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Healthcare Weekly News and Deals - February 16, 2024

1. KKR to acquire a 50% stake in health tech firm Cotiviti that would value the company between \$10 and \$11 billion

Private equity firm KKR & Co has agreed to acquire a stake in Cotiviti from investment manager Veritas Capital, the healthcare technology firm said on Wednesday. KKR and Veritas will have equal ownership stakes in Cotiviti following the deal's closure, expected in the second quarter of 2024. The financial details about the transaction, which will strengthen KKR's portfolio of healthcare analytics investments, were not provided. KKR has mandated a syndicate of banks to finance the deal, a source told Reuters, in a rare win for the traditional banking industry which has been ceding the buyout financing market share to private credit firms. JPMorgan is leading a group of banks helping to finance the Cotiviti deal with \$5 billion worth of loans, another source said. South Jordan, Utah-based Cotiviti, which was taken private by Veritas Capital in 2018, provides payment accuracy and analytics services to health insurers and other healthcare companies. ([Link](#))

2. Assure Holdings (Nasdaq: IONM) Merges with Danam Health, Healthcare Company Specializing in Innovative Medical Technologies, and Services, in a Strategic \$150 Million Deal to Expand Healthcare Services

Assure Holdings Corp. (Nasdaq: IONM) and Danam Health, Inc. have announced a definitive merger, creating a combined entity named Danam Health Holdings Corp. This stock-for-stock transaction, valued at approximately \$150 million, will see Danam emerge as a wholly-owned subsidiary of Assure. The merger, set to close in Q2 2024, aims to enhance pharmaceutical and healthcare services, advancing Danam's micro health ecosystem. Post-merger, Danam shareholders will own about 90% of the combined company, with Assure shareholders owning the remaining 10%. The agreement has received unanimous approval from both companies' boards, with Suren Ajjarapu leading as Chairman. ([Link](#))

3. Nava Health, Personalized Integrative Wellness Healthcare Company, and 99 Acquisition Group Announce Definitive Merger Agreement; Set for NASDAQ Listing

Nava Health MD, Inc., a healthcare company integrating diverse medical approaches with technology, and 99 Acquisition Group, Inc., a special purpose acquisition company, announced a definitive merger agreement. Post-merger, 99 Acquisition will be renamed Nava Health MD, Inc. and remain NASDAQ-listed. The deal, valued at \$320 million, involves Nava Health becoming a wholly-owned subsidiary of 99 Acquisition. This strategic move aims to expand Nava Health's innovative, data-driven healthcare solutions. The transaction, subject to

shareholder approvals and customary conditions, is anticipated to conclude in the second quarter of 2024. ([Link](#))

4. Varsity Healthcare, a private equity firm specializing in healthcare, Partners Successfully Sells Angels of Care to Nautic Partners

Varsity Healthcare Partners (VHP), a private equity firm specializing in healthcare, has finalized the sale of Angels of Care (AOC) to Nautic Partners. Angels of Care, a leading pediatric home healthcare provider based in McKinney, TX, experienced significant growth under VHP's ownership since April 2019, expanding services from two to seven states. This expansion positioned AOC as a major national player in pediatric home health services. AOC's innovative approach includes partnerships with managed care firms for outcomes-based reimbursement. Jessica Riggs, CEO of AOC, praised VHP for their vital support in the company's development. Terms of the deal remain undisclosed. ([Link](#))

5. PatientFi, a Leader in Elective Healthcare Payment Solutions, Secures Significant Growth Equity Financing Led by Questa Capital to Expand Elective Healthcare Payment Solutions

PatientFi, a leader in elective healthcare payment solutions, announced a major growth equity investment led by Questa Capital, with contributions from existing investors. This funding will bolster PatientFi's market leadership, accelerating sales, marketing, and product development. Since 2017, PatientFi has revolutionized patient affordability in elective healthcare, serving over 180,000 patients through its expansive network of 4,000+ medical practices. The investment will enhance PatientFi's technology suite, including PRIVI, their unique subscription and loyalty platform, reinforcing their commitment to increasing accessibility and fostering long-term patient loyalty in the growing \$40 billion medical aesthetics market. ([Link](#))

6. Tecum Capital Partners, in Collaboration with Hilltop Opportunity Partners with Five Point Dental, a Texas-based multi-specialty Dental Support Organization, Specialists for Strategic Growth Investment

Tecum Capital, in collaboration with Hilltop Opportunity Partners, has announced a significant investment in Five Point Dental Specialists (FPDS), a Texas-based multi-specialty Dental Support Organization. This partnership aims to bolster FPDS's growth, focusing on orthodontics, oral surgery, pediatric dentistry, and endodontics. FPDS, known for reducing administrative burdens and enhancing patient care, welcomes the investment as a catalyst for future growth and maintaining its customer-focused culture. The investment is part of Tecum's strategy to support middle-market companies, utilizing its \$305 million fund, Tecum Capital Partners III, L.P. ([Link](#))

7. Petauri, a Nashville-Based Pharmaceutical Services Platform, Acquires FORCE Communications and Its Subsidiaries to Bolster Pharmaceutical Services Platform

