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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – March 01, 2024

1. Cyberattack on Change Healthcare Disrupts U.S. Healthcare Providers, Threatening Operations and Patient Care

A cyberattack on Change Healthcare, identified as the work of ransomware group Blackcat, has severely disrupted U.S. healthcare providers by halting crucial reimbursement systems. Now in its ninth day, the outage impedes patient treatment eligibility checks, prescription processing, and crucially, insurer reimbursements, pushing small to mid-sized practices into financial jeopardy. With no immediate resolution in sight, healthcare providers face operational challenges, and the prolonged disruption risks the closure of practices, affecting patient care nationwide. The incident raises significant concerns over healthcare cybersecurity and financial stability. ([Link](#))

2. RF Investment partners and MedEquity Capital Backed Oral Surgery-Focused Platform, MAX Surgical Specialty Management Expands into Three New States with Four Acquisitions, Bolstering Northeastern Presence

MAX Surgical Specialty Management, supported by RF Investment Partners and MedEquity Capital, announces its expansion into New York, Pennsylvania, and Vermont through four new acquisitions, enhancing its oral surgery-focused platform. Now assisting 28 surgeons across 21 locations, MAX emphasizes surgeon autonomy and clinical excellence, aiming for significant growth in the Northeast and Mid-Atlantic regions. The company seeks further partnerships with surgeon-led practices to continue its rapid expansion and uphold its commitment to top-tier patient care and innovative oral surgery services. ([Link](#))

3. Palm Primary Care, MBF Healthcare Partners' Portfolio Company, Expands in North Texas with Acquisition of Two Clinics from Texas Health Physicians Group

Palm Primary Care Texas, part of MBF Healthcare Partners' portfolio, has acquired two primary care clinics in Dallas and Duncanville, previously owned by Texas Health Physicians Group. This expansion adds to their growing presence in Tarrant and Dallas counties, aiming to impact Medicare beneficiaries' health by 2025. The clinics, led by seasoned physicians, specialize in comprehensive services for Medicare recipients. This move aligns with Palm's strategic growth and commitment to high-quality, accessible healthcare in the Dallas-Fort Worth area, marking their total network to 41 centers across Florida and Texas. ([Link](#))

4. Matter Neuroscience, New York-Based Firm Specializing in Personalized Brain Chemistry Insights, Raises \$26M to Advance Brain Chemistry Insights App

Matter Neuroscience, a New York-based firm specializing in personalized brain chemistry insights, secured \$26 million in funding, with contributions from Polaris Partners, ARCH Venture Partners, Exor Ventures, and others. Co-founded by Axel Bouchon, Ben Goldhirsh, and later joined by Chris Shiflett, the company aims to enhance health and happiness through its neuroscience-based app. This app, currently in public beta, assists users in understanding their neurotransmitter activity and promotes positive lifestyle changes. The funding will support the continued development of their innovative solutions and educational initiatives. ([Link](#))

5. Eleanor Health Secures \$22.23 Million to Expand Value-Based Care for Substance Use Disorders, Total Funding Hits \$104 Million

Eleanor Health, a provider specializing in substance use disorder (SUD) and mental health care, has secured \$22.23 million in funding, increasing its total capital to approximately \$104 million. The Massachusetts-based company, which offers both virtual and in-person treatment, plans to expand its value-based care platform. Recent developments include appointing a new CEO and partnering with Spring Health. Despite a challenging funding environment for digital health firms, Eleanor continues to grow, maintaining 17 value-based care contracts across seven states. This funding round highlights ongoing investor interest in behavioral health startups. ([Link](#))

6. Toney Healthcare, Supported by Centre Partners and Health Enterprise Partners, Expands Services with Acquisition of Rebellis Group

Toney Healthcare, supported by Centre Partners and Health Enterprise Partners, has acquired Rebellis Group, a consultancy specializing in Medicare Advantage and Part D services. Founded in 2020, Rebellis offers expertise in strategy, regulatory compliance, and optimization, enhancing Toney Healthcare's portfolio in regulatory, compliance, pharmacy, and strategic consulting. The acquisition aims to fortify Toney Healthcare's offerings, leveraging Rebellis's industry experience and Medicare Advantage expertise. ([Link](#))

7. GTCR Partners with Kelly McCrann and Avryo Healthcare to Invest in 7to7 Dental, Aiming to Expand Innovative Dental Service Model

GTCR, in partnership with Kelly McCrann and Avryo Healthcare, has invested in 7to7 Dental, a leading dental service organization in San Antonio, Texas. This strategic move, supported by 7to7's CEO Justin Coke and Chief Clinical Officer Tiffany Winburn, aims to expand the company's unique model of providing comprehensive dental services with extended hours. The investment is part of GTCR's strategy to enhance patient care and grow its presence in the healthcare sector, anticipating further investments for 7to7's growth and acquisitions. ([Link](#))

