2/A/BBB+	5.000%	1/15/2036	+100	25 bps
9/8/2025	Elevance Health Inc	Sr Notes	\$500	Baa2/A/BBB+	5.700%	9/15/2055	+105	30 bps
9/2/2025	Merck & Co	Sr Notes	\$750	Aa3/A+/-	3.850%	9/15/2027	+25	20 bps
9/2/2025	Merck & Co	Sr Notes	\$500	Aa3/A+/-	4.906%	9/15/2027	SOFR+46	20 bps
9/2/2025	Merck & Co	Sr Notes	\$750	Aa3/A+/-	4.150%	9/15/2030	+45	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
9/10/2025	Global Medical Response	Sr. Sec. Notes	\$1,000	B2/B/NR	7.375%	10/1/2032	360 bps	7.375%-7.50%
7/28/2025	CHS/Community Health Systems	Sr. Sec. Notes	\$1,790	Caa1/B-/NR	9.750%	1/15/2034	533 bps	9.50% area
7/24/2025	Patterson Cos	Sr. Sec. Notes	\$500	B2/B/NR	8.750%	4/17/2032	572 bps	8.75% cpn @ 93-94

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
9/12/2025	Sotera Health	Public	B1 / BB-	Repricing	\$1,423	SOFR+250, 0% @ 100	6.647%
9/12/2025	Ardent Health Services LLC	Public	B1 / B+	Extension	\$778	SOFR+225, 0.5% @ 99.75	6.459%

Most Recent Healthcare Pro Rata Issuances (\$MM)

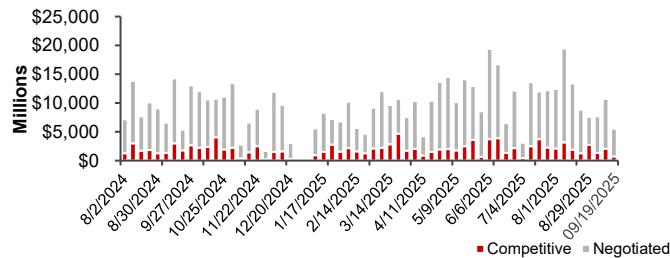
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
8/27/2025	Zoetis	Public	A3 / BBB+	GCP	\$1,250mm 5-year Revolver	Ratings-based Grid SOFR+62.5-125 Opens at SOFR+100	Max. Net Leverage Ratio: 3.50x

Public Finance Market

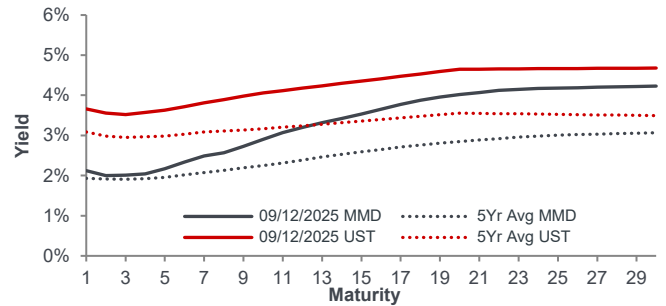
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note decreased 4 bps week-over-week, closing at 4.06% on Friday. 10-year MMD decreased 19 bps week over week
- Healthcare Public Issuance in 2024 increased 143% vs 2023. YTD 2025 Issuance through September 12th was 15% higher than YTD 2024 through September.
- Muni bond funds gained \$2.18 BN and high yield funds gained \$1.06 BN for the week ended September 12th.

Weekly New Issue Volume (\$MM)



