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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – August 2nd, 2024

1. TowerBrook Capital Partners and Clayton, Dubilier & Rice to Acquire R1 RCM Inc. (NASDAQ: RCM) in $8.9 Billion All-Cash Deal

R1 RCM Inc., a leading healthcare revenue cycle management company, is set to be acquired by TowerBrook Capital Partners and Clayton, Dubilier & Rice (CD&R) for $8.9 billion. The deal values R1 at $14.30 per share, a 29% premium over its February 23, 2024 closing price. TowerBrook, which already owns 36% of R1's shares, will remain a significant investor. The transaction, subject to customary approvals, is expected to close by year-end, providing R1 with increased flexibility to pursue long-term growth strategies. (Link)

2. EnableComp, via Its Financial Sponsors Primus Capital and Welsh, Carson, Anderson & Stowe, Acquires ANI Healthcare Solutions to Expand Revenue Cycle Management Services

EnableComp, a leader in specialty revenue cycle solutions for healthcare, has acquired ANI Healthcare Solutions, a San Francisco-based denial management company. This acquisition enhances EnableComp's E360 RCM™ platform with ANI's expertise, offering comprehensive solutions for revenue capture and denial management. CEO Randy Dobbs highlighted the importance of combining ANI's specialized knowledge with EnableComp's technology to support healthcare providers. ANI's founder, Adele Frias, emphasized the partnership's potential to automate and optimize RCM needs. The collaboration aims to improve financial outcomes for clients. (Link)

3. AmeriPro Health, via Its Financial Sponsors Alternative Investment Management and Whistler Capital Partners Expands patient logistics and last-mile healthcare delivery services in Michigan with Acquisition of Rapid Response EMS

AmeriPro Health, an Atlanta-based provider of patient logistics and healthcare delivery services, has acquired Rapid Response EMS of Michigan, expanding its operations to several cities in Michigan, including Detroit and Southgate. This acquisition aligns with AmeriPro's commitment to revolutionizing patient logistics and providing top-tier medical transportation services. AmeriPro, known for its tech-enabled platform and strong paramedic-centric culture, aims to enhance patient outcomes and healthcare efficiency. The company recently partnered with Whistler Capital Partners to accelerate growth and innovation in patient logistics. Founded in 2018, AmeriPro operates across eight states, offering comprehensive healthcare solutions. (Link)

4. Eximia Research Network, backed by VSS Capital Partners, Expands into Virginia with Integration of Tidewater Clinical Research; enhancing its expertise in Women's Health and Ophthalmology

Eximia Research Network, backed by VSS Capital Partners, has acquired Tidewater Clinical Research, a Norfolk, VA-based women's health research firm. This acquisition adds Tidewater's expertise in Women's Health and Ophthalmology to Eximia's extensive clinical trial network, increasing Eximia's patient volume to nearly one million nationwide. Under Dr. Ella Grach's leadership, Eximia aims to enhance clinical research accessibility and patient outcomes across diverse populations. This acquisition follows Eximia's recent expansions, including Health Awareness, LLC in Florida, and International Clinical Research in Tennessee and Florida, reinforcing Eximia's position as a national leader in clinical research. (Link)

5. Avista Capital Partners and WellSpring Consumer Healthcare Acquire vH essentials, Enhancing Women's Health OTC Offerings

WellSpring Consumer Healthcare, supported by Avista Capital Partners, has acquired the established women's health OTC brand vH essentials from Wisconsin Pharmacal Company. The financial details remain undisclosed. This acquisition adds to WellSpring's therapeutic skincare and digestive remedies portfolio, marking its second add-on acquisition since Avista's initial investment. The vH essentials brand is known for its clinically-backed products and is expected to bolster WellSpring's growth in the women's health segment. (Link)

6. Valenz Health Completes Acquisition of Healthcare Bluebook to Enhance Healthcare Cost and Quality Solutions Via Its Financial Sponsors Guidon Partners and Kelso & Company

