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Investment Banking | Healthcare Finance | Consulting

## Healthcare Weekly News and Deals – July 5<sup>th</sup>, 2024

### 1. Health Catalyst Capital Merges Sibly, Inc. with Health4Home, LLC to Form Quarvis Health

HCC, a New York-based PE firm, merged its portfolio company Sibly, Inc. with Health4Home, LLC to create Quarvis Health. Quarvis Health leverages AI-enabled chat and voice devices to aid aging patients, employees, and health plan members in managing health conditions, mental health challenges, and wellness. HCC facilitated the merger via a preferred stock offering. Mike Cardillo, former CEO of Aetna Health, is the CEO, and Dan Messina, former president of Magellan, is the president of Quarvis Health. Both co-founded Health Advocate and Handsfree Health. HCC aims to support Quarvis Health's growth. ([Link](#))

### 2. CPS Capital to Acquire CloudMD Software & Services (TSXV: DOC) in Approved Plan of Arrangement

CloudMD Software & Services Inc. (TSXV: DOC, Frankfurt: 6PH) announced the Supreme Court of British Columbia's final approval for its plan of arrangement with CPS Capital. Under the arrangement, CPS Capital will acquire all outstanding common shares of CloudMD. Subject to approvals and conditions, the arrangement is expected to close on or around July 9, 2024. Post-closing, CloudMD shares will be delisted from the TSX Venture Exchange. ([Link](#))

### 3. Cano Health Emerges from Bankruptcy with Enhanced Capital Structure and New Funding

Cano Health announced its emergence from bankruptcy as a reorganized private company with an improved capital structure and operations focused on quality patient care in Florida. The reorganization plan, approved by the court on June 28, significantly reduced Cano's debts by converting over \$1 billion into common stock and warrants. Existing investors provided an additional \$200 million in funding. CEO Mark Kent highlighted the company's strong physician partnerships and streamlined operations, which include exiting underperforming markets and achieving \$270 million in cost reductions. Cano now operates 80 locations in Florida and is on track with its \$290 million cost reduction goal for 2024. ([Link](#))

### 4. Elara Caring Expands into Kansas and Iowa with Acquisition of Caregivers Home Health

Elara Caring, a 2018 merger of National Home Health Care, Great Lakes Caring, and Jordan Health Services, and is thus backed by affiliates of Kelso & Company, Palladium Equity Partners, and Blue Wolf Capital Partners., has acquired Caregivers Home Health, expanding its services into Kansas and Iowa. Caregivers Home Health, founded in 2004, operates in Topeka, Garden City, Centerville, and Chariton. ([Link](#))

## 5. Retreat Behavioral Health Shuts Down Amid Financial Turmoil and Tragic Deaths of Top Executives

Retreat Behavioral Health, a multi-state addiction treatment provider, abruptly closed after a chaotic week marked by financial distress and the deaths of CEO Peter Schorr and Chief Administrative Officer Scott Korogodsky. The company faced unpaid wages, facility closures in several states, and unresolved financial disputes, including a \$17.2 million loan default. Stonehenge Capital, a growth expansion investment firm, which recently acquired Retreat, has not commented. Employees were terminated, and it remains unclear if they will receive their final paychecks. The exact reasons for the financial collapse remain uncertain. ([Link](#))

## 6. Sidekick Therapy Partners Acquires North Carolina-based Speechcenter to Expand Pediatric Speech Therapy Services

Sidekick Therapy Partners, a Tennessee-based provider of pediatric speech therapy services, announced the acquisition of Speechcenter, which operates in Western and Central North Carolina. This acquisition aims to extend Sidekick's high-quality speech services to over 1,000 additional children across both states. Dave Hanson, CEO of Sidekick, and Joy English, President of Speechcenter, highlighted the cultural alignment and shared vision between the companies. The entire Speechcenter team will join Sidekick, with the branding updated to "Speechcenter, A Sidekick Company" ([Link](#)).

