



# HEALTHCARE *IQ*

**AmherstPartners**

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*Industry-Specific Overview of Recent M&A and Capital Markets Activity*

APRIL 2024

# Recent Market Observations

Healthcare Industry Update | April 2024

In late 2023 and early 2024, discussions surrounding U.S. health insurers largely focused on economic pressures faced by Medicare Advantage (MA) payers. Multiple MA payers disclosed higher-than-expected utilization rates, signaling potential impact on their financial performance. The rising popularity of MA plans, characterized by enticing benefits and aggressive marketing efforts by insurers, has fueled increased utilization. This trend has been further propelled by members seeking care postponed during the pandemic and a growing enrollment of seniors in MA plans, consequently driving up insurers' expenditures.

Compounded by weaker payment rates, modifications to the Medicare STARS program that increased rating standards, and an updated risk adjustment model aimed at curbing upcoding, insurers anticipate heightened utilization and medical costs in 2024. Consequently, this is projected to increase medical loss ratios, thereby reducing the portion of premiums that payers can retain as profits. Payers are anticipated to implement measures to safeguard their margins, including expense reductions through layoffs, benefit cuts, and premium hikes.

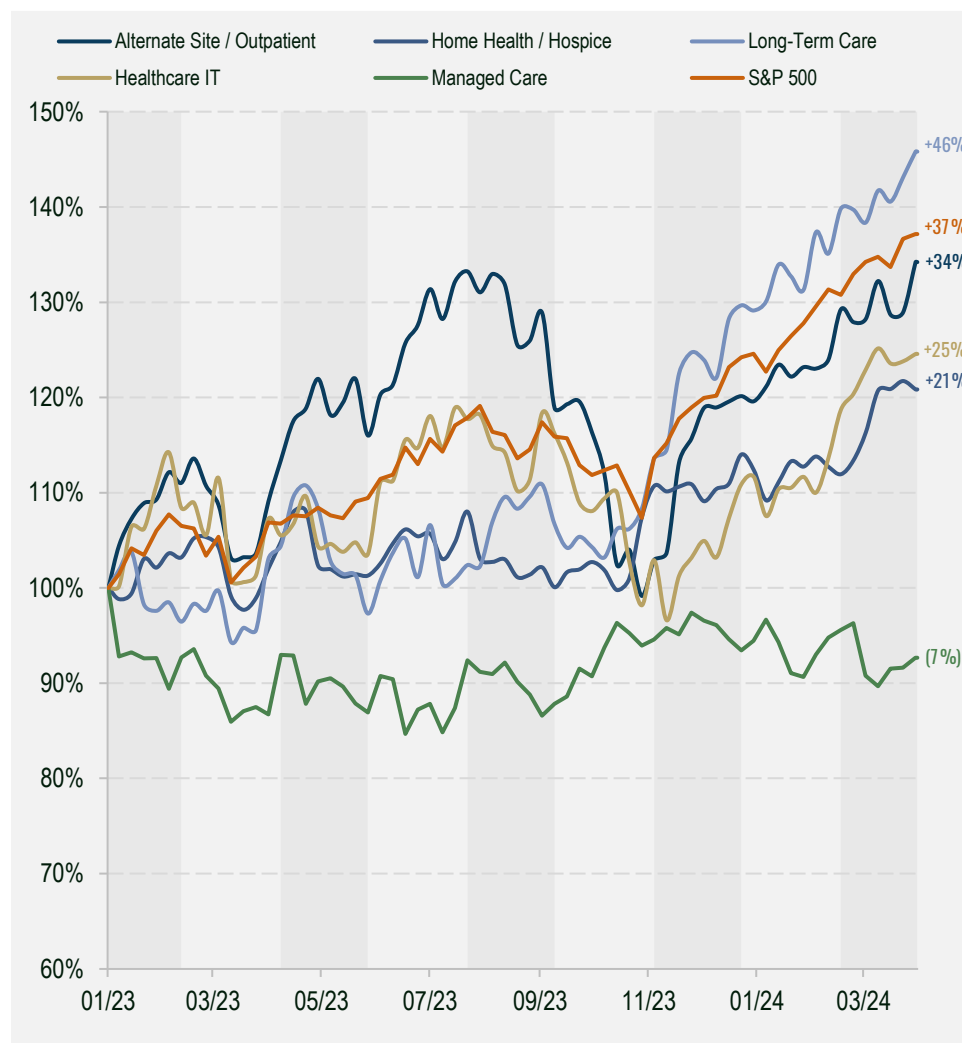
The healthcare landscape is set for notable strides in consumer empowerment and regulatory initiatives to enhance accessibility and affordability, with price transparency measures leading the way in 2024. Legislation, including the Lower Costs, More Transparency Act, No Surprises Act, Transparency in Coverage rule, and Health Care PRICE Transparency Act 2.0, is indicative of lawmakers' focus on enhanced transparency and cost containment. Aligned with its goal of bolstering the Affordable Care Act, Medicaid, and Medicare, the Biden Administration has unveiled plans to expand coverage, safeguard consumer interests, and reduce healthcare costs, including insurance premiums and prescription drug prices.

