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**INVESTMENT
BANKING**

Weekly Newsletter: April 1st, 2024

Market Updates

[Hospitals cash in on a private equity-backed trend: concierge physician care](#)

Nonprofit hospitals are adding concierge physician practices, charging patients annual membership fees of \$2,000 or more for easier access to doctors, potentially exacerbating primary care shortages and increasing healthcare costs. Large hospital systems like Northwestern Medicine and Penn Medicine are among those offering these services, with fees exceeding \$4,000 a year. Critics argue that while these practices generate revenue and help recruit physicians, they limit access to care for lower-income patients.

[Creating a roadmap to value-based care in autism](#)

Value-based contracts that involve autism therapy providers taking on risk can be “wildly beneficial.” The contracting process, however, has its challenges. To ease the complicated process, payers may benefit from creating a value-based “skeleton,” or framework for value-based agreements with payers. Industry insiders stress the importance of providers approaching value-based negotiations with a collaborative mindset. Although these tactics may aid conversations between providers and payers, the industry still needs to agree on a universal approach to progress measurements, which are required to determine value-based reimbursement rates.

[What are the recent trends in health sector employment](#)

Unemployment in the United States has been at or below 4% since November 2021. The health sector saw a sharp drop in revenues and employment at the onset of COVID-19 in the spring of 2020. Health services utilization dropped precipitously as providers cancelled elective care and patients practicing social distancing avoided health facilities. Utilization of health services has remained somewhat lower than expected based on the trend in years before the pandemic, and health sector employment remains below pre-pandemic levels.

Healthcare Operators

[Pediatric mental health startup InStride Health picks up \\$30 million to accelerate growth into new markets](#)

Startup InStride Health offers virtual specialty treatment for pediatric anxiety and OCD, pairing each child with a psychiatrist, therapist, and exposure coach. With a mission to democratize high-quality mental health care, InStride integrates evidence-based therapies and real-time support through text and video-enabled platforms, recently securing \$30 million in funding to expand its services and partnerships. InStride aims to address accessibility challenges by providing timely, insurance-covered treatment to families across multiple states.

[Steward to sell 'highly desired' physician group to Optum](#)

Steward Health Care plans to sell its physician group to UnitedHealth Group's subsidiary Optum. The proposed sale of Stewardship Health is part of the 33-hospital system's plan to shore up its finances amid ongoing challenges, including falling behind in paying bills and rents. If approved, physicians who work at Steward facilities across nine states would be employed by Optum. Collaborative Care Holdings, an Optum subsidiary, filed a notice with Massachusetts' Health Policy Commission to acquire the physician group for an undisclosed amount.

[BrightSpring closes multiple deals, including a home-based care acquisition](#)

BrightSpring Health Services announced that it has acquired a Maryland-based home health operation, the remaining equity interest in a behavioral therapy JV in Michigan and a long-term care pharmacy in Montana. For one, the deals align with what is likely to be a relatively aggressive M&A strategy from the home- and community-based services provider. But they also are a good representation of the brand diversity that BrightSpring has, from home health, to behavioral health, to long-term care – all across the country.

Healthcare Legislative and Legal Updates

[CMS proposes 4.1% increase to Medicare payments, while expanding monetary penalties](#)

The Centers for Medicare & Medicaid Services issued its proposed rule that updates Medicare payment policies and rates for skilled nursing facilities under the Skilled Nursing Facility Prospective Payment System for fiscal year 2025. CMS also proposed to expand the penalties that can be imposed through regulatory revision to allow for more per instance and per day – this would mean more civil monetary penalties to be imposed in the coming year.

[CMS proposes 2.6% pay raise for hospices in 2025](#)

The U.S. Centers for Medicare & Medicaid Services has issued its 2025 proposed rule for hospice payment, which if finalized would include a 2.6% increase in the per diem base rate. The proposal is a likely signal that CMS will not adopt a recent recommendation by the Medicare Payment Advisory Commission to freeze rates beginning next year. The proposed hospice cap amount for Fiscal Year 2025 is \$34,364.85, up from \$33,494.01 this year.

[More states are adding protections against big ambulance bills](#)

More states are enacting laws to protect patients from surprise bills for ambulance rides, as federal protections remain absent. These laws aim to cap patient costs for out-of-network ambulance services, with some states basing charges on local or Medicare rates. However, limitations persist as many employer-sponsored health plans fall under federal regulation, prompting calls for federal action to extend surprise billing protections to ground ambulances.

Transactions Overview

M&A Transactions from 3/25/2024 to 3/31/2024

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
3/29/2024	Cirrus Bio	Maverix Medical, KKR	Developer of medical diagnostics designed to improve health and quality of life by detecting common diseases that currently lack effective diagnostic tools.	Closed	Diagnostics
3/29/2024	Sierra Vista Regional Medical Center	Adventist Health	Operator of a health care center based in San Luis Obispo, CA.	Closed	Multispecialty Group
3/29/2024	Twin Cities Community Hospital	Adventist Health	Operator of a hospital intended to provide inpatient services based in Templeton.	Closed	Hospital
3/29/2024	West Hills Hospital & Medical Center	UCLA Health	Operator of a healthcare hospital and medical center based in West Hills, CA.	Closed	Multispecialty Group
3/28/2024	MD International	WSZL, Waberer's Group	Distributor of medical equipment based in Miami, FL.	Closed	Medical Supply Provider
3/27/2024	Health+Commerce	Supreme Group	Operator of a digital marketing agency intended to serve healthcare companies.	Closed	Digital Health, IT, & Software
3/27/2024	Tampa Neuropsychiatry	Beacon Behavioral Hospital, Latticework Capital Management, LLC	Provider of neuropsychiatric evaluation and treatment using neuromodulation strategies.	Closed	Behavioral Health
3/26/2024	Revival Homecare Agency	BrightSpring (NASDAQ:BTSG), KKR	Provider of home health services in Marlboro, MD.	Closed	Home Health
3/26/2024	Assure Holdings (NASDAQ:IONM)	MPOWERHealth	Provider of intraoperative neuromonitoring and remote neurology services based in Denver, CO.	Closed	Digital Health, IT, & Software
3/26/2024	Serina Therapeutics (ASE:SER)	AgeX Therapeutics (NYSE:AGE)	Serina Therapeutics Inc is a clinical-stage biotechnology company developing a pipeline of wholly-owned drug product candidates to treat neurological diseases and pain.	Closed	Pharmacy
3/26/2024	Stewardship Health	Optum, UnitedHealth Group	Operator of primary care doctors and other clinicians in nine states across the United States.	Announced	Primary Care
3/25/2024	ILC Dover	Ingersoll Rand Inc. (NYSE:IR)	Designer and manufacturer of engineered products for pharmaceutical companies.	Announced	Pharmaceutical Services

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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