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Weekly Newsletter: March 25th, 2024

Market Updates

[Covid and Medicare payments spark remote patient monitoring boom](#)

The surge in remote monitoring services, accelerated by the pandemic, has led to increased Medicare billing and concerns about oversight and evidence of effectiveness. While some studies show benefits, questions remain about which patients benefit most, how to ensure appropriate use of the technology, and how to address potential fraudulent practices, prompting calls for further research and regulatory clarity in this rapidly evolving landscape.

[The evolution of healthcare: trends to watch in 2024](#)

Healthcare delivery is undergoing a transformation as services previously confined to acute care settings are now available in ambulatory, home, and virtual environments. Facilitating the vitality of this trend are advances in technology, the need for cost control, and value-based changes to reimbursement. Stakeholders in the market are responding with investments and mergers to address changing utilization patterns and keep pace with consumerism driven technology and data advancements. As we continue into 2024, the healthcare and life sciences sectors stand at a critical juncture impacted by a complex mix of economic, technological, and political factors.

[Specialty value based care: a 2024 checklist for survival and success](#)

Specialty value-based care startups faced challenges in 2023, with revenue falling short and engagement struggling despite modest health system involvement. However, the introduction of specialty-focused models by the Center for Medicare and Medicaid Innovation presents opportunities for growth and innovation in this sector, particularly as market signals indicate increasing demand from payers and employers for effective value-based strategies.

Healthcare Operators

[Elevance to buy Kroger's specialty pharmacy](#)

Elevance Health's pharmacy benefit manager has agreed to buy Kroger's specialty pharmacy business, as PBMs continue to double down on sources of reliable revenue in a competitive pharmacy market. If the deal is finalized, Kroger's specialty pharmacy will merge with CaredonRx, Elevance's PBM. Kroger will retain its in-store retail pharmacies and walk-in clinics. Terms of the transaction were not disclosed. Kroger said it expects the deal to close in the second half of 2024.

[GTCR completes acquisition of Cloudbreak Health](#)

GTCR, a private equity firm, has finalized the acquisition of Cloudbreak Health, a leading provider of tech-enabled language interpretation services, from UpHealth, Inc. Headquartered in Columbus, OH, Cloudbreak specializes in video-focused interpretation services, facilitating communication between patients with limited English proficiency and healthcare providers. GTCR aims to leverage its healthcare technology expertise to enhance Cloudbreak's offerings and expand its impact in improving health equity across underserved patient populations.

[PE firm Fletch Equity buys Autism Spectrum Interventions](#)

Los Angeles-based private equity firm Fletch Equity has acquired California-based Autism Spectrum Interventions, marking its thirteenth acquisition in the past 33 months. This purchase highlights Fletch Equity's ongoing interest in the behavioral health sector, having previously invested in substance use disorder provider Pinnacle Treatment Centers. Despite a decrease in deal activity within the autism space over the past year, investors are attracted to companies collaborating with schools due to the stability of the customer base and broader scope.

Healthcare Legislative and Legal Updates

[OIG report highlights personal care's outsized role in medicaid fraud](#)

As at-home care has increasingly become a more popular model for health care, a significant portion of fraud convictions over the last 10 years have involved personal care services attendants. Between 2014 and 2023, personal care services accounted for at least 34% of fraud convictions according to a new report from OIG that detailed the findings from Medicaid Fraud Control Units. MFCUs are mandated by the Social Security Act to investigate and prosecute Medicaid provider fraud and patient abuse or neglect.

[DOJ considers lawsuit to block Amedisys-Optum transaction](#)

The DOJ is considering legal action to halt UnitedHealth Group's Optum from acquiring Amedisys. Despite Optum's June 2023 agreement to purchase Amedisys for \$101 per share, totaling about \$3.3 billion, antitrust concerns have prompted a DOJ investigation, mirroring similar scrutiny faced by Optum in its previous acquisition of Change Healthcare. Amedisys reported an increase in net service revenue to \$570.8 million in Q4 2023, with its hospice segment revenue rising to \$194.2 million, signaling ongoing growth amidst regulatory uncertainties.

[The impact of California's healthcare minimum wage law on valuations](#)

The Governor of California signed SB525 into law on October 13, 2023, aiming to raise the minimum wage for California healthcare workers to \$25.00 per hour starting June 1, 2024, with potential delays depending on the state's financial condition. The law's impact varies across healthcare facilities, with smaller ones experiencing a longer period of wage increase. Additionally, the law affects salaried employees and independent contractors, prompting adjustments in fair market value analyses for healthcare services and valuations.

Transactions Overview

M&A Transactions from 3/18/2024 to 3/24/2024

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
3/18/2024	Kroger Specialty Pharmacy	Elevance Health (NYSE:ELV)	Provider of healthcare services intended to serve patients with chronic illnesses.	Announced	Pharmacy
3/18/2024	Cloudbreak Health	GTCR LLC	Provider of video-focused language interpretation service that helps patients with limited English proficiency communicate with caregivers in healthcare settings.	Closed	Digital Health, IT, & Software
3/18/2024	Autism Spectrum Interventions	Fletch Equity	Provider of ABA therapy to children living with autism spectrum disorder and other developmental disabilities.	Closed	Behavioral Health
3/18/2024	Formula Wellness	Trive Capital Partners	Provider of health, medical-based wellness, and aesthetics services.	Closed	MedSpa / Medical Aesthetics
3/19/2024	Avail Medsystems	Mendaera, Inc., Lux Capital	Provider of telepresence technology solutions based in Santa Clara, CA.	Closed	HCIT
3/19/2024	Coker Group	Trinity Hunt Partners	Operator of a healthcare advisory firm providing performance transformation, transaction advisory and compliance consulting services.	Closed	Healthcare Consulting
3/19/2024	RealTime Laboratories, Inc.	US BioTek Laboratories, Pike Street Capital	Provider of molecular biology and microbiology laboratory services and products.	Closed	Lab
3/19/2024	The Kidney and Hypertension Center	Panoramic Health, Audax Private Equity	Provider of nephrology care services.	Closed	Nephrology
3/20/2024	Actium Health	Syllable, Technology Crossover Ventures	Developer of a healthcare CRM platform intended to transform healthcare providers into member-focused enterprises.	Closed	HCIT
3/20/2024	VillageMD-Kentucky	Arches Medical Partners	Operator of the medical care center based in Murray, KY.	Closed	Multispecialty Group
3/21/2024	Children's Dentistry	Sage Dental, Linden Capital Partners	Provider of dental care and orthodontics services intended for children.	Closed	Dental
3/21/2024	Senior Helpers	Waud Capital Partners	Provider of professional home care services.	Closed	Home Care
3/21/2024	Thousand Oaks Surgery Center	DISC Sports & Spine Center, Trias Global and Chicago Pacific Founders	Operator of a surgery center intended for healthcare professionals.	Closed	Multispecialty Group
3/21/2024	Tulip Special Care	AristaCare Health Services, KPH Healthcare Services	Operator of a nursing home intended to serve patients with complex medical issues.	Announced	Skilled Nursing Facilities

Based on publicly available information

The transactions featured in this week's newsletter represent a collection of notable deals, and unless stated otherwise, ambwealth was not involved in these transactions.

AMB at a Glance

AMB focuses on healthcare niches where consumerism and fragmentation meet to disrupt traditional healthcare channels. We are currently most active in the following segments:



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