Healthcare providers are showing a growing preference for patient-centric payment models over traditional fee-for-service approaches. Private capital investments in value-based care (VBC) companies surged during the pandemic and are expected to reach \$1 trillion by 2027. Nearly 70% of Medicare Advantage enrollees chose VBC providers in 2022, aligning with CMS goals for full transition by 2030. These trends highlight momentum as payers and policymakers accelerate the shift to risk-based contracts. Increased patient engagement and developments in financial arrangements that incentivize providers to focus on outcomes and cost-effectiveness will further drive adoption.

Building up on strong consolidation activity in 2023, payers are expected to experiment with vertical integration into VBC providers to streamline reimbursements and management across the continuum of care. 2024 is also likely to witness increased opportunities for shifts towards incorporating specialty and post-acute care into VBC models.

Source: McKinsey, Commonwealth Fund, Healthcare Dive, Holland & Knight

## Recent Stock Price Performance – Amherst Healthcare Indices














Source: Capital IQ

Healthcare Universe – **Alternate Site/Outpatient:** ACHC, CCM, DR, DVA, EHC, FME, JYNT, RDNT, SEM, SGRY, USPH;  
**Home Health/Hospice:** ADUS, AMED, CHE; **Long-Term Care:** BKD, ENSG; **Managed Care:** CNC, CI, ELV, HUM, MOH, UNH;  
**Healthcare Information Technology:** CCLD, EVH, HQY, HSTM, IQV, MODN, NRC, OMCL, RCM, TDOC, TBGR, VEEV

# Public Market Trading Multiples

Healthcare Industry Update | April 2024

(\$ in millions, other than stock price)		3/31/2024	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV <sup>(1)</sup>	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
 Acadia Healthcare Company		\$79.22	2%	\$7,311	\$8,827	\$2,929	\$639	43%	22%	2.1x	3.0x	13.8x
 Concord Medical Services		0.55	(50%)	24	986	85	(49)	(17%)	(58%)	NM	NM	NM
 DaVita		138.05	32%	12,107	24,519	12,140	2,346	31%	19%	3.5x	2.0x	10.4x
 Encompass Health Corporation		82.58	24%	8,270	11,783	4,801	1,006	41%	21%	2.7x	2.5x	11.7x
 Fresenius Medical Care		38.72	(6%)	11,362	24,071	21,131	2,584	25%	12%	3.4x	1.1x	9.3x
 Medical Facilities Corporation		7.67	15%	188	311	446	78	37%	17%	1.0x	0.7x	4.0x
 RadNet		48.66	40%	3,587	4,918	1,617	225	23%	14%	3.3x	3.0x	21.8x
 Select Medical Holdings		30.15	28%	3,870	8,972	6,664	764	20%	11%	4.2x	1.3x	11.7x
 Surgery Partners		29.83	(7%)	3,755	8,013	2,743	533	24%	19%	4.7x	2.9x	15.0x
 The Joint Corp.		13.06	36%	193	192	118	9	91%	8%	NM	1.6x	21.0x
 U.S. Physical Therapy		112.87	21%	1,701	1,980	599	85	20%	14%	0.8x	3.3x	23.2x
<b>Median</b>								<b>25%</b>	<b>14%</b>	<b>3.3x</b>	<b>2.2x</b>	<b>12.8x</b>












Source: Capital IQ

(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Medians exclude all non-meaningful values.

