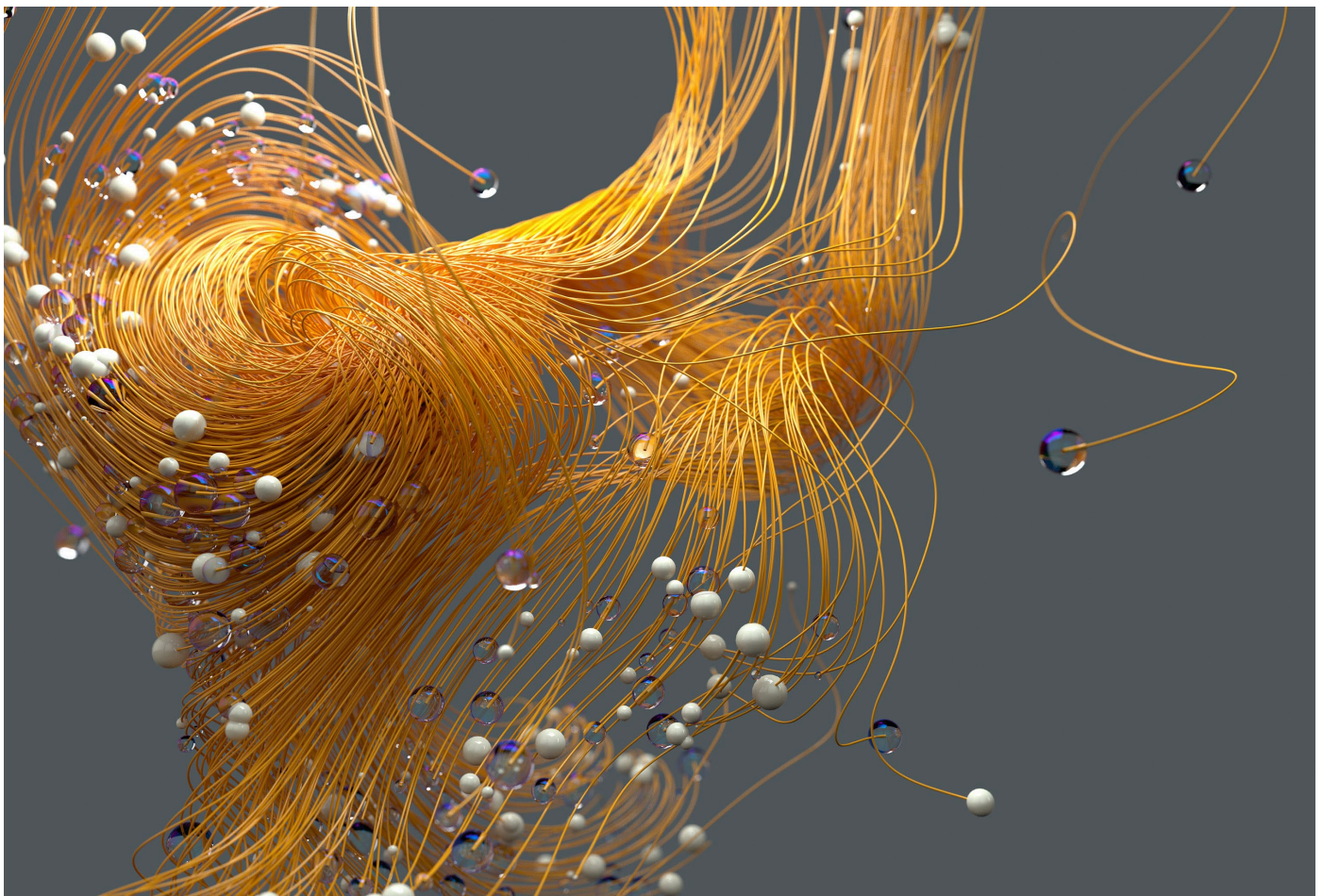


December 18, 2025

Cain Brothers Industry Insights

Healthcare Market Report



Banker Commentary:

No One-Size-Fits-All Skilled Nursing Solution for Health Systems

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No One-Size-Fits-All Skilled Nursing Solution for Health Systems

Banker Commentary by Dominic Porretta

There is no one-size-fits-all skilled nursing solution for health systems – it is system and market specific. However, with the “silver wave” cresting, the role of skilled nursing in the healthcare ecosystem will only increase, making the case for more meaningful and larger scale strategies between skilled nursing providers and health systems.

The Trend of Divestitures

Since the onset of the COVID pandemic, there has been a growing trend of health systems divesting legacy skilled nursing and senior living facilities as they focus on core acute care operations and take advantage of increasing valuations paid by private owner-operators. Case in point: Cain Brothers recently advised on three M&A transactions where health systems of varying sizes elected to divest their only owned and operated skilled nursing and/or senior housing communities.

- Bristol Health sold Ingraham Manor, its standalone 128-bed skilled nursing facility in Bristol, Connecticut.
- Prime Healthcare sold four skilled nursing and senior housing facilities in the greater Chicagoland area that it had acquired in a larger transaction with Ascension earlier in the year.
- CHRISTUS Health sold St. Joseph Village, a 192-unit senior housing community in Coppell, Texas, to Forefront Living.

