LAWRENCE, EVANS & CO., LLC

Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals –January 13th, 2025

1. **The J.P. Morgan 43rd Annual Healthcare Conference kicks off Monday. Meet with bankers and innovators from Lawrence, Evans & Co., LLC at the JPM Healthcare Conference Events. Several Deal Announcements are expected this week.**
   Members of the Lawrence, Evans & Co., LLC healthcare deal team will be attending this year's J.P. Morgan Healthcare Conference Events Jan 13-16th 2025 in San Francisco CA. Contact us today to schedule a meeting. info@lawrenceevans.com

2. **Transcarent, backed by General Catalyst and Merck Global, to Acquire Accolade (NAS:ACCD), for $621M**
   Transcarent, a health and care platform, has announced its acquisition of public company Accolade (NAS: ACCD), a health advocacy company, for $621 million or $7.03 per share in cash. The deal, expected to close in Q2 2025, aims to create a unified platform combining Transcarent's AI-powered WayFinding and comprehensive care experiences with Accolade's advocacy, expert medical opinions, and primary care services. This strategic merger promises to enhance personalized healthcare experiences, improve outcomes, and reduce costs for consumers and employers. The transaction, unanimously approved by both companies' boards, represents a 110% premium over Accolade's closing stock price. (Link)

3. **Amwell (NYSE: AMWL) Sells Psychiatric Care Business to Avel eCare for $21M, Reaffirms 2024 Guidance**
   Amwell, a digital care leader, has sold its Amwell Psychiatric Care (APC) business to Avel eCare for $21 million in cash, with an additional earn-out payment. The sale includes APC technology, personnel, and the Asana clinical network. This move allows Amwell to focus on its core digital care platform and strengthen its balance sheet. The company remains committed to behavioral health services through Amwell Medical Group and SilverCloud. Amwell reaffirmed its 2024 guidance, projecting revenue between $247-252 million and adjusted EBITDA of ($137)-($142) million. The company aims to achieve positive cash flow by 2026. (Link)

4. **MDaudit Secures Strategic Growth Investment from Bregal Sagemount and Primus Capital**
   MDaudit, a leading provider of healthcare billing and compliance software, has announced a strategic growth investment from Bregal Sagemount and existing investor Primus Capital. The investment aims to accelerate MDaudit's growth and innovation in the healthcare industry. MDaudit's SaaS platform serves over 700,000 providers across 2,500+ facilities, managing $225B+ in aggregate net patient revenue. CEO Ritesh Ramesh expressed excitement about the partnership, while Sagemount and Primus representatives highlighted MDaudit's potential to address complex healthcare provider needs. The deal underscores MDaudit's success in delivering innovative solutions for continuous risk monitoring in healthcare revenue cycles. (Link)

5. Renovaro Inc. (NAS: RENB) to Acquire Predictive Oncology (NAS: POAI), Merging AI-Driven Cancer Diagnostics and Drug Discovery Platforms

   Renovaro Inc. has announced a binding LOI to acquire Predictive Oncology in an all-stock transaction, combining their AI-driven cancer diagnostics and drug discovery platforms. The acquisition provides Renovaro access to Predictive Oncology's extensive biobank of over 150,000 tumor specimens and 200,000 pathology slides, along with decades of drug response data. This merger aims to enhance cancer diagnostics, early drug discovery, and personalized treatment options. The combined entity plans to launch a decision support platform for medical oncologists in 2025, leveraging Predictive Oncology's AI/ML platform that predicts tumor-drug response with 92% accuracy. The deal is expected to accelerate biomarker discovery and clinical trial optimization across multiple cancer types. (Link)

6. New Mountain Capital Acquires Machinify, Forms $5 Billion AI-Powered Healthcare Payment Integrity Powerhouse

   Private equity firm New Mountain Capital is set to acquire Machinify, an AI-powered healthcare payments software platform. This acquisition follows New Mountain's merger of The Rawlings Group, Apixio's Payment Integrity business, and Varis last fall. The combined entity, valued at $5 billion, will adopt the Machinify name and focus on transforming healthcare payments using cutting-edge technology and AI. With over 2,000 employees serving more than 60 health plans, including 13 of the top 20 payers, the new Machinify aims to streamline payment processes, reduce errors, and ultimately lower healthcare costs (Link)