# Public Market Trading Multiples (cont'd)

Healthcare Industry Update | April 2024

(\$ in millions, other than stock price)		3/31/2024	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV <sup>(1)</sup>	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Long-Term Care	 Brookdale Senior Living	\$6.61	14%	\$1,252	\$5,671	\$2,867	\$369	26%	13%	7.6x	2.0x	15.4x
	 The Ensign Group	124.42	11%	7,080	8,430	3,729	327	16%	9%	2.5x	2.3x	NM
	<b>Median</b>							<b>21%</b>	<b>11%</b>	<b>5.1x</b>	<b>2.1x</b>	<b>15.4x</b>
Home Health / Hospice	 Addus HomeCare Corporation	\$103.34	11%	\$1,656	\$1,767	\$1,059	\$111	32%	10%	0.9x	1.7x	15.9x
	 Amedisys	92.16	(3%)	3,011	3,425	2,236	217	44%	10%	1.4x	1.5x	15.8x
	 Chemed Corporation	641.93	10%	9,704	9,580	2,264	399	35%	18%	NM	4.2x	24.0x
	<b>Median</b>							<b>35%</b>	<b>10%</b>	<b>1.2x</b>	<b>1.7x</b>	<b>15.9x</b>
Managed Care	 Centene Corporation	\$78.48	6%	\$41,976	\$43,776	\$141,266	\$6,079	16%	4%	0.3x	0.3x	7.2x
	 Cigna Corporation	363.19	21%	103,018	127,214	195,187	10,722	13%	5%	2.2x	0.7x	11.9x
	 Elevance Health	518.54	10%	120,620	140,162	171,340	10,949	27%	6%	1.7x	0.8x	12.8x
	 Humana	346.72	(24%)	41,797	49,761	106,374	4,902	17%	5%	1.6x	0.5x	10.2x
	 Molina Healthcare	410.83	14%	24,068	21,731	33,003	1,731	13%	5%	NM	0.7x	12.6x
	 UnitedHealth Group	494.70	(6%)	456,081	508,252	371,622	35,130	24%	9%	1.1x	1.4x	14.5x
	<b>Median</b>							<b>16%</b>	<b>5%</b>	<b>1.6x</b>	<b>0.7x</b>	<b>12.2x</b>

Source: Capital IQ













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# Public Market Trading Multiples (cont'd)

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(\$ in millions, other than stock price)		3/31/2024	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV <sup>(1)</sup>	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
 CareCloud		\$1.16	(24%)	\$19	\$30	\$117	\$3	40%	3%	1.9x	0.3x	9.2x
 Evolent Health		32.79	(1%)	3,735	4,365	1,964	127	23%	6%	3.2x	2.2x	NM
 HealthEquity		81.63	23%	7,033	7,562	1,000	281	62%	28%	1.8x	7.6x	NM
 HealthStream		26.66	(1%)	\$808	760	279	35	66%	13%	NM	2.7x	21.7x
 IQVIA	IQVIA Holdings	252.89	9%	46,029	58,815	14,984	2,721	35%	18%	4.4x	3.9x	21.6x
 Model N	Model N	28.47	6%	1,111	1,099	254	5	57%	2%	NM	4.3x	NM
 National Research Corporation	National Research Corporation	39.61	0%	945	977	149	46	62%	31%	0.7x	6.6x	21.2x
 Omnicell	Omnicell	29.23	(22%)	1,342	1,488	1,147	37	44%	3%	3.1x	1.3x	NM
 R1RCM	R1 RCM	12.88	22%	5,413	6,980	2,254	544	21%	24%	2.8x	3.1x	12.8x
 Teladoc Health, Inc.	Teladoc Health, Inc.	15.10	(30%)	2,522	2,995	2,602	46	71%	2%	7.7x	1.2x	NM
 TruBridge, Inc.	TruBridge, Inc.	9.22	(18%)	132	331	339	14	48%	4%	12.6x	1.0x	23.6x
 Veeva Systems Inc.	Veeva Systems Inc.	231.69	20%	37,375	33,403	2,364	462	71%	20%	NM	NM	NM
<b>Median</b>								<b>52%</b>	<b>10%</b>	<b>3.1x</b>	<b>2.7x</b>	<b>21.4x</b>