Valenz Health has finalized its acquisition of Healthcare Bluebook, combining their complementary services into an integrated platform for member engagement, digital navigation, and payment integrity. CEO Rob Gelb highlights this as a transformative industry move, addressing market needs with a unified solution to simplify healthcare. The merger enhances data-driven capabilities, offering high-value care and innovative network options. Healthcare Bluebook will maintain its operations while integrating with Valenz Health to improve client offerings. (Link)

7. Green Courte Partners Acquires Chesapeake Bay Active-Adult Community in Texas

Green Courte Partners, LLC (GCP) announced the acquisition of Chesapeake Bay, an active-adult community with 348 units in Seabrook, Texas, for its fifth investment fund. This acquisition expands GCP's senior living portfolio, managed by True Connection Communities (TCC), to 19 communities with approximately 3,100 units. Chesapeake Bay offers premium Class A apartments and cottages, catering to the growing 55+ demographic in Houston. The community features amenities such as resort-style pools, a movie theater, and an on-site bar. GCP plans to further develop and acquire similar properties to meet market demand. (Link)

8. Ensign Group (Nasdaq: ENSG) Expands with Acquisitions of Holly Heights Care and Rehabilitation, Greater Southside Health and Rehabilitation, and City Park Healthcare and Rehabilitation Center, these facilities will be managed by Ensign's subsidiary, Standard Bearer Healthcare REIT, Inc

The Ensign Group, Inc. (Nasdaq: ENSG) has acquired three skilled nursing facilities, effective August 1, 2024: Holly Heights Care and Rehabilitation in Denver, Colorado; Greater Southside Health and Rehabilitation in Des Moines, Iowa; and City Park Healthcare and Rehabilitation Center in Denver, Colorado. These acquisitions increase Ensign's portfolio to 315 healthcare operations across 14 states. The real estate for these facilities will be managed by Ensign's subsidiary, Standard Bearer Healthcare REIT, Inc. Ensign continues to seek opportunities to acquire and lease healthcare businesses nationwide. (Link)

9. Hospice of the Western Reserve Completes Acquisition of Hospice of North Central Ohio, Expanding End-of-Life Care Services

Hospice of the Western Reserve (HWR) has finalized its acquisition of Hospice of North Central Ohio (HNCO), enhancing access to end-of-life care across Northern Ohio. This strategic move, following a February 2024 management services agreement, aims to stabilize and grow HNCO amidst rising competition and economic challenges. HWR will now serve Ashland, Knox, and Richland counties, creating the region's largest hospice team and broadening community outreach. Over 90% of HNCO staff have joined HWR, reinforcing their commitment to compassionate care. New Advisory Councils will guide local community engagement and service development. (Link)

10. Jefferson and Lehigh Valley Health Network Merge, Form Top 15 Not-for-Profit Health System in the U.S.

Jefferson and Lehigh Valley Health Network (LVHN) have officially merged, creating one of the top 15 not-for-profit health systems in the U.S. The new system encompasses 32 hospitals and over 700 sites, enhancing access to high-quality, affordable care across Eastern Pennsylvania and Southern New Jersey. CEO Joseph G. Cacchione and EVP/COO Brian A. Nester emphasized the merger's focus on improving patient care, advancing health equity, and integrating operations. The combined entity will expand clinical research, educational opportunities, and health plan options, aiming to build healthier communities. (Link)

11. Allied OMS Expands to Arizona with Acquisition of Phoenix Oral & Facial Surgery

Allied OMS, the first doctor-led management services organization (MSO) for top-tier oral and maxillofacial surgery (OMS) practices, has welcomed Phoenix Oral & Facial Surgery to its network. This move marks Allied OMS's entry into the Arizona market. Led by Dr. Alexander Kim, the Phoenix team boasts over 50 years of combined experience in comprehensive oral and facial surgery. This partnership, facilitated by Allied OMS's unique doctor-centric equity model, underscores its commitment to exceptional patient care and strategic growth in the OMS field. (Link)

