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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – August 9th, 2024

1. Veradigm (NASD: MDRX) Attracts Interest from Financial Sponsors, Including Thoma Bravo and Roche, Amid Potential Whole-Company Sale; Strategic Alternatives Explored Despite Accounting Challenges and Nasdaq Delisting

Veradigm, a Chicago-based healthcare data and technology provider, is exploring a potential sale, with initial bids collected recently. Financial sponsors, including Thoma Bravo, which owns NextGen Healthcare, are showing interest. Roche, owner of Flatiron Health, and Vista Equity Partners, owner of Greenway Health, are also seen as potential suitors. Veradigm is seeking a whole-company sale, though some buyers are more interested in specific assets. The company, delisted from Nasdaq due to accounting issues, is viewed as an opportunistic acquisition with potential for operational improvements. JPMorgan is advising, and Veradigm's board aims to maximize shareholder value.

2. Tenet Healthcare Sells Majority Stake in Brookwood Baptist Health to Orlando Health for $910 Million

Tenet Healthcare Corp. has agreed to sell its 70% stake in Brookwood Baptist Health, encompassing five Birmingham-area hospitals, to Orlando Health for $910 million in an all-cash deal. The sale, expected to close this fall pending regulatory approvals, includes affiliated physician practices and related operations. Additionally, Tenet's subsidiary, Conifer Health Solutions, will provide revenue cycle management services to the hospitals under a new 10-year contract. This sale is part of Tenet’s ongoing divestiture strategy, following previous hospital sales in Georgia and California. Brookwood Baptist Health generated $12 million in pre-tax income over the past year. (Link)

3. Consello Capital Acquires EHE Health, Aiming to Expand Preventive Healthcare Network

Consello Capital, the private equity division of Consello, has acquired EHE Health, a leading national provider of preventive healthcare services. EHE Health has been a market leader in partnering with employers to reduce healthcare costs and improve employee health through comprehensive preventive care exams offered at over 200 clinics across the U.S. The partnership with Consello Capital is expected to further accelerate EHE Health's growth, leveraging Consello's investment expertise and professional network to enhance business development opportunities and expand its impact in the preventive healthcare sector. (Link)

4. Platinum Equity Acquires ASP Global, Expands Presence in Healthcare Supply Chain

Platinum Equity announced the acquisition of ASP Global, a leading developer and distributor of consumable medical products for healthcare providers. Financial details were not disclosed. Based in Atlanta, ASP Global leverages its global sourcing network to offer customized, high-quality products tailored to the needs of health systems, labs, and distributors. ASP Global's President and CEO, Doug Shaver, will continue to lead the company. Platinum Equity, which also owns healthcare distributor NDC, sees significant growth potential for ASP, both organically and through additional M&A opportunities. (Link)

5. Knack Global, via its financial sponsors Weave Growth Partners and LKCM Headwater Investments, Acquires Merrick Management, Expands into Anesthesia Market

Knack Global, a leading provider of tech-enabled revenue cycle management (RCM) solutions, has acquired Merrick Management, Inc., a comprehensive RCM and practice management provider for anesthesia providers in the Southeast and Midwest. This acquisition marks Knack's ninth since its founding in 2007 and enables its expansion into the anesthesia sector. Merrick's management team will continue in leadership roles under the newly established Anesthesia Services division. The partnership aims to enhance efficiency and reduce administrative burdens for anesthesia practices, with continued dedication to high-quality service delivery. (Link)

6. HPS/PayMedix Acquires TempoPay to Enhance Inclusive Healthcare Financing Solutions

HPS/PayMedix has acquired TempoPay to offer an inclusive healthcare financing and payment platform aimed at addressing health equity and affordability. TempoPay provides employees with interest-free financing for various health-related expenses, including prescriptions and veterinary care, overlaying existing insurance plans. The acquisition ensures uncapped financing for approved in-network charges without considering employees' credit histories. Participants receive consolidated monthly statements and can repay over time. This initiative is crucial as over 60% of U.S. consumers earning below $50,000 annually have less than $500 for medical emergencies, despite average emergency room visits costing over $2,400 before insurance. (Link)