Source: Capital IQ

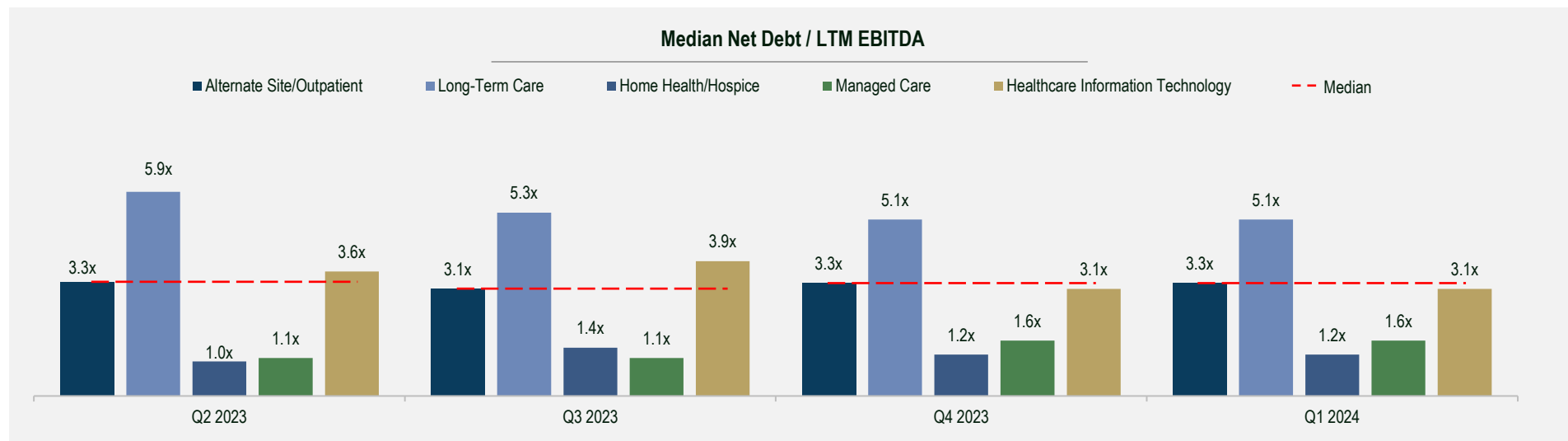
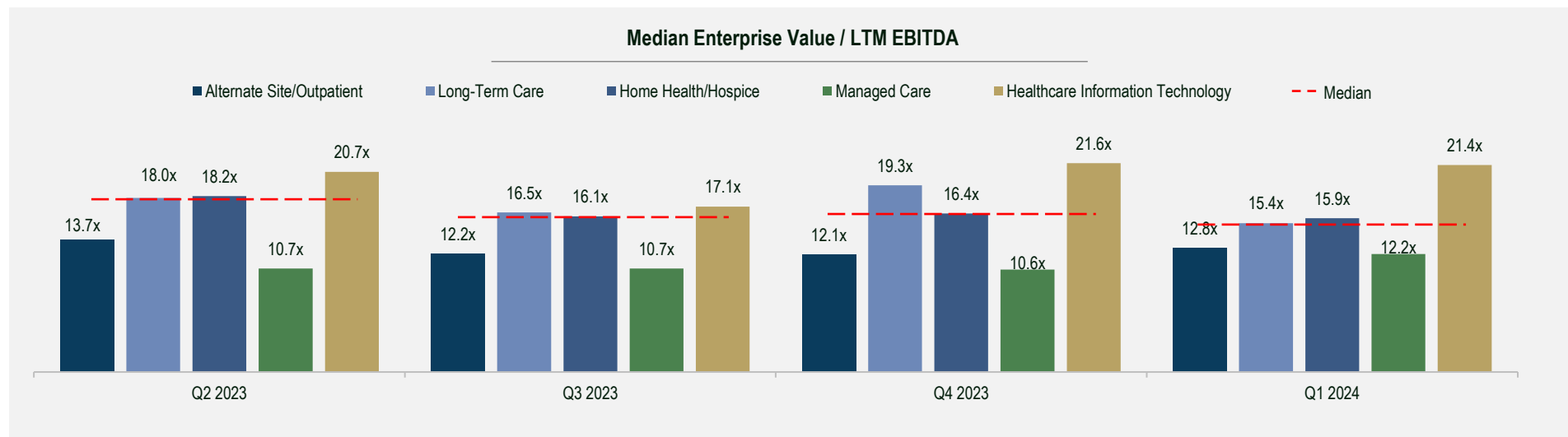
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# Valuation and Debt Multiples