Petauri, a Nashville-based pharmaceutical services platform, recently announced the acquisition of FORCE Communications and its subsidiaries: DRIVE, MOMENTUM, and PROPEL. Founded in 2001 by Jay Greenzweig, FORCE specializes in medical communication solutions for the pharmaceutical, biotech, and medical device sectors. Dan Renick, CEO of Petauri, emphasized the importance of translating scientific discoveries into clinical benefits, praising FORCE's 20-year expertise in this area. Tiffany Shaw, COO at FORCE, expressed excitement about joining Petauri. Petauri, founded in 2023 and backed by Oak Hill Capital, continues its growth strategy by integrating companies with expertise in various medical fields. ([Link](#))

8. IntellaTriage, Known for Its After-Hours Nurse Triage Services Acquires NurseLine, a National Provider of Hospice And Home Health Triage Services, Bolstering Its Position in After-Hours Healthcare Triage Services

IntellaTriage, known for its after-hours nurse triage services, has acquired NurseLine, a national provider in the same field. This strategic move, announced by IntellaTriage CEO Daniel Reese, aims to enhance healthcare through advanced technology and clinical expertise. NurseLine, established in 2016, is recognized for its high-quality hospice triage services. This acquisition, following IntellaTriage's recent growth investment in 2022, is set to improve patient outcomes and operational efficiency. Both CEOs express enthusiasm about the merger, anticipating a seamless integration and an expanded customer base, redefining the future of after-hours healthcare. ([Link](#))

9. Welltower Inc. (NYSE: WELL) Acquires 25 Active Adult Communities from Affinity for \$969 Million, Expanding Wellness Housing Portfolio

Welltower Inc. (NYSE: WELL) announced a strategic partnership with Affinity Living Communities, including the acquisition of 25 active adult communities for \$969 million. The portfolio, primarily in the Pacific Northwest, features nearly 3,900 units and aligns with Welltower's expansion into high-growth markets. The deal, funded through cash and \$523 million in low-interest debt, emphasizes Welltower's commitment to wellness-focused senior housing. The communities, managed by Affinity, offer extensive amenities and strong operating margins. This acquisition marks a significant step in Welltower's aim to transform health care infrastructure. ([Link](#))

10. Healthtech Startup TORTUS Raises \$4.2M for O.S.L.E.R., AI-Powered Clinical Documentation System, in Seed Funding Led by Khosla Ventures

Healthtech startup TORTUS has secured \$4.2 million in seed funding led by Khosla Ventures for its AI-driven clinical documentation tool, O.S.L.E.R. (Operating System Leverage in

Electronic Records). This innovative system, designed to alleviate the administrative burden on healthcare professionals, automates documentation by processing clinician-patient conversations. It integrates seamlessly with electronic health records, ensuring patient privacy and compliance with NHS DTAC standards. The pilot at Great Ormond Street Hospital and expansion into more UK sites mark a significant step in transforming clinical practice. O.S.L.E.R. aims to enhance patient care by enabling clinicians to focus more on patient interactions. ([Link](#))

11. Baptist Health Sues Humana Over Alleged Underpayments in 340B Drug Program

Baptist Health in Montgomery, Alabama, is suing insurer Humana, alleging underpayment for outpatient drugs under the Medicare Advantage 340B program. The hospital argues Humana owes compensation based on rectified rates, following a 2022 Supreme Court ruling against CMS's reimbursement cuts for 340B drugs. Despite CMS's \$9 million lump sum payment to 340B hospitals, criticism arises over the agency's budget neutrality adjustments. The lawsuit highlights ongoing disputes between healthcare providers and insurers regarding fair reimbursement practices in the complex 340B drug pricing program. ([Link](#))

12. Nema Health, a Virtual Clinic Specializing in PTSD Treatment, Partners with Horizon Blue Cross Blue Shield of New Jersey to Expand PTSD Treatment Access

Nema Health, a virtual clinic specializing in PTSD treatment, has partnered with Horizon Blue Cross Blue Shield of New Jersey, enabling access to about 3.6 million people. Nema offers intensive therapy, including sessions with therapists, psychiatrists, peer mentors, and case managers. Its treatment reportedly leads to significant recovery from PTSD. Founded during the COVID-19 pandemic, Nema aims to provide effective, affordable care and is currently expanding in the Northeastern U.S. The startup, with \$4.1 million in seed funding, is negotiating with managed Medicaid organizations and plans to scale across the U.S. soon. ([Link](#))

13. Cigna Group Commits \$3.2 Billion to Accelerated Stock Repurchase Program

The Cigna Group (NYSE: CI), a global health company, has announced an accelerated stock repurchase (ASR) of \$3.2 billion with Deutsche Bank AG and Bank of America. This repurchase is part of an existing program with \$10.6 billion authority as of February 13, 2024. Approximately 7.6 million shares will initially be delivered under the agreement, with final settlement expected in Q2 2024. This move, highlighted by CEO David M. Cordani, signifies the company's strong financial position and commitment to shareholder value, aiming to repurchase \$5 billion of stock in the first half of 2024. ([Link](#))