Additionally, Providence St. Joseph Health, UPMC, Ballad Health, AdventHealth, and Piedmont Healthcare are other notable health systems that have publicly announced divestitures of similar skilled facilities in recent years.

A Case Study in Skilled Nursing-Health System Partnership

The traditionally implemented collaborative relationships between skilled nursing providers and health systems (besides preferred provider networks) have typically been bed lease or bed reservation agreements, and not comprehensive joint venture arrangements often utilized for home health and hospice service lines. However, the situation in the Rochester, New York market required a more unique approach, and last year, Cain Brothers advised on a strategic partnership between St. John's Home (SJH) and University of Rochester Medical Center (URMC).

By the summer of 2024, the Finger Lakes region had lost an estimated 1,000 staffed skilled nursing beds since 2020 and had fewer hospital beds per capita than any other part of New York State. URMC reportedly had between 100-110 patients waiting for nursing home placements between its two flagship hospitals in Rochester, and as a result, patients who had received care in its emergency department were often waiting in hallways and other crowded areas. At the same time, SJH, a 455-bed nonprofit skilled nursing facility located near both hospitals, was only operating 300 of its beds due to ongoing staffing and reimbursement challenges.

continued...

Ultimately, SJH issued a membership interest to UPMC. In return, UPMC provided additional financial and clinical resources to SJH, while collaborating to reopen offline beds, establish workforce development programs, and initiate specialty clinical programs, such as a chronic dialysis unit and pediatric skilled care, which were underserved in the local community. The partnership was categorized as a win-win for each organization.

This case study illustrates there are markets where avoidable hospital days are mounting, hospital average lengths of stay are increasing, and patients ready for discharge but with “difficult to place” characteristics are causing backlogs that ripple through the hospital’s continuum. While all health system executives understandably have competing priorities for both financial and management resources, the economic case in these markets makes a compelling thesis to consider more creative skilled nursing solutions that are not necessarily the status quo.

M&A Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Target Name	Acquirer	EV	Enterprise Value /		Description
				LTM Rev.	LTM EBITDA	
12/11/2025	Blue Cross and Blue Shield of Kansas City*	Highmark	NA	NA	NA	Largest not-for-profit health insurer in Missouri and the only not-for-profit commercial health insurer in Kansas City serving more than 1 million members
12/10/2025	SenderraRx	Nautic Partners	NA	NA	NA	Specialty pharmacy dedicated to delivering personalized, high-touch care for patients with complex and chronic conditions
12/9/2025	Teleflex's OEM Business	Montagu Private Equity and Kohlberg & Company	\$1,500	0.7x	NA	Designs, manufactures, and delivers medical devices for spinal and orthopedic surgeries
12/9/2025	Teleflex's Acute Care and Interventional Urology Business	Intersurgical	\$530	NA	NA	Health improvement solutions and offer urological products, including anesthesia, respiratory, and intra-aortic balloon pumps
12/8/2025	Stellus Rx	WindRose Health Investors	NA	NA	NA	Technology-enabled, value-based pharmacy care management platform
12/4/2025	Syntax Health	Lightbeam Health Solutions (Primus)	NA	NA	NA	Enterprise SaaS VBC-focused contract modeling platform
12/3/2025	Axiom Medical (Serent Capital)	NMS Capital	NA	NA	NA	Tech-enabled workplace incident case management solutions
12/2/2025	The Phia Group	InTandem Capital Partners	NA	NA	NA	Healthcare cost containment company
11/28/2025	Tonic Health (R1)	Luma Health	NA	NA	NA	Provider in dynamic intake, e-consents, and patient-reported outcomes
11/26/2025	Family Care Visiting Nurses	Honor Health Network (Webster Equity Partners)	NA	NA	NA	Medicare and Medicaid certified home health agency
11/25/2025	US Fertility (Amulet Capital Partners)	L Catterton and Amulet Capital Partners	NA	NA	NA	Physician-owned and physician-led fertility practices and IVF laboratories
11/13/2025	Parkview Health Laboratory Outreach Assets	Labcorp	NA	NA	NA	Outreach laboratory services that provides high-quality testing across Indiana and northwest Ohio
11/12/2025	CareAcademy (Goldman Sachs, MM Catalyst Fund and others)	Activated Insights (Cressey & Company)	NA	NA	NA	Care enablement platform for caregiver education and compliance automation
11/11/2025	Tenacore	Prescott's Med (Morgan Stanley Investment Management)	NA	NA	NA	Depot-based medical device repair, parts, and technical support
11/7/2025	Infinity Hospice Care	LifeCare Home Health (Zenyth Partners)	NA	NA	NA	Hospice provider serving communities across Nevada and Arizona
11/7/2025	InfuCare Rx (One Equity Partners)	Undisclosed	NA	NA	NA	Provider of specialty infusion therapies at home as well as alternate sites of care
11/6/2025	Arkansas Blue Cross and Blue Shield	Cambia Health Solutions	NA	NA	NA	Health and dental insurance policies for individuals and families as well as insurance coverage through employers
11/4/2025	Always Best Care	NexPhase Capital	NA	NA	NA	Franchisor of in-home senior care services
10/31/2025	Tennova Healthcare JV (Community Health Systems)	Vanderbilt University	\$600	NA	NA	Tennessee based 270-bed hospital and ancillary businesses