Healthcare Industry Update | April 2024

*Valuation and debt levels have remained relatively stable over the past four quarters, with Managed Care and Healthcare IT being the only segments with improved valuation multiples since Q2 2023*



Source: Capital IQ

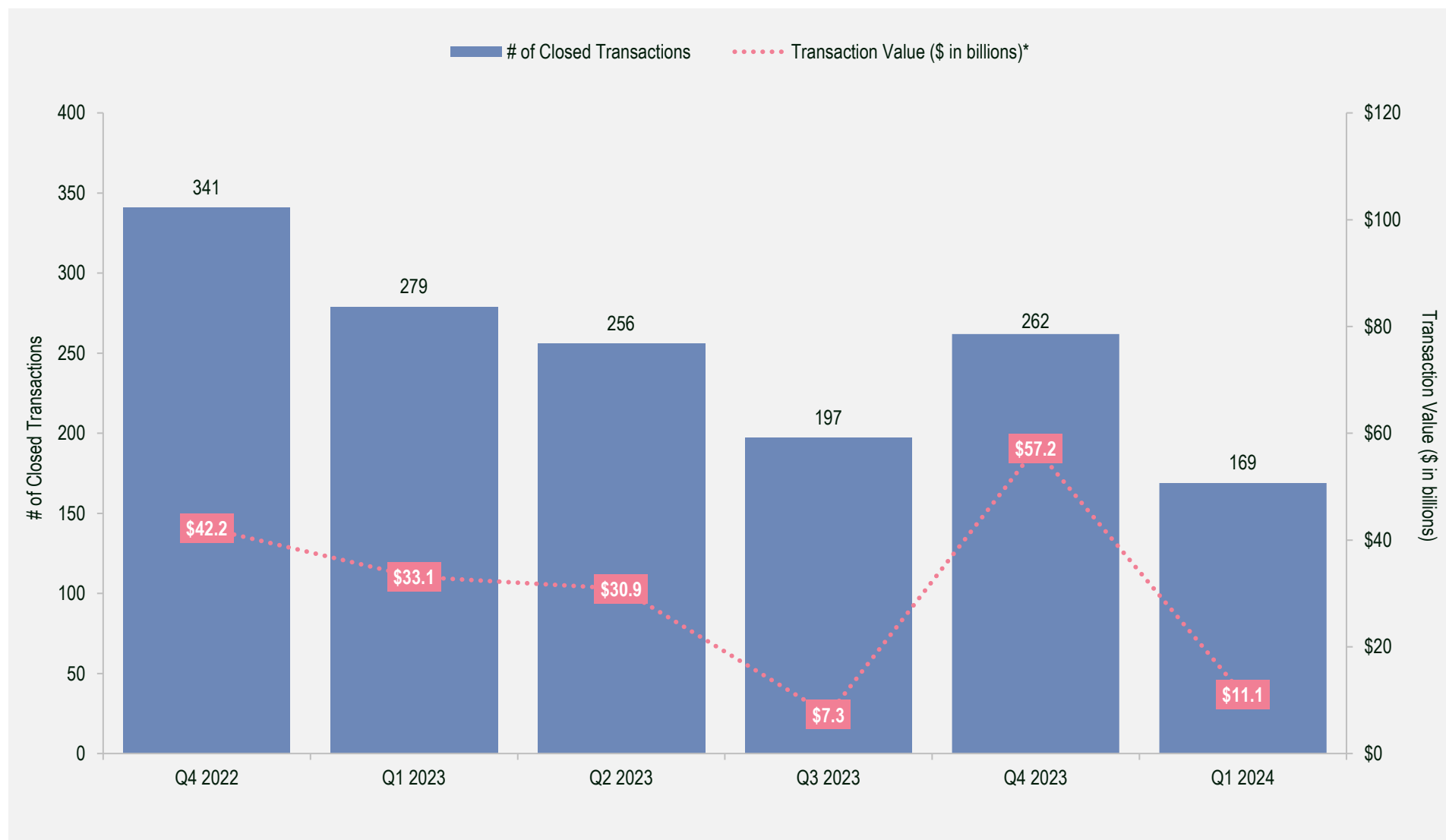
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# U.S. M&A Activity