7. Bluesight Acquires Protenus, via its Financial Sponsor Thoma Bravo, Bolstering Healthcare Compliance and Risk Management Solutions

   Bluesight, a leader in healthcare inventory management and compliance solutions, has acquired Protenus, a prominent healthcare compliance analytics platform provider. This strategic move aims to enhance Bluesight's drug diversion platform and introduce patient privacy monitoring capabilities. The acquisition combines Bluesight's operational intelligence with Protenus' expertise in compliance and risk management, offering a unified platform for healthcare organizations. The merger is expected to deliver innovative solutions for compliance, medication safety, and operational efficiency. Protenus, founded in 2014, has established strong relationships with hundreds of U.S. healthcare organizations. Both companies' leadership expressed enthusiasm about the partnership's potential to address critical healthcare challenges and set new standards in compliance. (Link)

8. Waud Capital Partners Acquires Mopec Group, Expanding Footprint in Healthcare Equipment Sector

   Waud Capital Partners, a Chicago-based private equity firm, has acquired Mopec Group from Blackford Capital. Mopec, founded in 1992 and based in Michigan, is a leading supplier of anatomic pathology equipment and services. The acquisition aims to strengthen Mopec's innovation and growth capabilities. Brad Staley, an Executive Partner at Waud Capital, will serve as Mopec's Executive Chairman. The deal aligns with Waud Capital's Medical Device & Supply Services campaign and their focus on the healthcare sector. Financial terms were not disclosed. Both companies express excitement about the partnership and future growth opportunities. (Link)

9. **ONRAD Acquires Direct Radiology, via its financial sponsor Housatonic Partners, Forming Largest Independent Teleradiology Provider in US**

   ONRAD Inc., a leading radiology services company, has acquired Direct Radiology from Royal Philips, creating the largest independent teleradiology provider in the United States. Direct Radiology, founded in 2012, serves over 430 healthcare facilities with approximately 80 radiologists. The acquisition expands ONRAD's national footprint, enhancing its capacity and technological capabilities. Direct Radiology will operate as a wholly owned subsidiary, with Leandra Hutchinson continuing as president. The combined entity now serves over 550 facilities across the US, with more than 160 board-certified radiologists performing over 7,000 studies daily. Financial terms were not disclosed. (Link)

10. **Allergy & Asthma Associates of Michigan Partners with Parallel ENT & Allergy for Strategic Growth via its Financial Sponsor Trinity Hunt Partners**

    Allergy & Asthma Associates of Michigan (AAAM), a leading allergy and asthma practice in suburban Detroit, has entered into a strategic partnership with Parallel ENT & Allergy, backed by Trinity Hunt Partners. This collaboration aims to expand AAAM's services and market position across Michigan while maintaining its local brand and reputation. The partnership will enable AAAM to enhance its infrastructure and growth potential, focusing on delivering high-quality patient care. AAAM's leadership expressed excitement about the synergy with Parallel ENT & Allergy, viewing it as a significant step towards achieving their future goals and continuing to serve as the leading allergy and asthma provider in the region. (Link)

11. **Renovus Capital Partners Announces Strategic Partnership with Superior Health Holdings**

    Renovus Capital Partners has formed a strategic partnership with Superior Health Holdings, a leading provider of home health and hospice services in Louisiana. Superior, formed in 2021, offers skilled nursing care, therapy services, and home health aides. The partnership aims to expand Superior's high-quality care to more patients across the region. David Martin, Superior's CEO, expressed excitement about the collaboration, while Jesse Serventi, Founding Partner at Renovus, praised Superior's leadership in the growing home health and hospice care space. The partnership seeks to advance Superior's impact and expand its reach to new communities in Louisiana and neighboring states. (Link)

12. **Prime Healthcare Foundation to Acquire Central Maine Healthcare, Investing $150 Million Over Five Years**