Private Placement Activity

Selected Recent Healthcare Transactions (\$MM)

Date	Company	Investor(s)	Type	Amount	Description
12/11/2025	SafeinHome	SEMCAP Health	Series D	\$25	Remote supports for individuals with intellectual and developmental disabilities
12/11/2025	Ritten	Five Elms Capital (lead), Threshold Ventures, 8VC, Bienville Capital, and others	Series B	\$35	AI-powered behavioral health platform
12/4/2025	Paradigm Health	ARCH Venture Partners (lead), DFJ Growth and existing investors F-Prime, General Catalyst, GV, Lux Capital, Mubadala Capital, BrightEdge Fund	Series B	\$78	Technology platform to broaden access to clinical trials
12/3/2025	Angle Health	Portage (lead), Blumberg Capital, Mighty Capital, PruVen Capital, SixThirty Ventures, TSVC, Wing VC, and Y Combinator	Series B	\$134	Vertically-integrated health benefits platform
12/3/2025	Artera.io	Lead Edge Capital (lead), Jackson Square Ventures, Health Velocity Capital, Heritage Medical, Summation Health	Growth	\$65	AI-powered patient communications platform
12/2/2025	Curative	Upside Vision Fund (lead), JAM Fund, Galaxy Digital and family offices	Series B	\$150	Tech-enabled health plan start up
11/13/2025	Clairity	ACE Global Equity and Santé Ventures (co-leads)	Series B	\$43	AI Platform for Breast Cancer Risk Prediction
11/12/2025	House Rx	New Enterprise Associates and Town Hall Ventures (co-leads), LRVHealth, First Round Capital, Bessemer Venture Partners, and Silicon Valley Bank	Series B	\$55	Technology-enabled pharmacy services company
11/6/2025	myLaurel	SteelSky Ventures (lead), Deerfield Management and Google Ventures	Undisclosed	Undisclosed	High-acuity, in-home care for complex and medically fragile patients through a hospital-aligned, tech-enabled model.
11/4/2025	Tala Health	Sofreh Capital (lead)	Undisclosed	\$100	AI company built to empower clinicians with AI agents across the full patient journey
11/3/2025	Hippocratic AI	Avenir Growth (lead), CapitalG, General Catalyst, Andreessen Horowitz, Kleiner Perkins, Premji Invest, Universal Health Services, Cincinnati Children's Hospital Medical Center and WellSpan Health	Series C	\$126	Safety-focused generative AI healthcare agents
10/21/2025	Hyro	Healthier Capital (lead), Norwest and Define Ventures, Bon Secours Mercy Health, ServiceNow Ventures	Growth	\$45	Responsible AI Agent Platform for healthcare
10/16/2025	Brook.ai	UMass Memorial Health and Morningside (co-leads)	Series B	\$28	Remote patient care company focused on AI-enabled patient support and care coordination
10/14/2025	MD Integrations	Udata Partners and Denali Growth Partners	Undisclosed	\$77	End-to-end telehealth platform enabling digital health brands
10/14/2025	OnelMaging	Vy Capital (lead), Aquiline, Sempervirens Venture Capital, XRC Ventures, Dylan Field, Balaji Srinivasan, Jon Oringer and others	Undisclosed	\$38	Tech-enabled radiology platform
10/9/2025	DUOS	FTV Capital (lead) and Forerunner Ventures	Strategic	\$130	AI-enabled digital health platform focused on the senior population
10/9/2025	Sensi.AI	Qumra Capital (lead), Zeev Ventures, Insight Partners, Entrée Capital, Flint Capital, and Jibe Ventures	Series C	\$45	Care intelligence platform that uses audio technology to help older adults age safely at home
10/6/2025	Heidi Health	Point 72 (lead), Blackbird, Headline, and Latitude	Series B	\$65	AI-enabled medical scribe platform for clinical documentation
10/3/2025	Midi Health	Advance Venture Partners (lead)	Series C	\$50	Virtual menopause and perimenopause care company
9/30/2025	Assort Health	Lightspeed Venture Partners (lead), Felicis, First Round Capital, Chemistry, A*, Liquid2, and Quiet Capital	Series B	\$76	AI-enabled patient communications platform focused on specialty healthcare practices