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*Both reported deal value and deal volume have continued a steady decline for majority of 2023, rebounding at the end of the year before reverting to a slow start in 2024*







































Source: Capital IQ

\*Transaction Value represents publicly announced deal terms

# Recent Transaction Activity

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Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
03/24	 IFM THERAPEUTICS	 NOVARTIS	\$853	Developer of small molecule medicines designed to transform immunotherapy
03/24	 adaptive phage THERAPEUTICS	 BiomX	\$11	Biotechnology company, develops therapies to treat multi-drug resistant infections
02/24	 HMI HOUSTON MEDICAL IMAGING <small>A Tradition of Excellence in Patient Care</small>	 RadNet	\$29	Owns and operates outpatient imaging center that provides MRI, CT scan, nuclear imaging, mammograms, ultrasound, X-Ray, PET scan, 3T MRI, and open MRI services
02/24	 ScienceIO	 veradigm	\$183	Developer of a biomedical language platform designed to transform unstructured biomedical data into contextualized information
02/24	 twill	 DARIO	\$34	Platform offering digital therapeutics, well-being products, community-based care, clinician-trained AI, live coaching, and tele behavioral health
02/24	 CYMABAY THERAPEUTICS	 GILEAD	\$4,034	Clinical-stage biopharmaceutical company, focuses on developing and providing therapies to treat liver and other chronic diseases
02/24	 spectral imaging	 BRUKER	\$38	Designs and manufactures preclinical optical systems for bioluminescent, fluorescent, and x-ray imaging
02/24	 CBRE	 CBRE	\$1,050	J&J Worldwide Services, provides custodial, military base operations support, logistics, medical facilities operations, and construction services in the United States
01/24	 Science 37	 eMed	\$38	Engages in patient-centric clinical trial activities in North Carolina. Its platform enables modern and digital approaches to clinical research, including the patient and trial investigators
01/24	 American HealthTech	 PointClickCare	\$25	Provides clinical management, resident accounting, financial accounting, and enterprise management software suites for skilled nursing facilities, caregivers, partners
01/24	 pulse TECHNOLOGIES	 Integer	\$158	Provides contract manufacturing services. It manufactures and markets medical device components & assemblies, CNC micro-machining and assembly, surface finishing, electrode coating
01/24	 HARPOON THERAPEUTICS	 MSD	\$392	Clinical-stage immunotherapy company, engages in the development of a novel class of T cell
01/24	 C2i Genomics	 veracyte	\$94	Provides cancer treatment intelligence platform that uses low-input blood and offers ultra-sensitive whole-genome sequencing for monitoring tumor recurrence in post-resection cancer patients
01/24	 boston ORTHOTICS & PROSTHETICS	 OrthoPediatrics	\$25	Provides pediatric orthotic and prosthetic care and products for medical professionals, parents, and patients
01/24	 AMBRX	 Johnson & Johnson	\$1,775	Clinical-stage biopharmaceutical company, focuses on discovering and developing antibody drug conjugates
01/24	 AILOS BIO	 gsk GlaxoSmithKline	\$1,400	Clinical-stage biopharmaceutical company that focus on addressing the unmet treatment needs of patients with respiratory and inflammatory conditions
01/24	 nion	 BRUKER	\$58	Develops and manufactures scanning transmission electron microscopes (STEM) and other electron-optical instruments
01/24	 FSSolutions <small>Forensic Science Solutions</small> <small>Accredited by the FBI</small>	 Sterling	\$70	Provides drug and alcohol testing, and employer services worldwide