12. Community Health Systems Divests Three Pennsylvania Hospitals to Woodbridge Healthcare in $120M Transaction

Community Health Systems (CHS) announced it will exit Pennsylvania by selling three hospitals to Woodbridge Healthcare for $120 million. The sale includes Wilkes-Barre General Hospital, Regional Hospital of Scranton, and Moses Taylor Hospital, and is expected to close in Q4 pending regulatory approvals. CHS aims to generate $1 billion through multiple transactions to pay down debts. However, past divestiture efforts faced challenges, such as Novant Health's failed $320 million deal due to FTC intervention. Despite regulatory scrutiny, CHS CFO Kevin Hammons remains confident about completing current deals. (Link)

13. Sila Realty Trust, Inc. Acquires Fort Smith Healthcare Facility for $28.25M, as part of its strategy to invest in high-quality healthcare properties

Sila Realty Trust, Inc., a healthcare-focused net lease REIT, has announced the acquisition of a 50-bed inpatient rehabilitation facility in Fort Smith, Arkansas, for $28.25 million. This acquisition is part of Sila Realty's strategy to invest in high-quality healthcare properties and is one of eight Class A healthcare properties purchased in 2024 for approximately $164 million, aiming to deliver long-term growth and value to investors. (Link)

Venture and Other News

1. WellBe Senior Medical, providers of home-based medical care, Announces Two Additional Strategic Investors: Excellus BlueCross BlueShield and Intermountain Ventures Join CVS Health Ventures

WellBe Senior Medical announced strategic investments from Excellus BlueCross BlueShield (Excellus BCBS) and Intermountain Ventures, following a lead investment by CVS Health Ventures in January 2024. These investments support WellBe's mission as a payor-agnostic, in-home, full-risk medical group. Excellus BCBS's partnership with WellBe will provide home care to 30,000 vulnerable Medicare Advantage members in upstate New York. Founded in 2019, WellBe is the largest and fastest-growing independent provider of home-based medical care in the U.S., serving over 130,000 patients across eight states. WellBe specializes in comprehensive care for patients with complex health needs. (Link)

2. Spring Health's Series E Funding Hits $100M Led by Generation Investment Management to Boost Global Mental Healthcare

Spring Health has secured a $100 million Series E funding round, spearheaded by Generation Investment Management, elevating the company's valuation to $3.3 billion. This significant investment underscores the company's commitment to expanding its AI-powered mental healthcare solutions globally. The funding will accelerate Spring Health's growth and enhance its offerings, ensuring broader access to quality mental health services. The round also saw participation from existing investors such as Kinnevik, William K. Warren Foundation, RRE, and Northzone. (Link)

3. ## Ecolab Sells Global Surgical Solutions Business to Medline for $950 Million

   Ecolab Inc. has sold its global surgical solutions business to Medline for $950 million, focusing on infection prevention and instrument reprocessing. The sale strengthens Ecolab's balance sheet, allowing up to $500 million in share repurchases in H2 2024. This strategic move aligns with industry growth, projected to reach $55.4 billion by 2034. Ecolab's shares have risen 21.1% this year, outperforming the industry. Additionally, Ecolab's Purolite resin business, in collaboration with Repligen, launched the cost-saving DurA Cycle protein A chromatography resin for monoclonal antibody purification. (Link)

4. ## Hitachi High-Tech Acquires Majority Interest in Genomic Analysis Firm Nabsys to Accelerate Adoption of Innovative OhmX Analyzer

   Hitachi High-Tech Corporation has acquired a majority interest in Nabsys 2.0 LLC, making it a consolidated subsidiary. This move aims to advance the commercialization of Nabsys' OhmX Analyzer, an electronic genome mapping platform for high-resolution structural variation (SV) analysis. The collaboration, initiated in 2019, leverages Hitachi's Human Chromosome Explorer for comprehensive SV identification, addressing diagnostic gaps in cancer and rare diseases. The acquisition supports Hitachi's mission to enhance its molecular diagnostics business and promote global healthcare innovations. (Link)