Equity Capital Markets

Market Overview

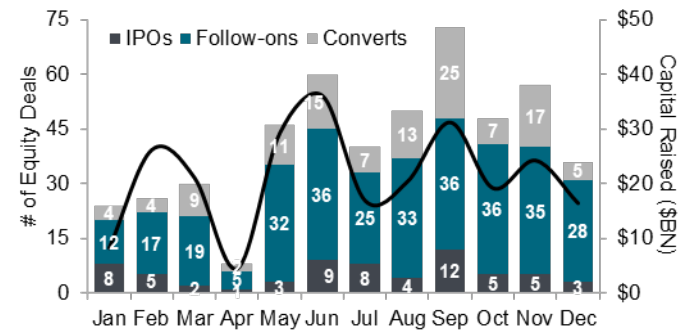
- Companies continued to take advantage of the open window to price deals as the FOMC meeting and commentary following did not slow down issuance
 - Last week: 3 IPO; 18 follow-ons; 3 converts
- WCAS-backed Lumexa Imaging priced a full-sized IPO at the midpoint of the initial range to raise \$463 MM ; the deal was multiple times oversubscribed with orders from high-quality, long-only and HC-focused accounts
- In what has already been a record year for biotech issuance, biotechs continued to raise capital at a rampant pace last week as, as 11 issuers tapped the market to raise \$4.3 BM, making it the biggest week for biotech issuance this year

ECM Activity (Last 4 Weeks & YoY)

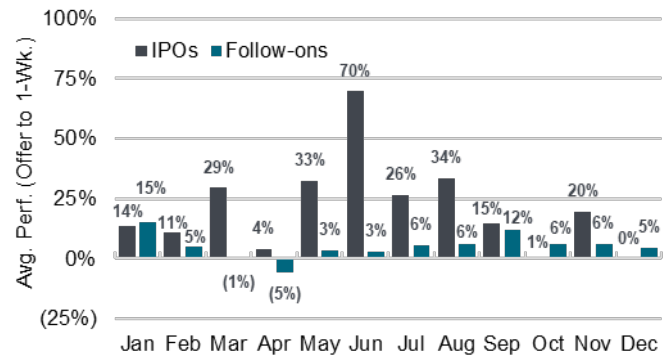
	2025 - Last 4 Weeks			2024 - Last 4 Weeks		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	1,268	4	6%	719	1	2%
CONV	6,723	9	31%	13,724	15	40%
FO	13,939	38	64%	20,211	42	58%
Total	21,930	51	100%	34,654	58	100%

	2025 YTD			2024 YTD		
	Vol (\$MM)	# Deals	% Share	Vol (\$MM)	# Deals	% Share
IPO	33,160	65	13%	26,889	56	11%
CONV	94,634	119	37%	74,967	97	30%
FO	127,105	314	50%	147,498	362	59%
Total	254,899	498	100%	249,354	515	100%

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



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



Most Recent Healthcare Initial Public Offerings (\$MM)

Issuer Information				Deal Sizing				Pricing		Performance	
Pricing Date	Company	Sector	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Offer Price	Final Range	1-Day	1-Week
12/10/2025	Lumexa Imaging	Services	LMRI	\$462.5	\$1,749.5	26.4%	100.0%	\$18.50	\$17.00 - \$20.00	0.1%	-
11/5/2025	BillionToOne	Diagnostics	BLLN	\$314.0	\$2,724.2	11.5%	100.0%	\$60.00	\$49.00 - \$55.00	81.6%	69.7%
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%)
7/22/2025	Carlmed	Medical Products	CARL	\$100.5	\$397.7	25.3%	100.0%	\$15.00	\$14.00 - \$16.00	(3.3%)	(3.3%)

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

Issuer Information					Deal Sizing				Pricing	Performance	
Pricing Date	Company	Sector	Deal Type	Ticker	Deal Value (\$MM)	Market Cap (\$MM)	Deal as % of Mkt. Cap	% Primary	Discount to File	1-Day	1-Week
12/2/2025	Kestra Medical Technologies	Medical Products	Marketed	KMTS	\$158.7	\$1,321.9	12.0%	100.0%	(14.8%)	12.3%	7.6%
11/6/2025	Sotera Health	Medical Products	Bought	SHC	\$471.0	\$4,548.3	10.4%	0.0%	(1.9%)	(0.1%)	2.0%
11/4/2025	Guardant Health	Diagnostics	Marketed	GH	\$345.0	\$12,745.9	2.7%	100.0%	(8.3%)	5.6%	8.6%
10/21/2025	Aveanna Healthcare	Services	Marketed	AVAH	\$103.5	\$2,137.2	4.8%	0.0%	(12.0%)	5.3%	9.0%
10/20/2025	Brightspring Health Services	Services	Bought	BTSG	\$435.0	\$5,516.5	7.9%	0.0%	(4.8%)	11.2%	16.7%

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
11/4/2025	Guardant Health	Diagnostics	GH	\$402.5	\$12,745.9	3.2%	0.00%	35.00%
9/16/2025	Oscar Health	Health Insurance	OSCR	\$410.0	\$4,842.8	8.5%	2.25%	32.50%
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%

