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**INVESTMENT
BANKING**

Weekly Newsletter: July 8th, 2024

Market Updates

[Top factors fueling investor interest in coming 'golden decades' for hospice](#)

Investors of all types have increasingly recognized the value proposition of hospice to improve quality and reduce costs at the end of life – a trend not anticipated to abate anytime soon. Staffing pressures are also a major contributing factor to the hospice investor outlook. Nonprofit providers have largely made up the bulk of organizations in the end-of-life care space since the Medicare Hospice Benefit was established roughly four decades ago.

[5 states where COVID ED visits are rising fastest](#)

The FLiRT variants of COVID-19 are gaining momentum, with emergency department visits diagnosed as COVID went up 23.3% from the week prior, building up to an anticipated "summer wave" across multiple states, especially in the South, CDC data shows. The top five states seeing the most substantial increases in COVID-19 ED cases at this time are Nebraska, Idaho, Georgia, Louisiana, and West Virginia. As of June 25, cases were up across 44 states total, The Washington Post reported.

[KFF: This insurance market had the highest gross margins last year](#)

A new analysis from KFF digs into insurers' financial performance across multiple markets and found the highest gross margins in the Medicare Advantage space. At the end of 2023, gross margins per enrollee in MA were \$1,982 on average compared to \$1,048 in the individual market. Medicaid was the lowest at \$753 in gross margin per enrollee, and group plans fell in the middle at \$910. Gross margins are a notable indicator for financial performance, though they're not necessarily indicative of profitability as they do not account for administrative costs or tax liabilities.

Healthcare Operators

[Cooper University Health acquires New Jersey system](#)

Cooper University Health Care completed the acquisition of Cape May, N.J.-based Cape Regional Health System. As part of the closing, Cape Regional Medical Center has been renamed Cooper University Hospital Cape Regional. The combined health system comprises two hospitals with more than 900 beds, 130 ambulatory sites and almost 11,000 employees, including over 1,000 physicians. It is projected to have revenue exceeding \$2.2 billion a year.

[Private equity-backed I-MED, Australia's largest imaging provider, enters US with teleradiology acquisition](#)

Private equity-backed I-MED, Australia's largest diagnostic imaging provider, is entering the U.S. market with the acquisition of San Diego-based teleradiology group StatRad. I-MED Radiology Network had been searching for a target to expand into North America, seeing parallels with its home market, CEO Shrey Viranna told the Australian Financial Review. Currently, teleradiology accounts for about 10% of I-MED's revenue, with its physicians handling over 1 million reports each year across 170 hospitals in Australia and New Zealand.

[Med Center Health officially acquires Logan Memorial Hospital](#)

Med Center Health has finalized its acquisition of Logan Memorial Hospital, officially opening The Medical Center at Russellville. The Medical Center at Russellville is a 75-bed acute care hospital. Med Center Health said the facility serves a population of approximately 45,000. The facility is the healthcare provider's seventh hospital in the region, according to a news release. Med Center Health also operates hospitals in Scottsville, Franklin, Horse Cave and Albany.

Healthcare Legislative and Legal Updates

[The Supreme Court just limited federal power. Healthcare is feeling the shock waves](#)

A landmark Supreme Court decision that reins in federal agencies' authority is expected to hold dramatic consequences for the nation's healthcare system, calling into question government rules on anything from consumer protections for patients to drug safety to nursing home care. The decision overturns a 1984 precedent that said courts should give deference to federal agencies in legal challenges over their regulatory or scientific decisions.

[Federal court stalls FTC's noncompete ban](#)

A federal court in Texas has approved a preliminary injunction against the FTC's sweeping noncompete ban, which, if implemented, would have seismic effects on the healthcare industry and the economy more broadly. The preliminary injunction prevents the rule from taking effect Sept. 4 while the court considers if the FTC has authority to issue the ban. U.S. District Judge sided with tax preparation company Ryan LLC and the U.S. Chamber of Commerce, both of which argued that the FTC lacks authority to implement rules defining unfair methods of competition.

[Prospect Medical Holdings reveals DOJ investigation](#)

Prospect revealed the federal probe in response to a lawsuit filed against the 16-hospital system by Yale New Haven Health. Yale New Haven sued Prospect in May to get out of a 2022 deal to buy three Connecticut-based hospitals from Prospect, claiming Prospect had violated the deal terms by mismanaging facilities, not paying staff and vendors, and failing to implement basic cybersecurity protections. In the complaint, Yale also alleged the health system violated state and federal laws and did not resolve "government investigations into Defendants' operation of the Businesses."

Transactions Overview

M&A Transactions from 7/1/2024 to 7/7/2024

| Date | Target | Buyer/Investor | Description | Status | Healthcare Vertical |
|----------|---|--|--|--------|---------------------|
| 7/1/2024 | Diakon Senior Living | Lutheran Senior Services | Provider of elderly care services based in Lewisburg, PA. | Closed | Home Care |
| 7/1/2024 | New Jersey Cancer Care | Regional Cancer Care Associates, The US Oncology Network, McKesson (NYSE: MCK) | Operator of a cancer care center intended to provide care for patients with various forms of cancer and a wide range of blood disorders. | Closed | Oncology |
| 7/1/2024 | Shopko Optical | Fielmann Group (OTC: FLMNF) | Operator of eye-care centers. | Closed | Optometry |
| 7/1/2024 | Speechcenter | Sidekick Therapy Partners | Operator of a speech-language pathology practice intended to serve children and adults throughout Central and Western North Carolina. | Closed | Pathology |
| 7/1/2024 | StatRad | I-MED Radiology Network, Permira | Provider of teleradiology services intended for radiology groups and hospitals. | Closed | Radiology / Imaging |
| 7/2/2024 | Florida Cardiology Group | NYU Langone Health | Operator of a cardiology clinic focused on treating past and present cardiac illnesses and prevention of future cardiovascular disease. | Closed | Cardiology |
| 7/4/2024 | EPSrx | CarePartners Pharmacy, Concentric Investment Partners | Provider of specialty pharmacy service intended to offer care for complex, chronic, and rare diseases. | Closed | Pharmacy |
| 7/5/2024 | Mt. Auburn Obstetrics & Gynecology Associates | The Christ Hospital Health Network | Operator of an obstetrics and gynecology clinic focused on providing Cincinnati's women the highest level of health care. | Closed | Women's Health |

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

New sector insights each month

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