## 7. Merck Global Health Innovation Fund Leads Series B Round for N-Power Medicine, Raising Total to \$72M

N-Power Medicine, a Redwood City-based company specializing in clinical trial processes, raised an undisclosed Series B round led by Merck Global Health Innovation Fund, bringing its total funding to \$72M. The funds will expand its oncology clinic network and biopharma collaborations. Founded in 2021 by CEO Mark Lee, N-Power Medicine aims to integrate clinical research into routine patient care through its AI-enabled platform, Kaleido™ Registry, and expert support model, enhancing trial participation and data collection. The collaboration with Merck will further support oncologists and patients in clinical research. ([Link](#))

## 8. Atlantic Health System and Saint Peter's Healthcare System Finalize Merger Agreement with Plans for Significant Investments

Atlantic Health System and Saint Peter's Healthcare System signed a definitive merger agreement, aiming to combine their services pending federal, state, and Catholic Church approvals. Saint Peter's will maintain its Catholic mission, and Atlantic Health promises substantial capital investments, including implementing an Epic electronic health record platform. This merger is expected to enhance integrated clinical services, outpatient services, and data analytics capabilities. Previously, Saint Peter's failed to merge with RWJBarnabas Health due to antitrust concerns. The partnership aims to provide affordable, high-quality care to New Jersey residents. ([Link](#))

## 9. Lutheran Senior Services Acquires Diakon Senior Living Operations, Expands Footprint

Lutheran Senior Services (LSS) officially acquired Diakon Senior Living operations, adding four continuing care retirement communities (CCRCs) and expanding LSS's reach into Pennsylvania. LSS, previously ranked 15th on the LeadingAge Ziegler 200 list, will now rank 12th, with 12 CCRCs, one assisted living community, and nine affordable senior housing communities. The combined organization, employing over 3,500 staff and serving nearly 15,000 older adults, has an estimated annual revenue of \$360 million. LSS President and CEO Adam Marles emphasized the mission to enhance services and opportunities for older adults. ([Link](#))

## 10. Quest Diagnostics (NYSE: DGX) to acquire LifeLabs from OMERS for \$985M

Quest Diagnostics, a leading provider of diagnostic information services, announced a definitive agreement with OMERS to acquire LifeLabs, a trusted provider of community laboratory tests for millions of Canadians, for a value of approximately CAN \$1.35 billion (approximately USD \$985 million), including net debt. LifeLabs will retain its brand, Canadian headquarters, and management after the acquisition is closed. ([Link](#))

## 11. I-MED Acquires US-Based StatRad to Expand Teleradiology Division

Australia's largest diagnostic imaging company, I-MED, has acquired US imaging business StatRad to enhance its teleradiology division. CEO Shrey Viranna highlighted the strategic move's alignment with I-MED's domestic market. StatRad, the second-largest US teleradiology provider, generates \$90 million in revenue annually. The acquisition, concluded on July 1, adds over 90 US-based radiologists to I-MED's team. The company plans further investments to expand in the US. I-MED operates 250 clinics across Australia and New Zealand, with 450 doctors, and is also eyeing acquisitions in the UK. Permira, its private equity owner, is reportedly preparing the business for sale. ([Link](#))

## 12. UnitedHealth Group and Amedisys Merger Faces Regulatory Scrutiny, DOJ Investigation, and Care Center Divestments to VitalCaring Group Affiliate to Mitigate Antitrust Concerns

UnitedHealth Group's planned \$3.3 billion merger with Amedisys is expected to close in the second half of the year, contingent on divesting care centers to VCG Luna, a VitalCaring Group affiliate, to address antitrust concerns. The deal faces scrutiny from the DOJ, Oregon Health Authority, and lawmakers, including Sen. Elizabeth Warren and Rep. Pramila Jayapal. The merger, which aims to enhance health outcomes and reduce costs, follows UHG's outbidding of Option Care Health for Amedisys. Financial details of the divestitures remain undisclosed. The DOJ also investigates UHG's ties to its subsidiary, Optum. ([Link](#))

### 13. Amazon Pharmacy Expands RxPass to Medicare Patients, Enhances Digital Convenience

Amazon Pharmacy is significantly expanding its services to improve accessibility and affordability in the prescription drug market. Since launching in 2020 after acquiring PillPack, the company has focused on chronic condition medications and has now broadened its scope with new physical sites and logistics capabilities. The RxPass program, introduced in January 2023, offers unlimited access to 60 generic medications for \$5 monthly, coupled with 24/7 pharmacist access. President John Love emphasized transparency and upfront pricing, improving customer adherence and convenience, which aligns with Amazon's commitment to simplicity and ease of use. ([Link](#))