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

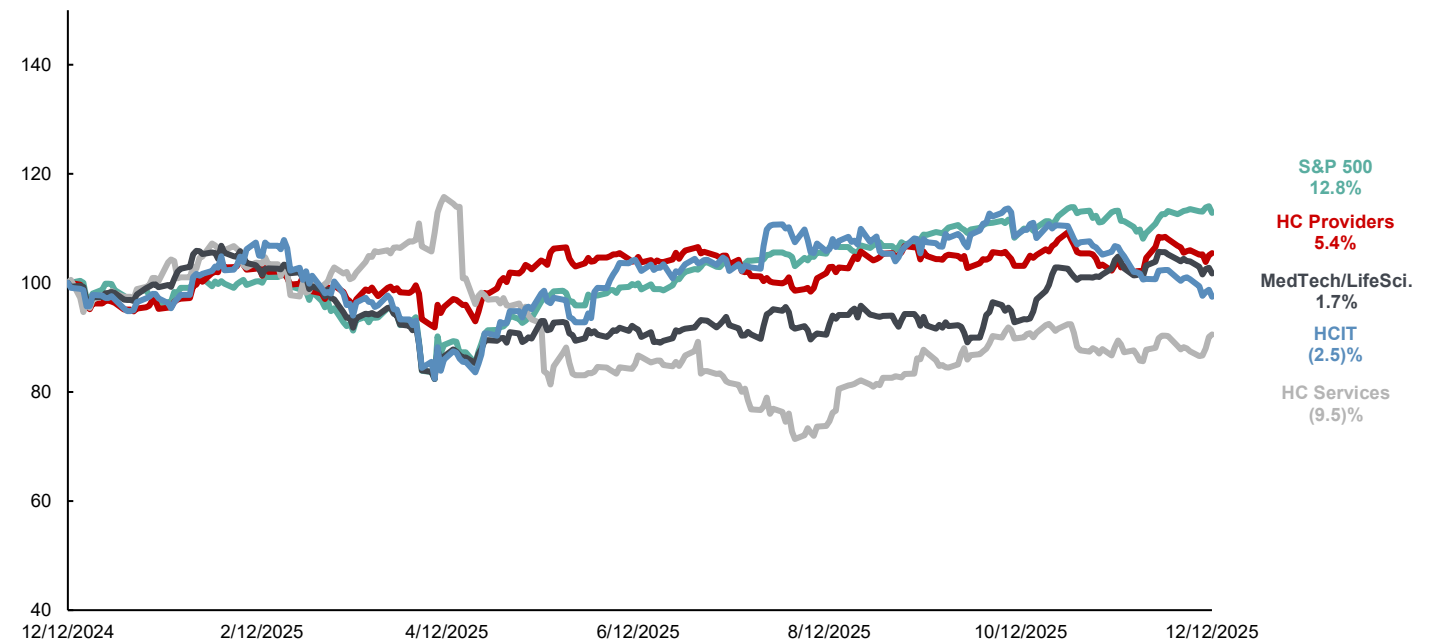
Transaction occurred the past week

Public Equity Indices

Equity Indices (as of December 12, 2025)

Index	Wk Open	Wk Close	Returns		Cain Brothers Indicies	Returns	
			52 Week	Weekly		52 Week	Weekly
DJIA	47,955	48,458	10.3%	1.0%	Acute Care	36.1%	(1.3%)
S&P 500	6,870	6,827	12.8%	(0.6%)	Alternate Site Services	(15.3%)	(1.0%)
NASDAQ	23,578	23,195	16.5%	(1.6%)	Diagnostics	7.0%	(0.3%)
Russell 2000	2,521	2,551	8.1%	1.2%	Distribution	41.7%	1.0%
NYSE Healthcare	26,151	26,616	6.3%	1.8%	Healthcare IT	(2.5%)	(3.1%)
					Healthcare REITs	47.9%	(6.7%)
					Managed Care	(26.7%)	4.3%
					Medical Technology	1.4%	(2.3%)
					Outsourced Services	(21.6%)	3.5%
					Pharma Services	3.1%	(1.4%)
					Pharmacy	59.8%	5.3%
					Primary Care	(51.0%)	5.7%
					Post-Acute Care Services	13.2%	(1.0%)
					Post-Acute Care Facilities	14.3%	(0.5%)

Cain Brothers Healthcare Indices (1YR Performance)



High Grade, High Yield & Leveraged Loan Market

Market Summary

High Grade

- IG bond markets returned to typical late season form with \$5.6 BN in weekly volume from ten issuers.

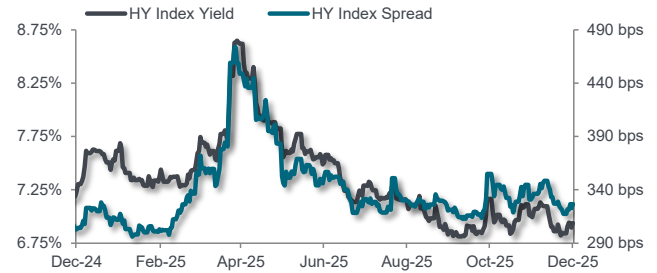
High Yield

- Despite the cautious sentiment around the central bank meeting, the primary high yield market continued at a steady pace last week, as nine borrowers pushed the monthly tally to more than \$20 BN, already the busiest December since 2020.

