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**INVESTMENT
BANKING**

Weekly Newsletter: May 20th, 2024

Market Updates

[Nurse practitioners helped fill a shortage in primary care, but they're increasingly headed to specialties](#)

For many patients, seeing a nurse practitioner has become a routine part of primary care, in which these "NPs" often perform the same tasks that patients have relied on doctors for. Nurse practitioners and physician assistants are joining cardiology, dermatology and other specialty practices, increasing their income. This development worries people who track the health workforce, because current trends suggest primary care, which has counted on nurse practitioners to backstop physician shortages, soon might not be able to rely on them to the same extent.

[New data show mental health claims continue to rise in the U.S.](#)

The brief analyzes de-identified medical claims and reveals mental health jumped another 11% from 2022 to 2023 and are now up 83% since before the pandemic (comparing 2019 to 2023). The pandemic-driven surge in telehealth visits for mental health conditions reversed among children under 18, dropping 14% from 2022 to 2023, while the pace among adults slowed but continued to increase by 5% in the same timeframe. Meanwhile, in-office mental health visits have seen an uptick from 2022 through 2023 among all age groups, increasing the urgency to meet growing demand and combat the shortage of mental health providers.

[Hospital prices paid by private insurers vary widely, report finds](#)

Private health insurance on average pays hospitals 2.5 times what Medicare does for the same services, with some states seeing relative prices of more than 3 times greater, according to a new RAND report. While it's well established that private insurers pay higher rates than Medicare, researchers said the amount of variation suggests employers have an opportunity to negotiate better deals with hospitals, which account for 42% of U.S. health spending for the privately insured.

Healthcare Operators

[Jefferson Health, Lehigh Valley Health Network sign definitive agreement for \\$14 billion merger](#)

Jefferson Health and Allentown, Pennsylvania-based Lehigh Valley Health Network are one step closer to consummating a \$14 billion merger. The pair announced that their leadership has signed a definitive merger agreement and are targeting a summer close, pending reviews and closing conditions. Though specific terms of the deal have not been disclosed, the nonprofits' combination is set to bring together 65,000 employees, 30 hospitals and over 700 sites of care. The entity would also run a health plan and conduct clinical research alongside Thomas Jefferson University.

[Optum's SCA Health quietly bought 2 cardiovascular chains](#)

In 2023, Optum's ASC arm, SCA Health, discreetly acquired two cardiovascular providers: National Cardiovascular Partners, previously owned by Fresenius Medical Care, and Pivotal Healthcare. National Cardiovascular Partners consists of 21 cardiac catheterization and vascular labs, now part of SCA Health. Pivotal Healthcare, based in Ponte Vedra Beach, Fla., encompasses 11 affiliate practices and 14 locations, adding to SCA Health's network of over 320 ASCs, positioning it as one of the largest ASC chains in the U.S.

[Tulip Hill Healthcare emerges as a leader in behavioral health following strategic merger](#)

Tulip Hill Recovery, Louisville Addiction Center, and Lexington Addiction Center have merged to form Tulip Hill Healthcare. This merger unites the strengths of these three key addiction recovery organizations to enhance Partial Hospitalization Program and Intensive Outpatient Program services across several states. The merger aims to reinforce the company's commitment to excellence and innovation in addiction treatment. Tulip Hill Healthcare plans to extend its services further and improve the quality of care while maintaining high standards.

Healthcare Legislative and Legal Updates

[Judge dismisses FTC's antitrust suit against Welsh Carson](#)

A Texas federal judge has dismissed the Federal Trade Commission's antitrust lawsuit against private equity firm Welsh, Carson, Anderson and Stowe. However, the government's suit against Welsh Carson's portfolio company U.S. Anesthesia Partners was allowed to continue. The Justice Department formed However, U.S. District Judge Kenneth Hoyt granted Welsh Carson's motion to dismiss the suit on Tuesday, essentially finding that private equity firms are not liable for the actions of their portfolio companies.

[New state laws could complicate behavioral health dealmaking](#)

State governments are increasingly scrutinizing healthcare mergers, particularly impacting the behavioral health sector's ability to execute deals due to prolonged timelines and increased expenses. About a dozen states now have disclosure and review laws, complicating transactions and potentially disadvantaging behavioral health operators. Legal experts anticipate these laws to create challenges, necessitating more time and resources to navigate state-specific regulations, potentially leading buyers to favor states with fewer regulatory hurdles.

[Senators Whitehouse, Cassidy propose bipartisan primary care payment reform, seek industry feedback](#)

Two senators introduced the bipartisan Pay PCPs Act, aiming to reform Medicare payments for primary care providers by establishing hybrid payments to reward quality care. The legislation seeks feedback on policy questions and proposes reduced cost-sharing for Medicare beneficiaries for primary care services. With the U.S. facing a shortage of primary care doctors and underinvestment in primary care, the bill is welcomed by primary care groups, offering hope for strengthening primary care and transitioning towards value-based models.

Transactions Overview

M&A Transactions from 5/13/2024 to 5/19/2024

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
5/13/2024	Access Point Technologies	Stereotaxis (NYSE: STXS)	Developer of proprietary medical devices designed for the electrophysiology market.	Closed	Medical Devices
5/13/2024	United Methodist Homes	Masonicare	Provider of elder and disabled care serving residents, patients and other communities.	Closed	Home Health
5/14/2024	Associate Pathologists of Joliet	Versant Diagnostics, Principal Global Investors	Provider of pathology services based in Joliet, IL.	Closed	Pathology
5/14/2024	Dr. Gregory Bricca, M.D.	Golden State Dermatology, Sorenson Capital	Provider of dermatology treatment services specializing in quality skin cancer care in Roseville, CA.	Closed	Dermatology
5/14/2024	One Beat Medical & Training	Cardio Partner Resources, DXE Medical	Distributor and provider of medical equipment and training services intended to ensure lifesaving emergency medical equipment is always within reach.	Closed	Medical Supply Provider
5/14/2024	RN Esthetics	Alpha Aesthetics Partners, Thurston Group	Provider of non-surgical aesthetic treatments in North Shore, MA.	Closed	MedSpa / Medical Aesthetics
5/14/2024	Tallahassee Plastic Surgery Clinic	Ascend Plastic Surgery Partners, Sheridan Capital Partners	Provider of healthcare services intended to serve clients with plastic surgery clinics in the United States.	Closed	MedSpa / Medical Aesthetics
5/15/2024	Genetic Networks	Category V Biotech (OTC: CATV)	Developer of a drug asset development platform intended to integrate a genome-wide functional assay of drug activity.	Announced	Pharmacy
5/16/2024	Nurses On Wheels	Pennant Group (NASDAQ: PNTG)	Provider of hospice services based in Corpus Christi, TX.	Closed	Hospice

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:



Research

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