Source: Capital IQ



# Amherst's Representative Healthcare Transactions

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<p><b>Ontario Systems</b> Muncie, IN</p>  <p>has been acquired by management and an investor group led by Oxford Financial Group, Ltd. Indianapolis, IN</p>  <p><b>AmherstPartners</b> Acted as advisor to Oxford Financial Group, Ltd.</p>	<p><b>Equipment Maintenance Solutions, LLC</b> Ferndale, MI</p>  <p>has been acquired by Avante Health Solutions Chicago, IL</p>  <p><b>AmherstPartners</b> Acted as advisor to Equipment Maintenance Solutions, LLC</p>	<p><b>Arbor Associates</b> Philadelphia, PA</p>  <p>has been acquired by eBenx, Inc. Plymouth, MN</p>  <p><b>AmherstPartners</b> Acted as advisor to Arbor Associates</p>	<p><b>Ritzman Pharmacy</b> Wadsworth, OH</p>  <p>has obtained senior debt financing from AloStar Bank of Commerce Birmingham, AL</p>  <p><b>AmherstPartners</b> Acted as advisor to Ritzman Pharmacy</p>	<p><b>Ritzman Pharmacy</b> Wadsworth, OH</p>  <p>has been acquired by CVS Pharmacy, Inc. Woonsocket, RI</p>  <p><b>AmherstPartners</b> Acted as advisor to Ritzman Pharmacy</p>
<p><b>ProSolv Cardiovascular, Inc.</b> Indianapolis, IN</p>  <p>has been acquired by Fujifilm Medical Systems USA, Inc. Woonsocket, RI A subsidiary of FUJIFILM Holdings Corporation (TSE:4901)</p>  <p><b>AmherstPartners</b> Acted as advisor to ProSolv CardioVascular, Inc.</p>	<p><b>MMM Healthcare Inc.</b> San Juan, Puerto Rico</p>  <p>has been acquired by The Straus Group New York, NY</p>  <p><b>AmherstPartners</b> Acted as advisor to MMM Healthcare Inc.</p>	<p><b>Wright &amp; Filippis, Inc.</b> Rochester Hills, MI</p>  <p>has divested its Sleep Therapy, Respiratory and DME service lines to Lincare, Inc. Clearwater, FL</p>  <p>A subsidiary of Linde</p>  <p><b>AmherstPartners</b> Acted as advisor to Wright &amp; Filippis, Inc.</p>	<p><b>Roush Life Sciences</b> Salem, NH</p>  <p>has been acquired by Foxx Life Sciences Salem, NH</p>  <p><b>AmherstPartners</b> Acted as advisor to Roush Life Sciences</p>	<p><b>Triumph Healthcare, LLC</b> Houston, TX</p>  <p>has been acquired by TA Associates Boston, MA</p>  <p><b>AmherstPartners</b> Acted as advisor to Triumph Healthcare</p>

(1) Transactions executed by Amherst professionals while employed at previous firms

