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Investment Banking Weekly Newsletter

Market Updates

[AI creates a flurry of M&A activity in healthcare RCM and HCIT](#)

Throughout the evolution of the Revenue Cycle Management (RCM) and Healthcare Information Technology (HCIT) industries, their goals have largely remained the same: improve care, capture 100% of revenue for services performed and minimize costs. Today, healthcare facilities continue to rely on traditional methods to achieve these goals, including using outsourced labor to control costs. But new opportunities are emerging as technology improves efficiencies and effectiveness, and artificial intelligence could be the next game-changer in RCM and HCIT.

[In-person follow-ups higher after in-office visits than telehealth](#)

Across most specialties, rates of in-person follow-up within 90 days were higher for in-office visits than telehealth visits, according to new research. Researchers examined 40.68 million specialty visits and 32.14 million primary care encounters from January 2022 to March 2023. The research shows that visits within 16 out of the 24 specialties studied resulted in in-person follow-ups within 90 days after an office visit more often than after a telehealth visit. The in-person follow-up rates were highest for mental health, physical medicine and rehabilitation, and pain medicine-related office visits compared to telehealth.

[Home-based care M&A market could rebound late in the year](#)

The hospice and home health M&A landscape has become marked with uncertain terrain. Deal volume thus far in 2023 is down 50% to 60% from the previous two years. While companies that have a positive cash flow and demonstrate solid regulatory compliance are still in demand, the lower to middle market has been in a slump. Despite these complexities, rebounds in admissions and census among large regional and multi-regional providers suggest that the market may be stabilizing leading to a potential uptick later this year and in early 2024.

Healthcare Operators

[Baylor Scott & White Health and NextCare Urgent Care form partnership to jointly own all NextCare sites in Texas](#)

Baylor Scott & White Health, the largest not-for-profit health system in Texas, and NextCare Urgent Care, one of the nation's leading privately held providers of urgent care, announce the creation of a new partnership to expand high-quality, convenient care options for patients in Texas. The two organizations will work closely over the next several months to explore branding, digital integration and other enhancements to better serve customers.

[Healthcare startup co-founded by Spotify CEO gets \\$65 million](#)

A healthcare startup co-founded by the CEO of Spotify has raised \$65.4 million to expand. Neko Health offers a body scan that purportedly collects 50 million health data points via more than 70 sensors in about 10 minutes, always followed up by a physician visit. The company's co-founder is Daniel Ek, chief executive of the streaming service. The series A funding round, which was led by venture capital firm Lakestar with participation from General Catalyst, will allow the company to broaden its reach outside of Sweden.

[VA, Stanford Medicine unveil plans to develop new comprehensive cancer center](#)

Stanford Medicine and the Department of Veterans Affairs (VA) unveiled plans Friday to collaborate on a project that will bring a new National Cancer Institute-designated joint cancer care and research center to the VA Palo Alto campus in California. The two organizations have signed a memorandum of understanding to begin discussions on the partnership. The development of a new comprehensive cancer center is needed to meet the demand for what is expected to be an increasing number of Bay Area veterans seeking cancer care.

Healthcare Legislative and Legal Updates

[Biden reverses Trump-era limits on short-term health plans](#)

HHS, the Treasury Department and the Department of Labor issued proposed rules on Friday that clamp down on short-term limited duration health plans, which offer cheap but sparse coverage that Democrats deride as "junk insurance." The rule, which is meant to protect consumers and bolster the Obamacare exchange, would overturn a 2018 Trump-era regulation and satisfies liberal lawmakers and patient groups who have demanded the administration act since its first days in the White House.

[Home health industry group sues CMS, HHS over payment cuts](#)

A trade group that represents home health and hospice providers is suing the CMS and HHS over cuts to Medicare payment rates to home health agencies that the organization argues will have "disastrous consequences" for care access. The National Association for Home Care and Hospice is challenging a 3.9% pay cut for 2023 and a proposed 5.7% rate cut for next year. The adjustments come after Congress directed the CMS to change the home health payment methodology.

[Hospitals "extremely please" to receive \\$9 billion in proposed 340B remedy](#)

CMS announced it will pay eligible hospitals \$9 billion in a lump sum payment under a proposed remedy for the 340B payment rates—a decision hospital groups expressed satisfaction with. The federal agency estimates that from 2018 through approximately the third quarter of 2022, certain 340B providers received \$10.5 billion less in 340B drug payments than they would have without the policy. In June 2022, the Supreme Court unanimously ruled against the 340B payment rates, considering them unlawful because HHS failed to conduct survey of hospitals' acquisition costs.

Transactions Overview

M&A Transactions from 7/03/2023 to 7/09/2023

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
7/7/2023	UR Medicine	Finger Lakes Health	Hospital out of Rochester, NY.	Announced	Hospital
7/6/2023	Allergy Research Group	WM Partners	Developer of hypoallergenic supplements.	Completed	Allergy / ENT
7/6/2023	Blink Eye Drops	Bausch + Lomb (TSE: BLCO)	Provider of eye care products.	Completed	Eye Care
7/6/2023	Bridges (MN & WI)	Dungarvin Inc.	Intellectual and developmental disability (IDD) care provider out of MN and WI.	Completed	Behavioral Health
7/6/2023	Rumi	Dungarvin Inc.	Intellectual and developmental disability (IDD) care provider.	Completed	Behavioral Health
7/5/2023	Breathe Better Allergy, Asthma, & Sinus Center	Atlanta Allergy & Asthma, Shore Capital Partners	Operator of an allergy, asthma, & sinus practice in Gainesville, GA.	Completed	Allergy / ENT
7/5/2023	Jenny Craig	Nutrisystem, Kainos Capital	Provider of weight management programs designed to help members lose weight.	Completed	Wellness / Weight Loss
7/5/2023	Ohio Valley Health Care	WVU Medicine Camden Clark	Provider of skilled nursing services.	Completed	Skilled Nursing Facilities
7/5/2023	Lightwave	Unannounced	Provider of non-clinical management assistance services intended for dental organizations.	Completed	Dentistry
7/5/2023	MarsdenAdvisors (MIPS)	Anatomy IT, Atlantic Street Capital	Provider of Incentive Payment System services.	Completed	Health Plans & Payor Services
7/5/2023	Somnoware	ResMed (NYS: RMD)	Developer of a sleep disorder management platform designed to assist patients to have a sufficient amount of sleep.	Completed	Digital Health, IT, & Software
7/3/2023	Point6 Healthcare	Ryan Specialty Holdings (NYS: RYAN)	Distributor of medical stop-loss insurance and pharmacy services to retail brokers and third-party administrators.	Completed	Health Plans & Payor Services
7/3/2023	RenuClinics	Soaak Technologies	Provider of personalized therapies, including brain mapping and neurofeedback.	Completed	HCIT
7/3/2023	Probst OB-GYN Services	American Medical Administrators	Provider of women healthcare services based in Saint Louis, MO.	Completed	OBGYN / Women's Health

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

New sector insights each month

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