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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – July 19th, 2024

1. Microsoft outage: CrowdStrike security update impacts airports, hospitals, banks around the world

Several major hospitals throughout the U.S. have had to cancel all “non-urgent visits” due to disruptions from the outages. At the heart of the massive disruption is CrowdStrike, a cybersecurity firm that provides software to scores of companies worldwide. The company says the problem occurred when it deployed a faulty update to computers running Microsoft Windows, noting that the issue behind the outage was not a security incident or cyberattack. ([Link](#))

2. Ardent Health [NYSE: ARDT] IPO Falls Short of Target, Raising \$192M with Sam Zell's Equity Group Investments Retaining Majority Ownership

Ardent Health raised \$192 million in its IPO, well below the \$300 million target. The for-profit healthcare provider operating 30 hospitals across six states sold 12 million shares at \$16 each, resulting in a market valuation of approximately \$2.3 billion. This is lower than the initial target of 14.3 million shares priced between \$20 and \$22, which aimed for a \$3 billion valuation. The company plans to use the proceeds for working capital, acquisitions, and debt repayment. Majority-owned by Sam Zell’s Equity Group Investments. ([Link](#))

3. Concentra Aims to Raise \$585 Million in IPO, Valuing Company at \$3.1 Billion

Occupational health services provider Concentra, a unit of Select Medical, plans to raise up to \$585 million in an IPO by offering 22.5 million shares at \$23-\$26 each. This could value Concentra at \$3.1 billion. Concentra, the largest U.S. occupational health services provider, operates 547 health centers and 151 onsite clinics, serving 50,000 patients daily. The company reported \$1.8 billion in revenue over the past year. Select Medical will retain at least 80.1% ownership post-IPO, with proceeds used to repay debt. Concentra will trade on the NYSE under "CON". ([Link](#))

4. TowerBrook Capital Partners and Clayton, Dubilier & Rice Eyeing Rival Takeover Bid for R1 RCM [NASDAQ: RCM]

TowerBrook Capital Partners and Clayton, Dubilier & Rice are in discussions to launch a competing bid for R1 RCM [NASDAQ: RCM], a medical technology company based in Murray, Utah, Bloomberg reports. The private equity firms are exploring financing options for their potential offer. This move follows a non-binding proposal from New Mountain Capital on July 2, 2024, to acquire all outstanding shares of R1 RCM’s common stock it does not already own for \$13.25 per share in cash, according to an SEC filing. ([Link](#))

5. GE HealthCare [Nasdaq: GEHC] Acquires Intelligent Ultrasound's AI Software Business for \$51 Million

GE HealthCare (Nasdaq: GEHC) has agreed to acquire Intelligent Ultrasound Group PLC’s AI software business for approximately \$51 million. This acquisition will integrate Intelligent

Ultrasound's AI-driven image analysis tools, including the ScanNav Assist AI technology, into GE HealthCare's ultrasound portfolio. The move aims to enhance workflow efficiency, reduce repetitive tasks, and simplify exams for clinicians. GE HealthCare plans to incorporate these solutions into its Women's Health ultrasound devices and broader portfolio, continuing its strategy to improve patient care and streamline clinical workflows. The transaction is expected to close in Q4 2024. ([Link](#))

6. Caravel Autism sold to GTCR

Caravel Autism Health, a Green Bay WI based provider of autism services with 50 locations throughout IL, WI, MN, IA, IN, WA, and ID, sold to GTCR. Previously owned by Frazier Healthcare Partners, the valuation is estimated to be 15-16x EBITDA on mid teens EBITDA. ([Link](#))

7. A&M Capital Partners-Backed Med-Metrix Acquires Healthcare Receivable Specialists to Enhance RCM Solutions

Med-Metrix, a leading provider of technology-enabled Revenue Cycle Management (RCM) solutions backed by A&M Capital Partners, has acquired Healthcare Receivable Specialists, Inc. (HRSI). HRSI, a specialized RCM and patient access company, enhances Med-Metrix's offerings with its Medicaid Eligibility services. This acquisition strengthens Med-Metrix's end-to-end RCM capabilities. HRSI, based in Philadelphia, has over 25 years of experience supporting health systems in the Mid-Atlantic region. The terms of the transaction were not disclosed. ([Link](#))

