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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – May 31st, 2024

1. Waystar, a Healthcare Payment Software Company Backed by EQT AB and the Canada Pension Plan Investment Board, Plans \$1.04 Billion IPO Amid Health Tech Market Revival

Waystar, a healthcare payment software company backed by EQT AB and the Canada Pension Plan Investment Board, aims to raise \$1.04 billion in an IPO, potentially marking the year's largest IPO. The company plans to offer 45 million shares at \$20-\$23 each, valuing it at \$3.98 billion. Founded in 2017 through the merger of Navicure and ZirMed, Waystar serves over 30,000 customers and processed \$5 billion in transactions last year. The IPO signals a potential revival in the health tech market, which saw a slowdown in IPOs over the past three years. ([Link](#))

2. HouseWorks, InTandem Capital, Acquires Connecticut Personal Care Division of AccordCare

HouseWorks Holdings, LLC, a leading personal care services platform in the northeast, has acquired the Connecticut Personal Care Division of AccordCare, which includes brands Companions and Homemakers, LLC, and Companions Forever, LLC. This acquisition marks HouseWorks' entry into Connecticut, significantly expanding its geographic footprint and providing Medicaid and dual-eligible clients access to its BetterCare at Home™ model. The Connecticut division, the largest provider of Medicaid home care services in the state, will retain its branding. This transaction is HouseWorks' fifth acquisition since partnering with InTandem Capital in December 2022. ([Link](#))

3. GTCR to Acquire Surmodics in \$627M Deal, Taking the Medical Device Coatings Firm Private

GTCR will acquire Surmodics, a US-based medical device coatings firm, for \$627 million, paying \$43 per share in cash, a 41.1% premium over the 30-day average. The Surmodics board unanimously approved the deal, recommending stockholders vote in favor. The acquisition will be funded through GTCR-affiliated equity and debt financing. Post-acquisition, Surmodics will go private, ceasing Nasdaq trading. Surmodics' CEO, Gary Maharaj, praised the transaction, while GTCR's Sean Cunningham highlighted Surmodics' potential for growth. ([Link](#))

4. Tenex Capital Acquires Behavioral Innovations for \$300M, Signaling Major Autism Therapy Industry Move

Behavioral Innovations, an Addison, Texas-based autism therapy provider with 80 locations in Colorado, Oklahoma, and Texas, has been acquired by New York City's Tenex Capital Management for approximately \$300 million, commanding a high-teen valuation. This significant 2024 platform deal follows Chicago-based Shore Capital Partners' investment in 2017. The transaction highlights renewed deal-making momentum in the autism therapy sector, overcoming high-interest rate challenges. ([Link](#))

5. Solis Mammography, Madison Dearborn Partners, Acquires MUSIC in Gainesville, Expanding to 130 Locations Nationwide

Solis Mammography, Madison Dearborn Partners-backed radiology provider, announced its acquisition of the Mammography and Ultrasound Imaging Center (MUSIC) in Gainesville, Florida, bringing its total imaging centers to 130 across 18 markets. The acquisition aims to enhance patient access to advanced breast imaging services. Solis, known for its patient-centric, boutique-style healthcare experience, has grown significantly since its founding in 1986 and a 2018 investment by Madison Dearborn Capital Partners. Recent expansions include joint ventures and new centers in Arizona and South Florida. ([Link](#))

6. Longhorn Dermatology Joins DermCare Management, supported by Financial Sponsor Hildred Capital Partners, Expanding Patient Care and Team Collaboration

Longhorn Dermatology has sold its practice to DermCare Management, marking a significant expansion and a new chapter in their mission to provide exceptional patient care. Dr. Ransdell of Longhorn Dermatology expressed excitement about the partnership, emphasizing the benefits of focusing more on patient care in a team-oriented environment. DermCare CEO Jeffrey Schillinger praised the seamless acquisition process and the professionalism involved. This partnership aims to enhance operational excellence and patient services, driven by the collaborative efforts of seasoned medical professionals and clinically focused management expertise. ([Link](#))

7. Sightpath Medical, Charlesbank Capital Partners, Acquires PennVista to Expand LASIK Services in Key Markets

Sightpath Medical, a leader in mobile and fixed ophthalmic surgical services, has acquired PennVista, a top LASIK services provider operating in Pennsylvania, Ohio, West Virginia, Indiana, and Michigan. This acquisition broadens Sightpath's geographic reach and strengthens its commitment to comprehensive ophthalmology practices. Joel Gaslin, President and CEO of Sightpath, highlighted the strategic integration and the benefits of combining resources. PennVista's CEO, John Pennington, expressed confidence in Sightpath's capability to uphold high standards. The acquisition aligns with Sightpath's LASIK Doctor Network Project, enhancing their digital marketing and lead nurturing efforts for ophthalmology practices. ([Link](#))

8. Danforth Advisors Acquires BW Health Group, Expands Commercialization and Product Launch Services for Life Science Companies

