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**INVESTMENT  
BANKING**

Weekly Newsletter: March 18<sup>th</sup>, 2024

## Market Updates

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### [Health care providers losing up to \\$1 billion a day from cyberattack](#)

Disruptions from the Change Healthcare cyberattack are costing health providers as much as \$1 billion a day and creating enough of a drag to depress first-quarter earnings. Even though Change's parent, UnitedHealth Group, has a timeline for restoring the third-party payment systems that roughly half of U.S. health care relies on. Hospitals, pharmacies, doctors, medical equipment vendors and others could spend weeks or months sorting out patient eligibility, filing claims and paying additional staff to handle the extra administrative burden.

### [The future of Medicare Advantage](#)

The undeniable story of early 2024 for US health insurers has been the sustained economic pressures that Medicare Advantage payers are experiencing. This was borne out in 2023 year-end financial results, with several MA payers pointing to inpatient and outpatient care utilization being higher than expected, consequently increasing the medical-loss ratio. Looking ahead, the financial pressure on payers could worsen. In its 2025 advance notice for new payment rates, the U.S. Centers for Medicare & Medicaid Services notes that there will be an aggregate revenue growth of 3.7% when the increase of 3.9% driven by the risk score trend is included.

### [Google launches AI-backed search-and-answer tool for doctors](#)

Google Cloud has launched a tool backed by generative artificial intelligence that allows clinicians to search for information across patient notes, scanned documents and other clinical data. That tool, called Vertex AI Search for Healthcare, is now available for Google Cloud customers, the tech giant announced. Along with search, the technology — which can be directly integrated into physicians' workflows — can also answer questions, like queries about a patient's medical history.

## Healthcare Operators

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### [Fortrea sells enabling services and patient access businesses for up to \\$345 million](#)

Fortrea Holdings will sell two of its businesses to private equity firm Arsenal Capital Partners for up to \$345 million. The company will receive \$295 million for its enabling services segment and patient access businesses when the deal closes in the second quarter of 2024, with a further \$50 million to be paid upon reaching specific transition-related milestones. "After undertaking a strategic review of our business, divesting Endpoint and Fortrea Patient Access aligns with the interests of our customers," Fortrea Chairman and CEO Tom Pike said in a statement.

### [Elevance completes Paragon Health acquisition](#)

Elevance Health closed its deal to acquire infusion and drug therapy company Paragon Health. Under the deal, the insurer will expand Plano, Texas-based Paragon's real estate footprint and scale up operations. Paragon will operate under CarelonRx, Elevance's pharmacy services segment. An Elevance spokesperson declined to share financial terms of the deal. However, Axios, citing sources familiar, reported the purchase would run Elevance over \$1 billion.

### [VITAS to acquire Covenant Health and Community Services' hospice business for \\$85 million](#)

VITAS Healthcare Corporation has penned an agreement to acquire Covenant Health and Community Services' hospice operations and one of its assisted living facility locations for \$85 million. The purchase marks the Chemed Corp subsidiary's entrance into the Alabama market and expands its geographic footprint in Florida. VITAS anticipates that the transaction will close in the second quarter of this year, subject to customary approvals. The acquisition is structured as an asset purchase, which allows the buyer to assume liability for assets included in the purchase.

## Healthcare Legislative and Legal Updates

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### [Optum's emergency acquisition of physician-owned clinic approved](#)

Optum, parent company of ASC chain SCA Health, received approval to bypass a state review of its planned purchase of physician-owned Corvallis Clinic. "Absent closure of the transaction as expeditiously as possible, the Corvallis Clinic is expected to be insolvent in the immediate term," the report said. "The information provided to date reflects that the proposed transaction is necessary to protect the interest of consumers and preserve TCC's solvency."

### [Momentum behind hospital-at-home continues to grow, but proponents say Congress needs to act to fuel more investment](#)

As the concept of hospital-at-home gains momentum, there is a growing focus on the positive outcomes and cost-efficiency it offers. DispatchHealth's programs have shown impressive patient satisfaction rates and a reduction in emergency room visits, highlighting the need for ongoing policy backing and financial support to extend these services further. With broader acceptance and investment in technologies supporting remote care, providers and payers are striving to address challenges associated with scaling up hospital-at-home initiatives.