8. Beacon Specialized Living, part of The Vistria Group's portfolio, Expands into Virginia with Acquisition of Community Concepts Inc. and Community Visions, LLC

Beacon Specialized Living, part of The Vistria Group's portfolio, has acquired Community Concepts Inc. and Community Visions, LLC (CCI/CV), marking Beacon's first acquisition in Virginia. CCI/CV, renowned for its compassionate care and innovative programs for individuals with disabilities, aligns with Beacon's commitment to person-centered care. ([Link](#))

9. Ellit Groups and Lumerity Capital Form Strategic Partnership to Drive Growth in Healthcare IT

Ellit Groups, a top Healthcare IT consulting firm, announces a strategic partnership with private equity firm Lumerity Capital. Established five years ago, Ellit Groups is known for innovative solutions and excellent customer service, boasting over 200 professionals and 70 satisfied clients. This collaboration will enhance Ellit's capabilities and growth, ensuring continued excellence in client service. CEO Pam Saechow will remain in her role, with Lumerity providing strategic capital and guidance. Lumerity's principals, David Claroni and Matt Kim, expressed confidence in Ellit's strong values and dedication to healthcare IT. ([Link](#))

10. iCare Health Solutions Acquires Beraja Medical Group to Expand Comprehensive Eye Care in Florida

iCare Health Solutions, a VSP Vision™ company, has acquired Beraja Medical Group, a leading provider of ophthalmology and optometry care in Florida. This acquisition aims to enhance iCare's commitment to delivering high-quality eye care and expanding access for patients. Beraja Medical Group, which has served Coral Gables for over 35 years, will maintain its

operations and staff. The move aligns both organizations' dedication to superior patient care. ([Link](#))

11. Forum Health Expands into Denver with Acquisition of RevolutionaryMD

Forum Health, LLC, a leader in integrative and functional medicine, has acquired RevolutionaryMD in Denver, CO, enhancing its personalized healthcare offerings. RevolutionaryMD, founded by Dr. Fred Grover Jr., specializes in functional, regenerative, and anti-aging medicine. The clinic offers advanced genomic, cardiovascular, cancer, inflammatory, and nutritional testing, and employs AI for precise recommendations. This acquisition aligns with Forum Health's expansion strategy and commitment to root-cause healthcare. Dr. Grover, also an assistant clinical professor at the University of Colorado, brings 30 years of expertise to Forum Health's network. ([Link](#))

12. LifeLoop Acquires Linked Senior, Expands Resident Engagement Platform

Denver-based LifeLoop has acquired Linked Senior, adding 50,000 residents and 600 communities to its platform across the U.S. and Canada. The acquisition aims to enhance resident personalization, increase family engagement, and reduce staff administrative burdens, delivering substantial ROI. Linked Senior will gradually integrate into LifeLoop to maintain stability. This move follows LifeLoop's merger with iN2L and aligns with the goal of serving a third of senior living residents by 2027. Resident engagement remains a key focus, with expectations for continued growth in the sector over the next three years. ([Link](#))

13. SPS Health Acquires Mideast Delivery Solutions to Enhance Pharmacy Delivery Capabilities

SPS Health has acquired Mideast Delivery Solutions, enhancing its logistics business, StatimRX. This strategic move integrates Mideast's specialized courier services into SPS Health's infrastructure, aiming to provide seamless, efficient, and reliable logistics for healthcare partners. Neil Bansal, CEO of SPS Health, and John DiFiore, Chief Product Officer, emphasized the alignment of customer-centric values between the companies. Paul Hester, President and CEO of Mideast, highlighted the opportunity to leverage SPS Health's innovative technology and resources for greater client value. This acquisition underscores SPS Health's commitment to operational excellence and growth. ([Link](#))