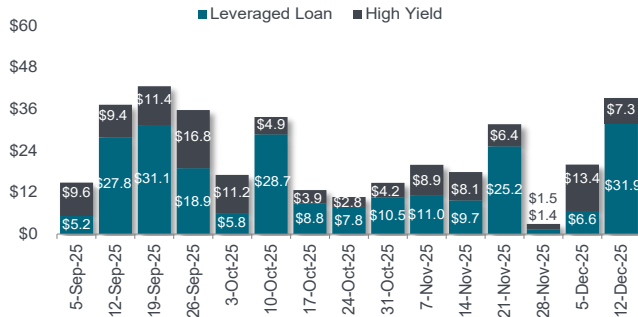
Term Loan B Market

- CLO issuance has remained strong throughout 2025, and spreads have continued to tighten since September from steady levels seen during the summer.

HY Index Yield & Spread (YTD)



Weekly New Issue Volume (\$BN)



New-Issue Clearing Yields¹ (\$MM)

Double-B Issuers	2Q25	3Q25	30-Day Rolling Average 12/12/25
Ba1	S+265 / 7.1%	S+211 / 6.4%	S+250 / 6.4%
Ba2	S+230 / 6.6%	S+200 / 6.3%	S+255 / 6.5%
Ba3	S+268 / 7.2%	S+241 / 6.7%	S+223 / 6.1%
Single-B Issuers	2Q25	3Q25	30-Day Rolling Average 12/12/25
B1	S+317 / 7.7%	S+280 / 7.1%	S+293 / 6.9%
B2	S+340 / 7.8%	S+311 / 7.5%	S+294 / 6.9%
B3	S+378 / 8.4%	S+352 / 7.9%	S+347 / 7.4%

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	IPT-Pricing
12/1/2025	Merck & Co Inc	Sr Notes	\$750	Aa3/A+/-	3.850%	3/15/2029	+35	25 bps
12/1/2025	Merck & Co Inc	Sr Notes	\$500	Aa3/A+/-	FRN	3/15/2029	SOFR+57	25 bps
12/1/2025	Merck & Co Inc	Sr Notes	\$1,000	Aa3/A+/-	4.150%	3/15/2031	+50	25 bps

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

Date	Issuer	Security	Size	Ratings	Coupon	Maturity	Spread	Price Talk
12/11/2025	Surgery Center (add-on)	Sr. Notes	\$425	Caa1/CCC+/NR	7.250%	4/15/2032	335 bps	101.00%
12/5/2025	Sevita*	Sr. Sec. Notes	\$1,275	B3/B-/NR	10.500%	12/15/2030	728 bps	11.00% yield
11/18/2025	Genmab Finance	Sr. Sec. Notes	\$1,500	Ba2/BB+/BB+	6.250%	12/15/2032	237 bps	6.375% area

Most Recent Healthcare Leveraged Loan Issuances (\$MM)

Date	Issuer	Ownership	Corp. Ratings	Use of Proceeds	Size	Pricing	Yield
12/12/2025	Lumexa Imaging	Public	B2 / B+	IPO	\$825	SOFR+300, 0% @ 99.75	6.797%
12/11/2025	Bausch + Lomb	Public	NR / B	Repricing	\$2,809	SOFR+375, 0% @ 100	7.500%
12/9/2025	US Fertility*	Amulet Capital & L Catterton	B2 / B-	Recapitalization	\$950	SOFR+350, 0% @ 99.5	7.386%
12/5/2025	Sevita*	Centerbridge Partners	B3 / B-	Acquisition	\$1,250	SOFR+600, 0% @ 97	10.527%

Most Recent Healthcare Pro Rata Issuances (\$MM)

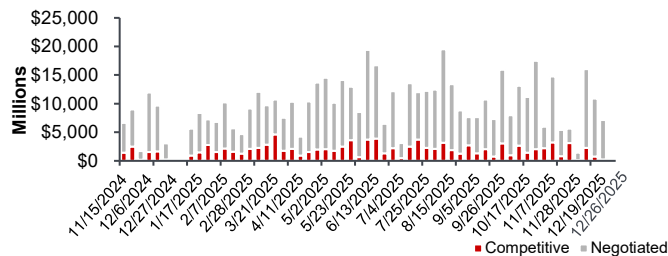
Date	Issuer	Ownership	Ratings	Use of Proceeds	Size	Pricing (in bps)	Financial Covenants
11/25/2025	TruBridge	Public	NR / NR	Refinancing	\$180mm 5-year Revolver \$70mm 5-year Term Loan A	Leverage-based Grid SOFR+150-300 Opens at SOFR+225	Max. Net Leverage Ratio: 3.75x Min. Fixed Charge Coverage Ratio: 1.25x
11/24/2025	DaVita	Public	Ba2 / BB	Refinancing	\$1,500mm 5-year Revolver \$2,000mm 5-year Term Loan A	Leverage-based Grid SOFR+100-175 Opens at SOFR+150	Max. Leverage Ratio: 5.00x