### [Florida bills intended to curtail physician noncompetes fail](#)

The Florida Legislature has declined to pass laws further limiting or prohibiting enforcement of restrictive covenants against medical doctors and doctors of osteopathic medicine. The first proposal, House Bill 11, would strictly prohibit enforcement of restrictive covenants, without exception. That bill remained under consideration by a House subcommittee when the legislative session ended. The second proposal, Senate Bill 458, would have prohibited enforcement of restrictive covenants against physicians, with three broad exceptions.

# Transactions Overview

## M&A Transactions from 3/11/2024 to 3/17/2024

Date	Target	Buyer/Investor	Description	Status	Healthcare Vertical
3/11/2024	Assure Holdings (NASDAQ:IONM)	MPOWERHealth	Provider of healthcare facility based in Denver, CO.	Announced	ER Facilities
3/11/2024	Aural Analytics	Linus Health	Developer of a speech analytics platform designed to detect clinically relevant aspects of human health.	Closed	Digital Health, IT, & Software
3/11/2024	Endpoint Clinical	Arsenal Capital Partners	Developer of interactive response technology platforms to access data through phones, web and mobile devices intended for the life sciences industry.	Announced	Digital Health, IT, & Software
3/11/2024	Paragon Healthcare	Elevance Health, Inc. (NYSE:ELV)	Provider of infusion and pharmacy services.	Closed	Pharmaceutical Services
3/11/2024	Reservoir Health	Pax Health, HCAP Partners	Provider of independent psychiatric examinations intended to serve patients.	Closed	Behavioral Health
3/11/2024	TeleMed2U	Kayne Anderson Growth Capital	Provider of treatments for conditions such as autism, depression and eating disorders.	Closed	Behavioral Health
3/11/2024	Triyam	Access Information Management, Berkshire Partners, LLC	Provider of data management services intended to help healthcare facilities extract patient data and archive it in a secure cloud.	Closed	Digital Health, IT, & Software
3/11/2024	Workers Compensation Psychological Network	Pax Health, HCAP Partners	Provider of independent psychiatric examinations intended to serve patients.	Closed	Behavioral Health
3/12/2024	Behavioral Medicine Associates	Pax Health, HCAP Partners	Provider of behavioral health services intended to serve employees across NY.	Closed	Behavioral Health
3/12/2024	Covenant Health	VITAS Healthcare Corporation, Chemed Corp (NYSE:CHE)	Provider of hospice care facility based in FL and AL.	Announced	Hospice
3/12/2024	Pharmacy Quality Solutions	Innovaccer, OMERS Growth Equity	Developer of healthcare technology software intended to connect payers and pharmacies.	Closed	Digital Health, IT, & Software
3/12/2024	RevSpring	Frazier Healthcare Partners	Developer of billing and communication software.	Closed	Digital Health, IT, & Software
3/12/2024	Titanium Medical	DirectMed Imaging, NMS Capital	Supplier of diagnostic imaging parts.	Closed	Medical Supply Provider
3/13/2024	Apex Endodontics	Specialized Dental Partners, Quad-C Management, Inc.	Operator of dental clinics aimed at addressing complex dental issues affecting the root canal system.	Closed	Dental
3/13/2024	Gorham and Ammarell Dentistry	United Dental Corporation, High Speed Ventures	Provider of dental practice and related services based in Nashville, TN.	Closed	Dental
3/13/2024	Manta HealthTech	Anatomy IT, Atlantic Street Capital	Operator of a health technology company intended to help healthcare facilities.	Closed	Digital Health, IT, & Software
3/14/2024	Whitehouse Laboratories	Pace Analytical, Leonard Green & Partners	Provider of laboratory testing services.	Closed	Lab

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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### Select AMB Contacts:

**Mikel Parker**  
Managing Director  
678-524-6632 Cell  
[mikel.parker@ambadvisors.com](mailto:mikel.parker@ambadvisors.com)

**Ryan Loehr, CPA**  
Managing Director  
706-394-9848 Cell  
[ryan.loehr@ambadvisors.com](mailto:ryan.loehr@ambadvisors.com)

**Johnny Cross**  
Vice President  
843-371-8596 Cell  
[johnny.cross@ambadvisors.com](mailto:johnny.cross@ambadvisors.com)

**Asha Hamaker**  
Analyst  
405-343-1643 Cell  
[asha.hamaker@ambadvisors.com](mailto:asha.hamaker@ambadvisors.com)

## Allen Mooney Barnes | Investment Banking

677 King Street, Suite 410 | Charleston, SC 29403  
[www.ambwealth.com](http://www.ambwealth.com)

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