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**INVESTMENT
BANKING**

Weekly Newsletter: July 29th, 2024

Market Updates

[CrowdStrike outage expected to cost healthcare \\$1.9 billion](#)

Losses for the healthcare industry from the CrowdStrike IT outage are estimated to reach \$1.9 billion, according to a report from Parametrix Solutions, a provider of cloud monitoring, modeling, and insurance services. According to Parametrix, the healthcare and banking sectors in the U.S. are expected to suffer the greatest direct losses due to the July 19 global disruptions caused by a faulty CrowdStrike software update that led to widespread Windows system crashes.

[How data-driven strategies are revolutionizing CMS star ratings in healthcare](#)

Just like in any other industry where ratings drive decisions, healthcare is no exception anymore. CMS star ratings influence consumers to choose healthcare plans that fit their needs. Higher ratings signify better quality, and plans with the highest ratings tend to be more financially viable due to increased per-member-per-month payments. Despite their importance, 58% of Medicare Advantage plans scored below four stars in 2024, highlighting a critical need for improvement.

[Healthcare costs could grow up to 8% next year](#)

Medical cost growth is estimated to reach its highest level in 13 years in 2025, according to a report by consultancy PwC. The analysis projects an 8% year-over-year increase for the group health insurance market and a 7.5% bump for the individual market. The increase is driven by inflationary pressures, growing prescription drug spending — including on pricey weight loss medications — and rising utilization of behavioral healthcare, according to the report.

Healthcare Operators

[Molina to acquire ConnectiCare for \\$350 million](#)

Molina Healthcare has entered into a definitive agreement to buy Connecticut payer ConnectiCare for \$350 million, the insurer said. ConnectiCare, a subsidiary of New York-based nonprofit health plan EmblemHealth, serves about 140,000 beneficiaries across Affordable Care Act marketplace and Medicare plans, as well as certain commercial offerings, according to a press release. The acquisition will bring a “well-rounded” government-sponsored health plan and a new state market, Connecticut, into the insurer’s portfolio, Molina CEO Joe Zubretsky said in a statement.

[Medical Properties Trust sells Arizona hospital, 7 emergency departments for \\$160 million to CommonSpirit subsidiary](#)

Birmingham, Alabama based Medical Properties Trust, one of the world's largest healthcare real estate owners, has completed the \$160 million sale of a hospital and seven freestanding emergency department facilities to San Francisco-based Dignity Health, part of Chicago-based CommonSpirit Health. The sale comprises 50-bed Mesa, Ariz.-based Arizona General Hospital and seven freestanding EDs in the Phoenix area, according to a news release. Medical Properties Trust funded the construction of the eight facilities for \$92 million. The facilities were originally operated by Irving, Texas-based Adeptus Health.

[Owens & Minor, Inc. signs definitive agreement to acquire Rotech Healthcare Holdings, Inc. for \\$1.36 billion in cash](#)

Owens & Minor, Inc. announced that it has entered into a definitive agreement to acquire Rotech Healthcare Holdings, Inc., a privately held home based care business headquartered in Orlando, Florida, for \$1.36 billion in cash. Given anticipated tax benefits of approximately \$40 million from the transaction, the net purchase price is approximately \$1.32 billion, which represents approximately a 6.3x multiple of LTM EBITDA, excluding synergies.

Healthcare Legislative and Legal Updates

[Lawmakers introduce bill to resurrect Chevron doctrine](#)

Sen. Elizabeth Warren, introduced legislation that would reverse the Supreme Court’s recent ruling on the Chevron doctrine, according to a press release. The Stop Corporate Capture Act, a joint effort by Warren, nine other Democratic senators and Sen. Bernie Sanders, would codify the Chevron doctrine, which required federal courts give deference to agencies’ reasonable interpretation of ambiguous statutes. The high court overturned the doctrine in a June ruling.

[Pennsylvania bans most non-compete agreements for healthcare practitioners](#)

Pennsylvania enacted two significant pieces of legislation relating to telemedicine and physician noncompetition agreements that will have a meaningful impact within the healthcare delivery system with the state. Act 42 expands the use of and ensures reimbursement for telemedicine services provided by a health care provider in Pennsylvania. The Fair Contracting for Health Care Practitioners Act bans noncompete covenants in employment agreements with certain health care practitioners.

[Senator Markey, Rep. Jayapal introduce Health Over Wealth Act, setting guardrails for private equity in health care](#)

Senator Edward J. Markey, chair of the Health, Education, Labor, and Pensions Subcommittee on Primary Health and Retirement Security, and Congresswoman Pramila Jayapal, member of the House Judiciary Subcommittee on Health, Employment, Labor, and Pensions, introduced the Health Over Wealth Act, legislation that would require greater transparency for private equity firms and for-profit companies that own health care entities, including hospitals, nursing homes, and mental or behavioral health facilities.

Transactions Overview

M&A Transactions from 7/22/2024 to 7/28/2024

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
7/22/2024	ABA Therapy of Houston	ABA Connect, MBF Healthcare Partners	Provider of healthcare services intended to serve children of all ages who are diagnosed with autism and other developmental delays.	Closed	Behavioral Health – ABA
7/22/2024	HomeFree Pharmacy Services	AnewHealth, Nautic Partners	Developer of a SaaS-based digital medication encyclopedia intended to help community pharmacists communicate with consumers.	Closed	HCIT – Patient Engagement
7/22/2024	Night Lite Pediatrics, Pediatrix Medical Group (NYSE: MD)	PM Pediatric Urgent Care, Scopia Capital Management	Provider of urgent medical care solutions intended to address emergency conditions of children and adolescents in Central Florida.	Closed	Pediatrics
7/23/2024	ConnectiCare	Molina Healthcare (NYSE: MOH)	Provider of managed care services to Connecticut individuals, families, and businesses.	Announced	Managed Care
7/23/2024	Infusicare	Dynamic Infusion, RiverGlade Capital	Provider of infusion therapy and vascular access services intended to serve a variety of healthcare.	Closed	Infusion
7/23/2024	Neuromonics	SoundVida	Developer of medical devices designed to help people with long-term tinnitus.	Closed	Medical Devices
7/23/2024	Rotech Healthcare	Owens & Minor, Inc. (NYSE: OMI)	Supplier of respiratory and sleep apnea treatment products focused on patients to lead a more comfortable and productive life.	Announced	Medical Devices
7/23/2024	Trukera Medical	Bausch + Lomb (NYSE: BCO)	Developer of corneal health technology designed to recognize the importance of eye care.	Closed	Eye Care
7/24/2024	Behavior Consultation & Psychological Services	Behavioral Framework, Renovus Capital Partners	Provider of consultation and psychological services catering to children with autism.	Closed	Behavioral Health – Psych
7/24/2024	Endotronix	Edwards Lifesciences (NYSE: EW)	Developer of proactive heart management tools designed to detect cardiac failure.	Closed	HCIT – Monitoring
7/25/2024	LogicStream Health	QuVa Pharma, Goldman Sachs	Developer of an electronic health record (EHR) analytics software designed for clinical process improvement and control.	Closed	Digital Health, IT, & Software

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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AMB
Investment Bank
229-225-1500
info@ambwealth.com

Allen Mooney Barnes | Investment Banking

677 King Street, Suite 410 | Charleston, SC 29403
www.ambwealth.com

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