7. Cardiovascular Associates of America Acquires Novolink Health, Expanding Innovative Home-Based Care Model for High-Risk Patients

Cardiovascular Associates of America (CVAUSA) has acquired Novolink Health, a pioneer in home-based care for high-risk, complex patients. This strategic acquisition allows CVAUSA to enhance its comprehensive cardiology services by integrating Novolink's innovative model, which reduces costs and improves patient outcomes by providing care at home. Dr. Michael Shen, a leader in this field, will continue to advance this approach within CVAUSA's network, aiming to expand access to high-quality, home-based care for patients across the U.S. (Link)

8. HCAP Partners Invests in Aarista LLC to Revolutionize Post-Acute Care with AI-Driven Technology

HCAP Partners, a California-based private equity firm, has invested in Aarista LLC, a tech-enabled healthcare services provider. Aarista specializes in delivering hospital-quality technology and value-based care management to post-acute care facilities. Utilizing a proprietary Digital Health Platform that aggregates real-time patient data from over 200 sources, Aarista empowers clinicians with actionable insights to improve patient outcomes and reduce healthcare costs. The investment will support Aarista's growth, technological advancements, and strategic acquisitions, aligning with HCAP's mission to enhance access to quality care for underserved populations. (Link)

9. Avista Healthcare Partners Completes Acquisition of Trillium Health Care Products

Avista Healthcare Partners announced its acquisition of Trillium Health Care Products, a leading North American CDMO specializing in branded OTC products, from New Water Capital. Based in Brockville, Ontario, Trillium is renowned for its expertise in OTC development, manufacturing, and regulatory compliance. The acquisition is part of Avista's strategy to expand its consumer healthcare portfolio. Avista's Partner, Alex Yu, highlighted Trillium's strong reputation and market potential, while Trillium's CEO, Joe Ruffo, expressed excitement about the partnership's growth opportunities. Transaction terms were not disclosed. (Link)

10. ADP Ventures Invests in Nayya to Enhance Personalized Benefits Guidance for Employees

Payroll giant ADP announced a strategic investment in Nayya, a provider of personalized digital benefits guidance, through ADP Ventures. Nayya, an ADP partner since 2022, has been instrumental in enabling smarter benefits management for over 600,000 employees on ADP Workforce Now. With this investment, Nayya's AI-driven product suite will now be offered to over 400,000 employees on ADP TotalSource, the world's largest PEO. This partnership aims to elevate industry standards by offering data-driven benefits management, including claims management and retirement planning, to millions of employees. (Link)

11. UCSF Health Acquires Two Dignity Health Hospitals in $100 Million Deal

UCSF Health has acquired Saint Francis Memorial Hospital and St. Mary's Medical Center from Dignity Health, integrating 1,800 employees and rebranding them as UCSF Health facilities. The $100 million agreement, finalized in July, includes a $430 million investment to enhance services, upgrade technology, and expand patient capacity. UCSF Health committed to maintaining existing services, retaining staff, and providing $10 million in annual charity care. The two hospitals will continue operating under the same patient access systems. An additional $100 million will support integration over the next two years. (Link)

12. CHA Partners Signs Agreement to Acquire Crozer Health, Aims to Return Delaware County's Struggling Hospital System to Nonprofit Status

CHA Partners, a New Jersey-based real estate company, has signed a letter of intent to acquire Crozer Health, a struggling four-hospital system in Delaware County, from Prospect Medical Holdings. CHA aims to return Crozer to nonprofit status, which aligns with a court-approved plan requiring Prospect to find a nonprofit buyer. While CHA has a history of successfully turning around hospitals, the acquisition process will involve due diligence, regulatory reviews, and approvals. Crozer is a critical healthcare provider in the region, but its future remains uncertain as previous negotiations with ChristianaCare fell through in 2022. (Link)

13. Ensign Group (Nasdaq: ENSG) Expands Portfolio with Acquisition of Three Skilled Nursing Facilities in Iowa and Colorado