    Prime Healthcare Foundation and Central Maine Healthcare (CMH) have reached an agreement for Prime to become CMH's parent company. The deal includes Central Maine Medical Center, Bridgton Hospital, Rumford Hospital, and over 40 physician practices. Prime will invest $150 million in the facilities over five years, retain current staff, and maintain local leadership. The acquisition, expected to close by 2025, aims to improve healthcare access and quality in central Maine. Prime Healthcare Foundation, a non-profit organization, operates 14 hospitals across six states and has provided over $3.4 billion in charity care. The move is expected to enhance CMH's capabilities and resources. (Link)

13. **Empower Community Care, Backed by Northlane Capital Partners, Acquires BSFT Institute, Expanding Global Reach in Behavioral Health**

    Empower Community Care, a leading global behavioral health organization, has acquired the Brief Strategic Family Therapy® (BSFT®) Institute from the University of Miami. The BSFT Institute, led by Dr. Joan Muir, is known for its evidence-based family therapy interventions addressing youth behavioral issues. This acquisition allows Empower to expand its reach and impact in providing effective, research-backed interventions globally. Josh Glade, CEO of Empower, expressed enthusiasm about the alignment with their mission. Dr. Muir sees the collaboration as an opportunity to amplify BSFT's impact. Empower, backed by Northlane Capital Partners, serves over 2,000 customers across 50 U.S. states and 35+ countries. (Link)

14. Private Equity Firm Ascend Capital Partners Acquires Majority Stake in Unison Therapy Services, Expanding Access to Pediatric Therapy

    Ascend Capital Partners, a healthcare-focused private equity firm, has acquired a majority stake in Unison Therapy Services, a leading provider of outsourced therapy for Pre-K – 12 students. Unison, founded in 1989, offers multi-disciplinary therapy services for children with developmental and behavioral challenges. The partnership aims to enhance Unison's therapy solutions and expand access to services for underserved students. Ascend will provide operational and clinical expertise to drive growth and improve care delivery. This acquisition aligns with Ascend's mission to serve vulnerable populations and is the latest investment from their Fund II. (Link)

15. Vivo Infusion Expands Texas Presence with Acquisition of Neurology Institute of San Antonio and Vista Infusions via its financial sponsor InTandem Capital Partners

    Vivo Infusion, a national provider of ambulatory infusion services, has acquired the Neurology Institute of San Antonio (NISA) and Vista Infusions. This strategic move expands Vivo's network to nearly 90 centers across 15 states, with 20 locations in Texas alone. The acquisition strengthens Vivo's position in neurological and autoimmune disease treatment. Drs. Suzanne Gazda and Braden Neiman, founders of NISA and Vista, will continue their practice under the Vivo umbrella. The deal aims to enhance patient care quality and improve value in the infusion services sector. Financial terms were not disclosed. (Link)

16. Branford Castle Partners Acquires Eastern Dental Management, Marking Eighth Platform Investment for Fund II

    Branford Castle Partners, a North American private equity firm, has acquired Eastern Dental Management from Staple Street Capital. Eastern Dental, with 20 locations in New Jersey, is the eighth platform investment for Branford Castle's Fund II. The existing management team, including CEO Ray Iannaccone, will remain. This acquisition follows recent investments in Hoffman Engineering, Testek Solutions, and Alzet Osmotic Pumps. Branford Castle sees growth opportunities in the dental services market and values Eastern Dental's established position in New Jersey. Siguler Guff & Company provided financing for the transaction. Terms were not disclosed. (Link)

17. HouseWorks Expands Massachusetts Footprint with Acquisition of O'Connell Care at Home and Best Home Care via its Financial Sponsors BPEA Private Equity and InTandem Capital Partners,

    HouseWorks Holdings, LLC, a leading personal care services company, has acquired two established Massachusetts-based home care organizations: O'Connell Care at Home and Best Home Care. These partnerships strengthen HouseWorks' presence in Western Massachusetts and the Greater Boston area, respectively. O'Connell Care at Home, serving Western Massachusetts for over 40 years, will enhance HouseWorks' operations in a challenging staffing region. Best Home Care, a 25-year pillar in the Wakefield community, chose HouseWorks for its quality reputation and Boston roots. These acquisitions mark HouseWorks' second and third in Massachusetts, totaling eleven since partnering with InTandem Capital in December 2022. (Link)