8. Sila Realty Trust Acquires State-of-the-Art Inpatient Rehab Facility in Brownsburg for \$39 Million

Sila Realty Trust, Inc., a net lease REIT specializing in healthcare properties, has purchased the Brownsburg Healthcare Facility in Indiana for \$39 million. This modern 40-bed rehabilitation center, leased to Community Health Network Rehabilitation Hospital West, enhances the company's portfolio with a focus on high-quality, strategically located healthcare facilities. The acquisition aligns with Sila's investment strategy, targeting resilient healthcare sectors and expanding its robust portfolio to support the growing demand for inpatient rehabilitation services in the Indianapolis area. ([Link](#))

9. Frontpoint Health, a Portfolio Company of Cimarron Healthcare Capital and Tacoma Holdings, Expands Texas Footprint with Acquisition of High Plains Senior Care, Bolstering Medicare Advantage Services

Frontpoint Health, a portfolio company of Cimarron Healthcare Capital and Tacoma Holdings, has acquired High Plains Senior Care Group, a prominent Home Health and Hospice provider in Texas. This acquisition aligns with Frontpoint's focus on the Medicare Advantage market and expands its reach across 176 counties in Texas, enhancing its capacity to serve more patients and integrate further with Medicare Advantage plans in the Southeast. The deal strengthens Frontpoint's position as a major player in the U.S. home health and hospice sector, aiming to deliver high-quality care and support the growing Medicare Advantage enrollee population. ([Link](#))

10. WebMD Acquires Healthwise Assets to Bolster Patient Education and Engagement Solutions

WebMD Health Corp. has acquired the operating assets of Healthwise, Incorporated, enhancing its Ignite division, which focuses on healthcare growth and engagement. This acquisition integrates Healthwise's extensive consumer health education content into WebMD's offerings, aiming to improve patient engagement and education across the healthcare journey. The merger will expand WebMD Ignite's reach, serving over 650 healthcare organizations and enhancing patient care through personalized, interactive health solutions. ([Link](#))

11. Adventist Health Expands in California with \$550 Million Acquisition of Two Hospitals from Tenet Health

Adventist Health has acquired two hospitals in San Luis Obispo County, California, from Tenet Health for \$550 million. The deal includes Sierra Vista Regional Medical Center, Twin Cities Community Hospital, associated physician practices, and imaging centers. Conifer Health Solutions, a Tenet subsidiary, will provide Adventist with revenue cycle services. Adventist aims to expand services and enhance care availability in the Central Coast region, aligning with their mission as a faith-based nonprofit healthcare system. The completion of the transaction is anticipated in spring 2024. ([Link](#))

12. DAS Health Acquires vcpi, Expanding Its Reach into Senior Living IT Solutions

DAS Health, a Sheridan Capital Partners portfolio company, has announced its acquisition of vcpi, a renowned IT service provider in the senior living sector. This strategic move enhances DAS Health's portfolio, allowing it to offer comprehensive IT and business solutions, including cybersecurity and cloud hosting, to the senior living communities. The acquisition aligns with DAS Health's commitment to innovation and excellence, promising growth and enriched service capabilities. Michelle Jaeger and Zachary Koch, leaders of the respective companies, anticipate new opportunities for collaboration and a strengthened market presence post-acquisition. ([Link](#))

13. Nuvance Health Merges with New York's Largest Healthcare Provider Northwell Health to Form Mega Network

Danbury, Connecticut-based Nuvance Health is set to merge with Northwell Health, New York's leading healthcare provider, creating a colossal network with over 28 hospitals, 1,000 care sites, and nearly 100,000 employees. The strategic merger aims to enhance patient care, accelerate innovation, and expand Northwell's reach into Connecticut. The alliance follows Nuvance's financial struggles, including a Moody's credit rating downgrade, and aligns with a growing trend in healthcare mergers, as noted by Kaufman Hall's industry report. Approval from regulatory bodies is pending. ([Link](#))

14. InSite Health Secures \$2.9M Funding to Expand Psychiatric Services in New Jersey

New Jersey's InSite Health, a provider of comprehensive psychiatric care for both adults and children, has successfully raised \$2.9 million. The company is known for its wide range of services, including medication management, psychiatric evaluations, and psychotherapy, catering to conditions like anxiety, PTSD, and ADHD. With three existing locations and a new one set to open, InSite Health offers both in-person and telehealth options. Their innovative approach extends to school-focused psychiatric solutions, supporting educational systems with essential mental health services and technological support for data management, while accepting major insurance plans, including Medicaid and Medicare. ([Link](#))

15. FamilyWell Health Secures \$4.3 Million in Seed Funding to Enhance Women's Behavioral Health Services

FamilyWell Health, a Boston-based startup specializing in women's behavioral health, has successfully raised \$4.3 million in seed funding, led by .406 Ventures, with GreyMatter Capital and Mother Ventures also participating. The company aims to use the funds to broaden its reach in New England and across the U.S. They offer a blend of in-person and virtual behavioral health services, focusing on integration with OB/GYN practices. Their approach, grounded in the collaborative care model, includes comprehensive mental health screenings, virtual coaching, therapy sessions, and a suite of digital resources, all tailored for perinatal individuals. ([Link](#))