Danforth Advisors announced the acquisition of BW Health Group, enhancing their capabilities in commercial readiness and product launch services for life science companies. BW Health Group, which includes Benchworks and BW Consulting, brings expertise in commercialization, product lifecycle management, and strategic communications. This acquisition follows Danforth's previous acquisitions of Argot Partners and Elite BioPharma Consulting, reflecting their strategy to meet diverse strategic and operational needs. CEO Chris Connors and BW Health Group Founder Thad Bench expressed optimism about the integrated services this acquisition will provide to life science clients. ([Link](#))

9. Stout Acquires HealthCare Appraisers to Bolster Healthcare Valuation Expertise

HealthCare Appraisers, Inc., a leader in healthcare valuation and consulting, has been acquired by Stout, a global advisory firm. This acquisition, finalized on May 16, 2024, enhances Stout's Valuation Advisory group with HealthCare Appraisers' team of 70 professionals, led by Founder Daryl Johnson. The move strengthens Stout's expertise in healthcare compensation, business, machinery, equipment, and real estate valuation. Daryl Johnson will serve as a Managing Director in Stout's group. This acquisition is Stout's sixth since Audax Private Equity's investment in 2021, reflecting Stout's commitment to growth and enhanced service offerings. ([Link](#))

10. Akili Interactive Acquired by Virtual Therapeutics for \$34 Million Amid PDT Market Decline

Akili Interactive, a company once valued at \$1 billion, is being acquired by Virtual Therapeutics for \$34 million. Akili, known for its video game-based ADHD treatment EndeavorRX, faced challenges including insurance coverage issues, a pivot from the PDT model, and a 40% staff reduction in September 2023. Akili shareholders will receive \$0.4340 per share, a 4% premium to its May 28, 2024 closing price. The merger, expected to close in 3Q24, aims to combine Akili's digital therapeutics expertise with Virtual Therapeutics' VR-based mental health solutions. This acquisition follows similar trends in the struggling PDT market. ([Link](#))

11. Posterity Health Raises \$6M from FCA Venture Partners, Distributed Ventures, and WVV to Advance Male Reproductive Health Platform

Posterity Health, a Denver-based male reproductive health center, secured \$6M in funding led by FCA Venture Partners, with participation from Distributed Ventures and WVV. The funds will accelerate the development of its male management platform, launch new services, and expand the executive team. CEO Pam Pure leads Posterity Health, which offers hybrid care via telehealth and in-person visits. New appointments include Matt Alley as COO and Matt Lenz as Chief Growth Officer. The company aims to expand its reach in the self-insured employer market, enhancing male reproductive health care access. ([Link](#))

12. Lightbeam Health Solutions Joins AHIP to Enhance Payer-Provider Alignment and Drive Value-Based Care

Lightbeam Health Solutions, a leader in population health enablement technology, announced its affiliation with AHIP to bridge the information gap between health plans and providers. As an AHIP Affiliate Organization Member, Lightbeam aims to foster payer-provider alignment, transparency, and innovation through its technology and solutions. Lightbeam's tools include ADT Insights, Provider Insights, and Prescriptive AI, which help manage care transitions, provide comprehensive patient profiles, and identify high-risk members. Lightbeam will exhibit at AHIP 2024 in Las Vegas, highlighting its role in reducing costs and improving quality outcomes. ([Link](#))

13. Education and Elentra Merge Under Achieve Partners to Revolutionize Healthcare Education, Appointing JD White as CEO

Education and Elentra, leaders in healthcare education technology, have merged under Achieve Partners, with JD White, Ph.D., appointed as CEO. Originating from Duke University, DaVinci Education has been pivotal in medical education. The merger aims to create a next-generation ecosystem for healthcare education, enhancing program effectiveness and learner outcomes through integrated technology and data. The combined entity will build on the Elentra Consortium's collaboration, aligning systems to support healthcare educators. Achieve Partners focuses on digital transformation to secure the future of learning and earning. ([Link](#))

14. SamaCare Secures \$17M Series B Led by Questa Capital to Enhance Specialty Medication Workflow Platform

California-based SamaCare has raised \$17 million in an oversubscribed Series B round led by Questa Capital, with participation from South Park Commons and Vive Collective. The funds will expand SamaCare's Script-to-Therapy Operating System, leveraging AI for administrative tasks, creating a post-prescription workflow, and enhancing data insights. The cloud-based platform helps providers with prior authorization, enrollment, and benefits verification for specialty medications. Founded by Syam Palakurthy, SamaCare aims to improve patient access to therapies through advanced collaboration features and data analytics. This follows their \$12 million Series A round in 2022. ([Link](#))

15. Veradigm Explores Sale or Merger Amid Leadership Changes and Nasdaq Delisting

Healthcare technology company Veradigm is considering a sale or merger following its Nasdaq delisting for financial reporting issues. Tom Langan will become interim CEO on June 7, succeeding Shih-Yin Ho. Interim CFO Lee Westerfield's contract is extended until year-end. Veradigm's financial reports have been unreliable due to "internal control failures," with missing annual and quarterly reports from 2022 to 2023. Despite these issues, the company's core business remains strong. Recent acquisitions include Koha Health and SciencelO. Veradigm anticipates 2024 revenue between \$620M-\$635M and adjusted EBITDA of \$104M-\$113M. ([Link](#))