Public Finance Market

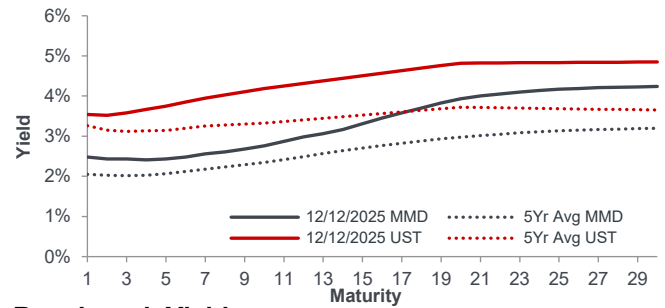
Market Overview

- The yield on the benchmark 10-year U.S. Treasury Note increased 5 bps week-over-week, closing at 4.19% on Friday. 10-year MMD decreased 1 bp week over week
- Healthcare Public Issuance in 2024 increased 143% vs 2023. YTD 2025 Issuance through December 12th was 28% higher than total Issuance in 2024
- Muni bond funds gained \$16 MM and high yield funds lost \$65 MM for the week ended December 12th

Weekly New Issue Volume (\$MM)



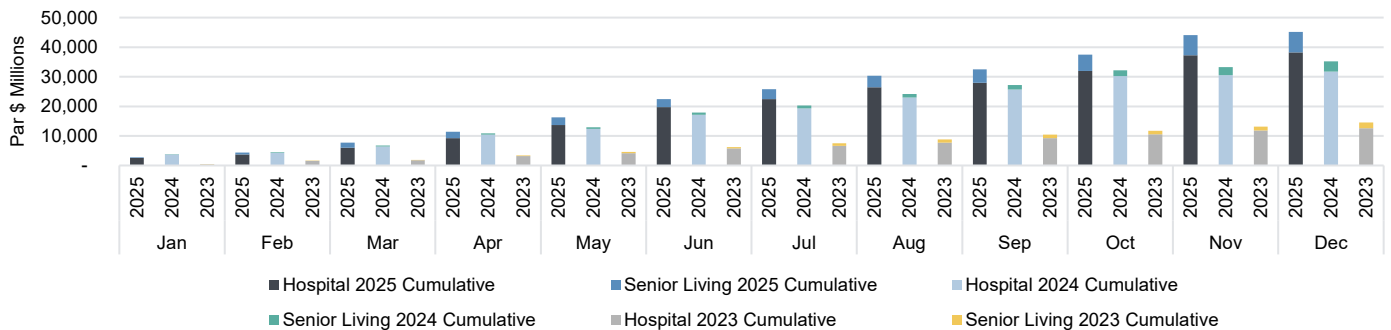
MMD & UST Yield Curve



Benchmark Yields

Treasury Yields			MMD Yields			Ratio
Yr	Yield	Δ (W/W)	Yr	Yield	Δ (W/W)	MMD/UST
2	3.52%	(4 bps)	2	2.43%	-	69%
10	4.19%	5 bps	10	2.76%	(1 bps)	66%
30	4.85%	6 bps	30	4.24%	3 bps	87%

Healthcare Public Issuance Overview



Recent Healthcare Public Issuance

Healthcare Public Issuance ⁽¹⁾										
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 12/8										
The Moorings of Ar. Heights	63,870	IL	IFA	TE	NR / NR / BBB-	2055	2036(C)	5.38%	5.43%	N/A
The Moorings of Ar. Heights	22,300	IL	IFA	TE	NR / NR / BBB-	2031	2027(C)	3.65%	3.65%	N/A
The Moorings of Ar. Heights	15,600	IL	IFA	TE	NR / NR / BBB-	2031	2027(C)	4.10%	4.10%	N/A
Kennedy Krieger Institute	80,835	MD	MHHEFA	TE	NR / BBB- / BBB	2056	2035(C)	5.50%	5.03%	5.27%
Kennedy Krieger Institute	13,960	MD	MHHEFA	TAX	NR / BBB- / BBB	2035	MWC	6.04%	6.04%	N/A
CommonSpirit Health	52,605	KY	KEDFA	TE	A3 / A- / A-	2046	2026(C)	5.38%	5.38%	N/A
Sanctuary at Village on the Isle	35,840	FL	FLGFC	TE	NR / NR / NR	2030	2025(C)	11.00%	11.00%	N/A
Exp. Pricings, Week of 12/15										
Deerfield Ep. Retire. Comm. Project	313,535	NC	NCMCC	TE	NR / NR / BBB+	-	-	-	-	-
Messiah Village Project	84,500	PA	CCMA	TE	NR / NR / BBB-	-	-	-	-	-
Larksfeld Place	32,810	KS	WKHCF	TE	NR / NR / NR	-	-	-	-	-
Gracelight Community Health	18,955	CA	CMFA	TE	NR / NR / BBB+	-	-	-	-	-

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

How AI-Powered EHRs Are Delivering On The Promise Of Digital Health¹

Forbes | December 11, 2025

Physician burnout has reached crisis levels. Doctors are overwhelmed by an increasing amount of documentation, administrative tasks and regulatory requirements, according to athenahealth's latest Physician Sentiment Survey, which found that more than six out of 10 physicians feel stressed out from information overload. Electronic health records (EHRs) were supposed to help lighten the load by cutting down on paperwork while reducing medical errors. So far, they have failed to deliver the promised efficiency gains and instead have mostly just added to the administrative demands facing clinicians.