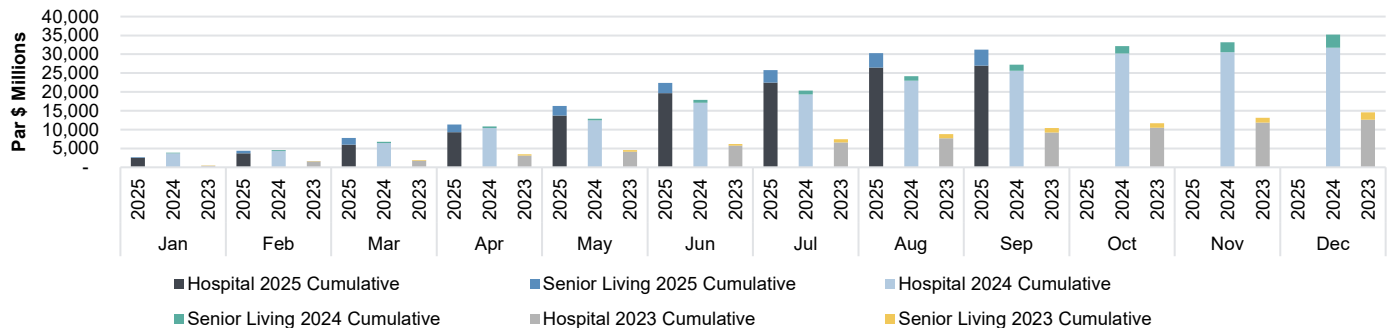
MMD & UST Yield Curve



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.56%	5 bps	2	2.00%	(11 bps)	56%
10	4.06%	(4 bps)	10	2.90%	(19 bps)	71%
30	4.68%	(10 bps)	30	4.23%	(20 bps)	90%

Healthcare Public Issuance Overview



Recent Healthcare Public Issuance

Healthcare Public Issuance										
Borrower/Enhancement	Par (000s)	State	Issuer	Tax Status	LT Ratings (M/S/F)	Final Mat.	Call, Put or Reprice*	Final Mat. Cpn.	YTW	YTM
Recent Pricings, Week of 9/8										
San Carlos Apache Health*	46,250	AZ	SCAHC	TAX	NR / NR / A-	2051	2032(C)	7.00%	7.25%	N/A
Adventist Health System/West	425,000	CA	AHSW	TAX	NR / BBB+ / BBB+	2030	MWC	4.74%	4.74%	N/A
Adventist Health System/West	302,115	CA	CHFFA	TE	NR / BBB+ / BBB+	2035	2035(C)	5.00%	3.79%	3.81%
Life Enriching Communities Project	88,300	OH	CHO	TE	NR / NR / BBB-	2055	2035(C)	5.50%	5.45%	5.48%
The Village at Providence Pt Project	16,700	MD	PFA	TE	NR / NR / NR	2034	NC	6.00%	6.00%	N/A
The Village at Providence Pt Project	15,100	MD	PFA	TE	NR / NR / NR	2035	2031(C)	6.00%	6.00%	N/A
The Village at Providence Pt Project	10,000	MD	PFA	TE	NR / NR / NR	2035	NC	6.00%	6.00%	N/A
Centurion Foundation	26,900	MN	NFA	TE	NR / NR / NR	2035	MWC	5.43%	5.43%	N/A
Silver Birch of Canton Project	25,770	OH	OHFA	TE	NR / NR / NR	2045	2036(C)	6.25%	6.25%	N/A
Silver Birch of Canton Project	900	OH	OHFA	TAX	NR / NR / NR	2034	2034(C)	8.75%	8.75%	N/A
Silver Birch of Cuyahoga Falls	25,205	OH	OHFA	TE	NR / NR / NR	2045	2036(C)	6.25%	6.25%	N/A
Silver Birch of Cuyahoga Falls	1,450	OH	OHFA	TAX	NR / NR / NR	2036	2036(C)	8.75%	8.75%	N/A
Silver Birch of Amherst Project	24,455	OH	OHFA	TE	NR / NR / NR	2045	2036(C)	6.25%	6.25%	N/A
Silver Birch of Amherst Project	2,165	OH	OHFA	TAX	NR / NR / NR	2039	2036(C)	8.75%	8.75%	N/A
Ashford at the Enclave Project	25,350	OH	OHFA	TE	NR / NR / NR	2045	2036(C)	6.50%	6.45%	6.47%
Exp. Pricings, Week of 9/15										
No Expected Pricings	-	-	-	-	-	-	-	-	-	-

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

Credit products are subject to credit approval. Copyright © 2025 KeyCorp.

Relevant News

New Bill Would Reform Lab Test Payment Rates¹

MedTech Dive | September 12, 2025

PAMA was supposed to establish market-based rates for lab services paid under the Clinical Laboratory Fee Schedule by collecting private payer data from independent, hospital outreach and physician office labs. In practice, implementation by the Centers for Medicare and Medicaid Services was flawed, according to ACLA, resulting in reimbursement rates based on data collected from less than 1% of labs, which did not reflect private payer rates as intended. PAMA's enactment led to nearly \$4 billion in payment cuts in three years, the group said. Congress has delayed the phase-in of new payment rates multiple times to forestall more cuts. Prior attempts to pass legislation called the Saving Access to Laboratory Services Act, or SALSA, that sought to reform the Medicare reimbursement process for lab tests were unsuccessful.

