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**INVESTMENT  
BANKING**

Weekly Newsletter: July 15<sup>th</sup>, 2024

## Market Updates

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### [The facts about Medicare spending](#)

Medicare provides health insurance coverage for 67 million people, 20% of the U.S. population – a share which will grow larger in the coming decades. In 2022, Medicare spending comprised 12% of the federal budget and 21% of national health care spending. Given Medicare's essential role as a source of coverage for an aging population and the importance of sustaining the program for future generations, Medicare is often part of discussions about total federal government spending, health care spending in the U.S., and the affordability of health care costs.

### [Nearly half of U.S. counties don't have a single cardiologist](#)

Millions of Americans likely to develop and die from heart disease live in cardiology deserts – areas of the country without a single heart specialist to care for them. New research published in the Journal of the American College of Cardiology finds that nearly half of all counties in the U.S. lack a practicing cardiologist. Most of those counties are rural, with residents who tend to be sicker in general with complex medical problems.

### [Hospital M&A activity remained strong in Q2](#)

The number of hospital M&A transactions dropped from 20 in the first quarter of 2024 to 11 in the second quarter. However, this decline indicates a shift in focus from scale to strategic partnerships, as highlighted by a report. These partnerships aim to address competitive, operational, and financial pressures by leveraging new capabilities, resources, and expertise. Notably, the second quarter saw two mega-mergers, including BayCare's buyout of Trinity Health's interest and Kaiser Permanente's acquisition of Cone Health.

## Healthcare Operators

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### [Sanford Health, Marshfield Clinic Health System unveil \\$10 billion merger plan](#)

Midwest health systems Sanford Health and Marshfield Clinic Health System announced plans to explore a merger forming a 56-hospital, \$10 billion revenue nonprofit heavyweight. Both organizations have a recent history of scuttled mergers but said the "complementary assets and capabilities" of their cross-market deal would deliver stronger patient and community care across their combined footprint. They would employ almost 56,000 people with 4,300 providers across the hospitals, two fully integrated health plans, specialty pharmacies and research institutions.

### [Eli Lilly buys bowel disease drug developer Morphic in \\$3.2 billion deal](#)

Eli Lilly will acquire biopharmaceutical firm Morphic Holding in a deal valued at \$3.2 billion, both companies announce, a transaction that includes an experimental medication for inflammatory bowel disease and treatments for other chronic diseases. Lilly will pay \$57 a share in cash for Morphic, roughly 79% more than the company's closing price, Eli Lilly and Morphic said in a statement. Morphic is developing a treatment for IBD that is being studied in three mid-stage clinical trials, including two for patients with ulcerative colitis and another for patients with Crohn's disease, an autoimmune disease that inflames the digestive tract.

### [Leading medical claims management provider, Medlogix, LLC announces the acquisition of ReviewWorks](#)

Medlogix, LLC, a national medical claims management solutions provider, has acquired Michigan-based ReviewWorks, known for its medical cost containment and disability management services. The acquisition enhances Medlogix's capabilities by integrating ReviewWorks' services with those of its subsidiaries. Both companies aim to deliver customized, effective claims management solutions to their clients. Leaders from both Medlogix and ReviewWorks expressed enthusiasm about the partnership and the potential to improve client satisfaction and outcomes.

## Healthcare Legislative and Legal Updates

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### [All the payment factors included in the 2025 home health proposed rule](#)

The U.S. Centers for Medicare & Medicaid Services unveiled its home health proposed payment rule for 2025. The proposal includes a payment decrease in the aggregate by 1.7%, or by about \$280 million. "That needs qualification," Dombi said. "That's \$280 million, not to what it would otherwise have been, but rather, in contrast to what it's expected to be for 2024." Providers examining the proposed rule will also see a 2.5% net inflation rate update.

### [CMS proposes 2.6% update to ASC payment rates for 2025](#)

The Centers for Medicare & Medicaid Services released its proposed rule for the Calendar Year 2025 Medicare Hospital Outpatient Prospective Payment System and Ambulatory Surgical Center Payment System. This annual proposed rule, which includes a 60-day comment period ending on September 9, 2024, will be finalized in early November. The proposed updates and policies outlined in the rule are designed to impact approximately 3,500 hospitals and 6,100 ASCs working within the Medicare program.

### [FTC to sue drug managers over insulin prices](#)

The Federal Trade Commission is preparing to sue the largest three pharmacy-benefit managers over their tactics for negotiating prices for drugs including insulin, after a two-year investigation into whether the companies steer patients away from less-expensive medicines. The agency plans to file lawsuits taking aim at business practices related to rebates brokered with drug manufacturers, people familiar with the matter said. The FTC is also investigating the role that insulin manufacturers play in the negotiations.

# Transactions Overview

## M&A Transactions from 7/8/2024 to 7/14/2024

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
7/12/2024	Dermatologic SurgiCenter	Pennsylvania Dermatology Partners	Operator of a dermatology clinic intended to provide every patient with personalized care.	Closed	Dermatology
7/9/2024	Big Sky IV Care	Specialty Infusion Center, Vivo Infusion, InTandem Capital Partners	Operator of an infusion pharmacy and nursing home intended for chronically ill patients in patients' homes and infusion suites.	Closed	Infusion
7/9/2024	GetWellNetwork	SAIGroup	Developer of a patient engagement platform designed to help healthcare providers engage, educate and empower patients.	Closed	Digital Health, IT, & Software
7/9/2024	Infusion Associates Management	Vivo Infusion, InTandem Capital Partners	Provider of ambulatory infusion services intended to cater to the needs of patients with emergency health conditions.	Closed	Infusion
7/8/2024	Applewood Village	Fellowship Village	Operator of elderly care intended to provide services to seniors.	Closed	Home Care
7/8/2024	Beraja Medical Institute	Icare Health Solutions, VSP Vision	Operator of an ophthalmology and plastic surgery clinic intended to serve the people of South Florida.	Closed	Eye Care
7/8/2024	Evangelical Community Hospital	WellSpan Health	Operator of a community hospital intended to offer service in the Lycoming, Northumberland, Snyder and Union counties.	Closed	Hospital
7/8/2024	ReviewWorks	Medlogix, Excellere Partners	Provider of medical cost containment and disability management services intended for the worker's compensation and auto no-fault/liability markets.	Closed	Revenue Cycle Management
7/8/2024	Uniti Med	GQR Global Markets, Wynden Stark, Corbel Capital Partners	Operator of a healthcare staffing agency catering to the medical industry.	Closed	Healthcare Staffing & Education

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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