18. Georgia Healthcare Firms Regional Health Properties (ASE: RHE) and SunLink Health Systems (ASE: SSY) Announce Merger to Boost Growth and Efficiency

    Regional Health Properties (RHP) and SunLink Health Systems, both Georgia-based healthcare companies, have agreed to merge. The all-stock transaction, unanimously approved by both boards, is expected to close this spring. RHP will absorb SunLink, with SunLink shareholders owning 43% of the combined entity. The merger aims to create a stronger balance sheet, greater scale, and position the company for future growth. RHP's Brent Morrison will remain CEO, while SunLink's leadership will take on executive roles. The deal involves stock exchanges and is projected to yield $1 million in pre-tax cost synergies by fiscal year 2026. (Link)

Venture Capital and Other News

1. Frontier Direct Care Secures $20M Led by Mehshah Capital in Series B Funding to Revolutionize Employer-Sponsored Healthcare

   Frontier Direct Care, a leader in employer-funded healthcare innovation, has closed a $20 million Series B funding round led by Mehshah Capital. The investment will fuel the company's expansion and enhance its comprehensive healthcare solutions, which include direct primary care, virtual care, and referral navigation. Frontier's model aims to improve health outcomes while reducing costs for employers and employees. The company has experienced significant growth, serving over 100 employer customers. As part of the funding, Frontier welcomes three new board members, including industry veterans Richard Barasch and Dr. Eric Bricker. The company plans to open new clinics in Texas in early 2025. (Link)

2. Grove AI Secures $4.9M Seed Led by A* with participation from Afore Capital, LifeX Ventures, and Pear VC Funding to Revolutionize Clinical Trial Management with AI

   Grove AI, a startup revolutionizing clinical trial management, has raised $4.9 million in seed funding led by A* with participation from Afore Capital, LifeX Ventures, and Pear VC. The company's AI agent, Grace, has already interacted with over 70,000 patients and scheduled 7,800 appointments. Founded by Tran Le and Sohit Gatiganti, Grove AI aims to address inefficiencies in clinical trial enrollment and participant management. The platform has saved research sites more than 22,600 hours of manual work in just eight months. With the new funding, Grove plans to expand partnerships and enhance its AI-powered platform for managing participant relationships in clinical trials. (Link)

3. Hippocratic AI Secures $141M Series B Led by Kleiner Perkins, Achieves Unicorn Status in Healthcare AI

   Hippocratic AI, a pioneer in healthcare-focused large language models, has raised $141 million in Series B funding led by Kleiner Perkins, valuing the company at $1.64 billion. The funding will support expansion into new verticals and markets. Since its Series A nine months ago, the company has made significant progress, including launching its Polaris 2.0 architecture, signing contracts with 23 clients, and achieving safety parity with human clinicians. Hippocratic AI's GenAI agents have completed hundreds of thousands of patient calls, receiving high ratings. The company also announced the launch of an AI Agent App Store for clinicians to design and monetize AI agents. (Link)

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In addition to hearing from top healthcare innovators, attendees will also have access to:

- Dealmaking & networking with industry leaders, executives, PE, VC, family offices, bankers, accountants, lawyers, and other professionals
- In-person one-on-one meetings with fellow event participants that can be locked in with a dedicated meeting scheduler
- Company presentations from executives seeking capital, partnerships, or to sell.
- ACG Columbus in collaboration with a breakfast event
- Healthcare Venture Studios (top leaders and investors in the space)

Proposed Panels and Speaker Topics

- Private Equity Investment and 2025 Outlook
- New Administration Healthcare Policy
- Growing Interest in Medspas, Injectables and Obesity Drugs
- Value Based Strategy and Update
- Health IT - Digital Health, RCM and Artificial Intelligence
- Behavioral Health
- Women's Health
- Rural and Access for Healthy Communities
- Cybersecurity Threats, Insurance Coverage and Due Diligence
- IPOs back in vogue?
- Bioastronautics (Space Health)
- Healthcare Venture Studio Models and Trends

In addition to seeking the most knowledgeable panelists, we give preference to conference sponsors. If your organization is interested in sponsoring, please contact us for a media package. For questions, contact us at the email info@healthcarecapitalmarkets.com or call 614-448-1304