Hospice Margins Dropping Despite Utilization Gains²

Hospice News | December 9, 2025

Hospice margins are falling despite record-high utilization, according to data from the Medicare Payment Advisory Commission (MedPAC). The commission has released its draft recommendations to Congress, repeating its annual call to eliminate hospice payment rate increases in future years. "For fiscal year, 2027, Congress should eliminate the update to the 2026 Medicare base payment rate for hospice," MedPAC indicated in its draft recommendations. However, the numbers accompanying the recommendation show that providers are facing margin compression with nonprofits bearing the brunt, according to a slide deck from the commission's recent meeting.

CMS Unveils New Model Aimed At Functional, Lifestyle Medicine³

Fierce Healthcare | December 11, 2025

The Trump administration has unveiled a new payment model that could extend Medicare coverage to functional or lifestyle medicine providers. Under the Make America Healthy Again: Enhancing Lifestyle and Evaluating Value-based Approaches Through Evidence, or MAHA ELEVATE, model, the Centers for Medicare & Medicaid Services (CMS) will make \$100 million available to support as many as 30 proposals to promote health and preventive care in three-year agreements. The CMS said on the landing page for the model that it's meant to offer additional options to beneficiaries without replacing their medical services.

1. <https://www.forbes.com/sites/athenahealth/2025/12/11/how-ai-powered-ehrs-are-delivering-on-the-promise-of-digital-health/>

2. <https://hospicenews.com/2025/12/09/hospice-margins-dropping-despite-utilization-gains/>

3. <https://www.fiercehealthcare.com/regulatory/cms-unveils-new-model-aimed-functional-lifestyle-medicine>

Relevant News

Behavioral Health Spending Spikes To 40% Of All Children's Health Expenditures¹

Northwestern Now | December 11, 2025

Behavioral health care surged to represent 40% of all medical expenditures for U.S. children in 2022, nearly doubling from 22% in 2011, according to a new study from scientists at Northwestern University Feinberg School of Medicine and Ann & Robert H. Lurie Children's Hospital of Chicago. Behavioral health encompasses both mental health conditions and substance use disorders, and includes conditions such as anxiety, ADHD, depression, autism and suicidal thoughts. The study found behavioral health expenditures totaled \$41.8 billion in 2022, with families paying \$2.9 billion out-of-pocket. Most concerning, out-of-pocket costs for children's behavioral health increased at more than twice the rate of other medical expenses, leaving many families struggling with significant financial burden.

FDA Needs More Staff, Authority To Oversee Device Recalls, Watchdog Finds²

Healthcare Dive | December 15, 2025

The Food and Drug Administration lacks adequate staffing to oversee medical device recalls, according to a report released Friday by the U.S. Government Accountability Office. The report, which tracked medical device recalls from fiscal year 2020 to 2024, found that insufficient staff limits the FDA's ability to conduct oversight activities. During the four-year period, 3,934 devices were recalled in the U.S. The FDA couldn't meet its goal of terminating recalls within three months due to resource constraints, according to the report.

Democrats' ACA Subsidy Extension Adds \$83B To Deficit, Boosts Insured: CBO³

Healthcare Dive | December 11, 2025

































The looming deadline to address the expiration of enhanced ACA subsidies has become a major issue for lawmakers. The future of the expanded financial assistance, which have allowed many low-income ACA beneficiaries to pay nothing for health plans while improving affordability for middle-income enrollees, was at the center of a historically long government shutdown this fall. However, the impasse ended without a deal.

1. <https://news.northwestern.edu/stories/2025/12/behavioral-health-spending-spikes-to-40-of-all-childrens-health-expenditures>

2. <https://www.healthcaredive.com/news/fda-needs-staff-device-recalls-gao/807912/>

3. <https://www.healthcaredive.com/news/aca-subsidy-extension-cbo-democrats-deficit-increase-insured-cbo/807612/>

Recent Cain Brothers Transactions

 acquired by  Buy-Side Advisor	 financed by  Senior Secured Credit Facilities Exclusive Debt Advisor	 entered into an affiliation agreement with  Buy-Side Advisor	 to affiliate with  Financial Advisor
 affiliated with  Sell-Side Advisor	 agreed to acquire  a subsidiary of  Buy-Side Advisor	 signed a letter of intent with  to sell  Sell-Side Advisor	 to acquire EVERNORTH Care Group™ Buy-Side Advisor
 a portfolio company of  Senior Secured Credit Facilities Joint Lead Arranger & Joint Bookrunner	 acquired by  Sell-Side Advisor	 acquired  (ASCs and Outpatient Centers in PA) assets owned by  Buy-Side Advisor	 a portfolio company of  Senior Secured Credit Facilities Joint Lead Arranger & Joint Bookrunner
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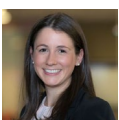


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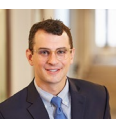
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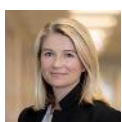
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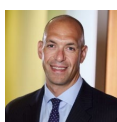
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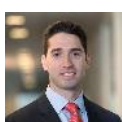
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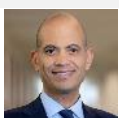


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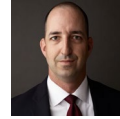
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