Employers Increasingly Eyeing More Transparent PBMs²

Healthcare Finance | September 15, 2025

Employers are becoming more interested in switching to a pharmacy benefit manager they perceive as being more transparent than the "big three," according to new data published by the National Alliance of Healthcare Purchaser Coalitions. Use of alternative PBMs increased from 2024 to 2025 (31% versus 12%, respectively), while reliance on the big three – CVS Caremark, Express Scripts and Optum Rx – fell over the same period (61% versus 72%). The 324 public and private employees who responded to the poll perceive a number of benefits to having more transparent PBMs, including lower-than-annual average premiums. In fact, employers using a PBM they believed offered transparency were more than one-and-a-half times more likely to report lower premiums (42% versus 27%) and about 30% less likely to report higher premiums (29% versus 41%) than the big three users.

Independent Physician Practices Deliver Lower-Cost Care: Study Highlights Need For Site-Neutral Payment Reform³

Medical Economics | September 10, 2025

Independent physicians continue offering patient care at lower costs than hospitals, according to a new study. "Physician Practice Affiliation Drives Site of Care Cost Differentials: An Opportunity to Reduce Healthcare Expenditures," was published in the Journal of Market Access & Health Policy. Researchers sought to examine the relationships among practice models, sites of care and cost of care for high-volume procedures in procedure-intensive specialties, across Medicare and private insurance payment. The result: site of care "contributes meaningfully" to health care costs, and costs are consistently higher in hospital-based settings. Prices were lower when services were provided by physicians remaining in independent practice with financial support from private equity (PE) investors, according to the study.

1. <https://www.medtechdive.com/news/RESULTS-bill-Congress-reform-Medicare-lab-test-payment-rates-PAMA/759996/>

2. <https://www.healthcarefinancenews.com/news/employers-increasingly-eyeing-more-transparent-pbms>

3. <https://www.medicaleconomics.com/view/independent-physician-practices-deliver-lower-cost-care-study-highlights-need-for-site-neutral-payment-reform>

Relevant News

Docs Warn That Medicare Payment Rates Put Them In A Precarious Financial Situation¹

Fierce Healthcare | September 12, 2025

Physicians are asking for greater certainty around Medicare reimbursement, arguing that compounding payment decreases over time have drastically increased the pressure on practices. Industry organizations, individual physicians and others weighed in through comments on the proposed Physician Fee Schedule, which were due Friday. The proposed legislation would bump up payments by 3.62% next year, accounting for a 2.5% payment adjustment under the One Big Beautiful Bill Act. In its comments (PDF), the Medical Group Management Association (MGMA) acknowledged the pay increase but said that the long-term trend remains a concern. The group noted that a 2.83% payment cut for 2025 has proven a challenge throughout the year. "Reductions in Medicare reimbursement over the years have compounded well-documented administrative and financial pressures facing medical groups, which have only grown more pronounced because of the 2.83% Medicare payment cut that has been in place all of 2025," the MGMA wrote in its comments.

How OBBBA Will Reshape Nursing Home, Hospital Ties And Tensions²

Skilled Nursing News | September 9, 2025

In the aftermath of the One Big Beautiful Bill Act (OBBBA), hospital funding cuts could disrupt care coordination, delay discharges, and heighten competition with nursing homes for Medicaid resources. But nursing home providers also could have new opportunities to strengthen their relationships with hospitals and achieve some long-sought policy wins. One major shift that nursing home executives are anticipating: an influx of patients into hospital emergency departments seeking primary care, as cuts to Medicaid funding and changes in Medicaid eligibility requirements lead to an increase in the number of people who do not have health insurance.

How Hospitals Are Ramping Up Medicaid Coverage Protections³

Modern Healthcare | September 9, 2025

A growing number of providers are pursuing hospital designations that allow them to streamline the Medicaid enrollment process, known as presumptive eligibility. Others are enlisting vendors to collect and organize patient data and partnering with community organizations to bridge coverage gaps. Hospitals hope these strategies, among others, will help curb a potential surge in uncompensated care costs as patients face Medicaid work requirements and stricter reenrollment policies under the "One Big Beautiful Bill."