The Ensign Group, Inc. (Nasdaq: ENSG) announced the acquisition of three skilled nursing facilities: Greater Southside Health and Rehabilitation in Des Moines, Iowa, and Holly Heights Care and Rehabilitation and City Park Healthcare and Rehabilitation Center, both in Denver, Colorado. These acquisitions, effective August 1, 2024, expand Ensign's portfolio to 315 healthcare operations across 14 states. The Iowa facility's real estate was acquired by Standard Bearer Healthcare REIT, Inc., Ensign's real estate subsidiary. Ensign's CEO, Barry Port, emphasized the company's commitment to growth and acquiring both well-performing and struggling healthcare assets nationwide. (Link)

14. PACS Group Inc. Acquires 122-Bed Skilled Nursing Facility in Orangeburg, South Carolina

A privately held healthcare real estate investment and management company based in Skokie, Illinois, has purchased a 122-bed skilled nursing facility located in Orangeburg, South Carolina. The facility is situated in a rural area of the state and is adjacent to a larger independent living campus, which was not included in the transaction. The new operator of the facility is PACS Group Inc. Over recent years, the facility has undergone significant improvements, including increased census growth and transformation into a top care provider within the local community. (Link)

Venture and Other News

1. Spineology Secures $25M in Series AA Financing to Accelerate Deployment of OptiMesh Technology

Spineology, a medical technology company, has raised $25 million in Series AA funding led by SV Health Investors, with participation from 1315 Capital and existing investor RC Capital. The funding will accelerate the nationwide deployment of Spineology's OptiMesh technology, an ultra-minimally invasive, expandable implant for lumbar interbody fusion procedures. CEO Brian Snider emphasized the technology's benefits, including faster healing and tailored patient solutions. With over 50,000 procedures performed, OptiMesh is backed by IDE-level data and a de novo grant for spinal fusion. (Link)

2. Guidehealth Secures $14M Seed Round Led by Memorial Hermann to Expand AI-Driven Value-Based Care

Guidehealth, a health tech startup, raised $14 million in a seed round led by Memorial Hermann Health System and other healthcare investors. Founded last year, Guidehealth uses AI to support health systems in scaling value-based care, improving care coordination, and addressing high-risk patient needs. The funding will enhance technology, expand services, and support national growth. The company has already expanded to four states and aims to double its revenue by next year. Guidehealth also acquired Arcadia's value-based care division to build out its capabilities. (Link)

3. HouseWorks Holdings Acquires Bridge City Home Care, Expands Footprint in Pennsylvania

HouseWorks Holdings, a leading personal care services platform, has acquired Bridge City Home Care, a Pittsburgh-based provider. This acquisition extends HouseWorks' presence across Pennsylvania, adding Pittsburgh to its care hubs in Philadelphia, Allentown, Harrisburg, and Erie. Bridge City’s Medicaid and dual-eligible clients will gain access to HouseWorks’ BetterCare at Home™ model. This marks HouseWorks’ third Pennsylvania acquisition and sixth overall since partnering with InTandem Capital in 2022. The acquisition underscores HouseWorks' commitment to delivering high-quality, in-home care across the Northeast. (Link)

4. Feeling Great App Secures $8M in Seed Funding for AI-Driven Mental Health Support

Platinum Equity announced the acquisition of ASP Global, a leading developer and distributor of consumable medical products for healthcare providers. Financial details were not disclosed. Based in Atlanta, ASP Global leverages its global sourcing network to offer customized, high-quality products tailored to the needs of health systems, labs, and distributors. ASP Global's President and CEO, Doug Shaver, will continue to lead the company. Platinum Equity, which also owns healthcare distributor NDC, sees significant growth potential for ASP, both organically and through additional M&A opportunities. (Link)

5. OneDigital and Homethrive Partner to Enhance Employee Caregiving Support

OneDigital and Homethrive have announced a strategic partnership to provide comprehensive caregiving support to employees. Through this collaboration, OneDigital employees and their families will receive free access to Homethrive's platform, which combines digital tools with personalized human interaction to assist with caregiving responsibilities. This initiative aims to improve employee productivity, reduce caregiving-related stress, and enhance overall well-being. The partnership reflects OneDigital's commitment to supporting its workforce by addressing the evolving needs of modern caregivers. (Link)