16. [Octave Health Secures \\$5 Million for Expansion of Hybrid Virtual Care Platform, Enhancing Behavioral Health Services with Data-Driven Solutions](#)

Octave Health, a virtual care provider specializing in behavioral health, has raised \$5 million in a recent funding round, with plans to secure a total of \$10 million. This follows a \$52 million Series C funding less than a year ago, supported by Cigna Ventures, Novo Holdings, and Avidity Partners. Founded in 2018 by Sandeep Acharya, Octave Health has transitioned from an in-person to a hybrid service model, addressing conditions like depression, ADHD, and more. The company emphasizes data-driven outcomes to enhance value-based care contracting. ([Link](#))

17. [Upheal Secures \\$3.25M in Seed Funding to Enhance Mental Health Clinical Workflows with AI](#)

Upheal, a New York-based behavioral health documentation startup, has successfully raised \$3.25 million in a seed funding round led by CredoVentures, with contributions from Kaya Ventures and Inovia Capital. This investment boosts Upheal's total funding to \$4.35 million. The company leverages artificial intelligence to streamline clinical workflows for mental health professionals, including therapists, psychiatrists, and social workers. Upheal's platform offers various documentation capabilities, treatment planning, progress tracking, and seamless integration with tools like Google Calendar and Zoom, aiming to enhance the efficiency and effectiveness of mental health care provision. ([Link](#))

18. [Agiliti Inc. \(NYSE: AGTI\) to Go Private in \\$2.5 Billion Buyout by Thomas H. Lee Partners](#)

Agiliti Inc., a leading provider of medical technology management solutions, has announced a definitive merger agreement where Thomas H. Lee Partners (THL) will acquire all outstanding Agiliti shares not already owned by them for \$10.00 per share, valuing the company at approximately \$2.5 billion. This transaction, endorsed by Agiliti's Special Committee and Board of Directors, offers significant premiums over recent stock prices and is set to finalize in the first half of 2024, making Agiliti a private entity and delisting it from the NYSE. ([Link](#))

19. [Reveleer Secures Over \\$65 Million in Funding to Enhance AI-Driven Healthcare Solutions for Payers and Providers](#)

Reveleer, a healthcare data and analytics firm, secured over \$65 million in funding led by Hercules Capital. Specializing in AI-enabled platforms for payers, its services enhance risk adjustment, quality improvement, and member management, fostering value-based care. The Glendale-based company aims to expand its payer and provider solutions, leveraging the investment for growth in value-based care technology. This follows Reveleer's acquisitions of MDPortals and Dynamic Healthcare Systems, augmenting its data integration and healthcare management capabilities. The funding marks a significant step in advancing healthcare AI technology and expanding its market presence. ([Link](#))

20. Redi Health Raises \$14 Million in Series B Funding to Enhance Tech-Enabled Health Management Platform

Redi Health, an Ohio-based tech company, secured a \$14 million Series B funding led by Blue Heron Capital, with contributions from North Coast Ventures, Mutual Capital Partners, Rev1 Ventures, M25, and Refinery Ventures. The company provides a health management platform featuring a patient-facing app for medication and symptom tracking, integrating various healthcare stakeholders. The funds will support new product development, expansion, and innovation. This follows their \$3.7 million raise in 2022, amidst growing investments in the health-management sector, including significant rounds for b.well Connected Health and Laudio. ([Link](#))

21. b.well Connected Health Secures \$40 Million in Series C Funding, Expands Board, and Enhances Healthcare Integration

b.well Connected Health, a comprehensive health management platform, has successfully raised \$40 million in a Series C funding round led by Leavitt Equity Partners. The investment will bolster b.well's integration of health records, financial data, and wearable technology, leveraging a FHIR-enabled platform to deliver personalized healthcare at scale. The funding also facilitates expansion, welcoming new board members Andrew Clark, Ryan Howells, and Dr. Hon Pak. CEO Kristen Valdes emphasized the enhancement of their services, aiming to revolutionize personalized healthcare experiences and broaden their organizational impact. ([Link](#))

22. Private Equity Firm New Mountain Capital Proposes to Take R1 RCM (NASDAQ: RCM) Private in a \$5.8 Billion Buyout Offer

Private equity firm New Mountain Capital has proposed to buy the shares it doesn't already own in R1 RCM, aiming to privatize the revenue cycle management technology leader. The offer stands at \$13.75 per share, valuing the company at nearly \$5.8 billion, a 24% premium over the recent closing price. Discussions are ongoing, involving R1 RCM and major shareholder TCP-ASC, with the company's stock surging 32% post-announcement. R1 RCM is set to discuss the buyout in their upcoming financial results call, following a period of modest growth. ([Link](#))