# Amherst's Representative Healthcare Transactions (cont'd)

Healthcare Industry Update | April 2024

<p><b>VITAS Healthcare Corporation</b> Miami, FL</p> <p><b>VITAS Healthcare</b> has been acquired by</p> <p>Roto-Rooter, Inc. Cincinnati, OH</p> <p><b>ROTO-ROOTER</b></p> <p><b>AmherstPartners</b> Acted as advisor to VITAS Healthcare Corporation</p>	<p><b>Acute Care Pharmaceuticals</b> San Diego, CA</p> <p><b>AcuteCare PHARMACEUTICALS</b></p> <p>has been acquired by</p> <p>PNC Riverarch Capital Pittsburgh, PA</p> <p><b>PNC RIVERARCH CAPITAL</b></p> <p><b>AmherstPartners</b> Acted as advisor to Acute Care Pharmaceuticals</p>	<p><b>Brandywine Senior Living, LLC</b> Mount Laurel, NJ</p> <p><b>BRANDYWINE LIVING</b> Life is Beautiful</p> <p>has been acquired by</p> <p>Warburg Pincus LLC New York, NY</p> <p><b>WARBURG PINCUS</b></p> <p><b>AmherstPartners</b> Acted as advisor to Brandywine Senior Living, LLC</p>	<p><b>Renex Corp.</b> Cora Gables, FL</p> <p><b>RENEX CORP.</b></p> <p>has been acquired by</p> <p>National Nephrology Associates Inc. Nashville, KY</p> <p><b>National Nephrology Associates</b></p> <p><b>AmherstPartners</b> Acted as advisor to Renex Corp.</p>	<p><b>Mectra Labs</b> Bloomfield, IN</p> <p><b>Mectra Labs Inc</b> Manufacturers of Medical Devices</p> <p>has been acquired by</p> <p>Key Surgical Eden Prairie, MN</p> <p><b>KEYSURGICAL</b></p> <p><b>AmherstPartners</b> Acted as advisor to Mectra Labs</p>
<p><b>Commonwealth Communities, LLC</b> Stoughton, MA</p> <p>has been acquired by</p> <p>Kindred Healthcare, Inc. Louisville, KY</p> <p><b>Kindred Healthcare</b></p> <p><b>AmherstPartners</b> Acted as advisor to Commonwealth Communities, LLC</p>	<p><b>Brandywine Senior Living, LLC</b> Mount Lauren, NJ</p> <p><b>BRANDYWINE LIVING</b> Life is Beautiful</p> <p>has been acquired by</p> <p>Retirement Residences REIT Toledo, OH</p> <p><b>RETIREMENT RESIDENCES</b> REAL ESTATE INVESTMENT TRUST</p> <p><b>AmherstPartners</b> Acted as advisor to Commonwealth Communities, LLC</p>	<p><b>Medical Analysis Systems, Inc</b> Camarillo, CA</p> <p><b>MEDICAL ANALYSIS SYSTEMS, INC.</b></p> <p>has been acquired by</p> <p>The Control Division of Dade Behring Deerfield, IL</p> <p><b>DADE BEHRING</b></p> <p><b>AmherstPartners</b> Acted as advisor to Medical Analysis Systems, Inc.</p>	<p><b>UroQuest Medical Corporation</b> Menlo Park, CA</p> <p><b>UroQuest</b></p> <p>has been acquired by</p> <p>Chemfab Merrimack, NH</p> <p><b>CHEMFAB</b></p> <p><b>AmherstPartners</b> Acted as advisor to UroQuest Medical Corporation</p>	<p><b>Wellstone Retirement Communities</b> Miami, FL</p> <p>has been acquired by</p> <p>Senior Lifestyle Corporation Chicago, IL</p> <p><b>SENIOR LIFESTYLE</b> your life, your style</p> <p><b>AmherstPartners</b> Acted as advisor to Wellstone Retirement Communities</p>

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# The Amherst Partners Team

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*With a track record spanning 30 years, Amherst Partners is a boutique investment banking firm focused on providing M&A advisory and capital raising services primarily for closely-held businesses*

**Boutique investment bank with significant Wall Street experience**



Core Execution Team



**Donald Luciani**  
Partner



**Charles Chandler**  
Partner



**Fahad Siddiqui**  
Director



**John Wendzinski**  
Vice President



**Sam Jabara**  
Associate



**Noah Moderwell**  
Analyst



**Emily Pachla**  
Controller



**Amber Dunn**  
Director of Marketing

Operations Advisory



**Jon B. Cotton**  
CEO, Apex Health, Former President,  
Meridian Health Plan of Michigan



**Ray Dallavecchia, Jr.**  
Owner, Venetian Associates



**Terry Robinson**  
Former Senior Vice President and Director  
of Middle Market Banking – Comerica Bank



**S. Evan Weiner**  
President/CEO, Edw. C. Levy Co.



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