Venture News

14. Headway Secures \$100M Funding, Doubling Valuation to \$2.3B led by Spark Capital

Headway, a patient-matching platform, is closing a \$100 million funding round led by Spark Capital, doubling its valuation to \$2.3 billion. Existing investors include Thrive Capital, Accel, Andreessen Horowitz, and Global Founders Capital. This raise follows a \$125 million Series C in October 2023. Headway partners with over 25 payers, including Evernorth, Cigna, and Blue Cross Blue Shield of Massachusetts, offering a platform connecting patients with in-network mental health providers and supporting providers with tech solutions. Digital health funding is showing signs of recovery, with \$682 million invested in the first half of 2024. ([Link](#))

15. Thyme Care Secures \$95M Funding with Support from Concord Health Partners, CVS Health® Ventures

Thyme Care, a value-based cancer care enabler, raised \$95M, including \$55M in equity funding from Concord Health Partners, CVS Health® Ventures, and others, plus \$40M in debt financing from Banc of California. This brings their total funding to \$178M. Thyme Care aims to reduce cancer care costs and improve patient outcomes through 24/7 navigation services, provider-led interventions, and technology. They plan to expand into new markets, deepen existing partnerships, and scale their clinical model, managing over half a billion dollars in medical spend and poised to triple within a year. ([Link](#))

16. Kins Secures \$7M Investment to Expand Hybrid Physical Therapy Model with Support from Healthworx, Redesign Health, W Health Ventures, and Asahi Kasei Ventures

Kins, a digital-first hybrid care physical therapy practice, announced a \$7M investment round led by Healthworx, CareFirst Inc.'s investment arm, with participation from Redesign Health, W Health Ventures, and Asahi Kasei Ventures. The funds will accelerate development of Kins' virtual and in-person care platform and support expansion into Washington D.C., Maryland, and Virginia. Kins boasts high patient satisfaction and superior clinical outcomes. CEO Dan Smith highlighted the company's success in value-based care, while Healthworx praised Kins' transformative impact on physical therapy. ([Link](#))

17. Modicus Prime Secures \$3.5M in Series Seed Funding Led by Silverton Partners for Pharma 4.0 AI Quality Control Tech

Modicus Prime, based at Johnson & Johnson Innovation – JLABS @ TMC, raised \$3.5M in series seed funding led by Silverton Partners, with additional support from Alumni Ventures and others. Their mpVision software, a Pharma 4.0 quality control technology, uses AI for real-time quality control in pharmaceutical manufacturing, significantly reducing costs and waste from failed batches. CEO Taylor Chartier is leading industry efforts in AI good practices and webinars. The funding will enhance international customer support and expand their impact in biologics, cell and gene therapies, and vaccines manufacturing. ([Link](#))

18. Seven Starling Secures \$10.9M Series A Funding Led by RH Capital to Expand Women's Mental Health Services

Seven Starling, a virtual provider specializing in women's mental health, has secured \$10.9 million in a Series A funding round. Led by RH Capital, the round saw participation from existing investors Pear VC, Expa, Magnify Ventures, Emerson Collective, and Inflect Health, along with new investors such as the March of Dimes, Zeal Capital Partners, and Ulu Ventures. The funding will support national expansion, Medicaid partnerships, and technology development. Seven Starling focuses on maternal mental health with services including therapy, medication management, and care coordination. Dr. Alice Zheng and Mar Hershenson will join the board. ([Link](#))

Other News

19.Christian Horizons Files for Chapter 11 Bankruptcy Amid Financial Struggles and Rising Costs

Midwest Christian Villages, operating as Christian Horizons, filed for Chapter 11 bankruptcy, citing financial distress exacerbated by the COVID-19 pandemic. The not-for-profit, faith-based organization, which runs seven life plan communities and five stand-alone communities, faces \$75 million in debt. CEO Kate Bertram expressed commitment to ongoing operations during restructuring, while the company's investment bank seeks buyers. The pandemic caused a significant drop in new residents and short-term stays, alongside staffing shortages and inflation, increasing costs by millions since 2020. The market demand remains strong, but a shortage of clinicians persists ([Link](#))