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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – March 29, 2024

1. WillowWood Global, Sponsored by Blue Sea Capital, adds Prosthetic Solutions with Xtremity Acquisition

WillowWood Global, a prosthetic product leader based in Columbus Ohio, has acquired Xtremity, known for its innovative carbon-reinforced polymer socket technology. This acquisition bolsters WillowWood's custom solutions with quicker fabrication and adjustable sockets. Daniel Rubin, COO of WillowWood, highlights Xtremity's game-changing spot-heat adjustments for enhanced patient comfort. Mahesh Mansukhani, CEO, emphasizes the potential to revolutionize industry productivity with Xtremity's rapid assembly capabilities. Xtremity's offerings will be showcased at the AAOP Annual Meeting. WillowWood, recognized for innovation and quality, aims to empower clinicians and improve patient outcomes with this strategic acquisition. ([Link](#))

2. Axcel Learning, Backed by Alpine Investors, Partners with KMK Optometry to Revolutionize Healthcare Education

Axcel Learning, backed by Alpine Investors, announces a strategic partnership with KMK Optometry, a leader in optometry board exam preparation. Founded in 2005, KMK is renowned for its comprehensive review courses. With Axcel's support, KMK aims for expansion and innovation under new CEO Jonah Berg. The alliance signifies Axcel's entry into healthcare education, emphasizing their commitment to driving excellence. The collaboration aims to reshape optometry education, fostering continuous learning and growth. ([Link](#))

3. Beacon Behavioral Partners Acquires The Neuropsychiatry & TMS Group, Expanding Presence into Florida, via its financial sponsor Resolute Capital Partners and Latticework Capital Management

Beacon Behavioral Partners acquires The Neuropsychiatry & TMS Group in Tampa, marking its debut in Florida's behavioral health landscape. Led by Dr. Faizi Ahmed, the group specializes in depression, ADHD, and TMS treatment. The alliance aims to enhance patient care and grow services statewide. Beacon's CEO, Sean Wendell, expresses excitement over the strategic move. Dr. Edisa Shirley joins as Regional VP for Outpatient Operations, bolstering tailored initiatives. With a focus on preserving clinical autonomy, Beacon extends its 25-year expertise across multiple states, emphasizing collaborative care and operational support for partner practices. ([Link](#))

4. Mirador Therapeutics Secures \$400M to Fuel Immunology and Inflammation Programs Led by ARCH Venture Partners

Mirador Therapeutics, Inc., a precision medicine firm based in San Diego, has raised \$400 million in a funding round led by ARCH Venture Partners. Contributions came from OrbiMed, Fairmount, and other prominent investors like Fidelity Management & Research Company. The company, founded by Mark C. McKenna and led by ex-Prometheus Biosciences executives, aims to use this funding to propel its therapeutic programs targeting chronic immune-mediated inflammatory and fibrotic diseases. Mirador leverages its Mirador360™ engine, combining human genetics and data science, to fast-track the development of precision medicines. ([Link](#))

5. Steward Health Care to Sell Physician Group to Optum Amid Financial Challenges, Markey Calls for Healthcare Reform

Senator Edward J. Markey announced that Steward Health Care, grappling with significant financial issues from accumulated debt, plans to sell its physician group to Optum Care. As Steward operates nine facilities in Massachusetts and faces a financial crisis partly due to previous ownership by Cerberus Capital Management, Markey emphasizes the need for healthcare system reform focusing on patient outcomes over profits. Markey, chair of the Senate HELP Subcommittee, has also summoned Steward's CEO to testify at an upcoming congressional hearing, urging Optum to prioritize healthcare access and affordability in Massachusetts. ([Link](#))

6. Kaiser Permanente and Town Hall Ventures Launch Habitat Health to Support Aging at Home

Kaiser Permanente and Town Hall Ventures have announced the launch of Habitat Health, an initiative aimed at aiding older adults to age in their homes while receiving comprehensive care. Set to start in Sacramento and Los Angeles in 2025, Habitat Health will cater primarily to low-income seniors eligible for both Medicare and Medicaid. This program will leverage Kaiser Permanente's advanced technology and Town Hall Ventures' expertise in care delivery for underserved communities. By acting as the payer for all Medicare and Medicaid services, Habitat Health aims to become a leading national provider of in-home care for older adults, promising improved health outcomes and personalized support in collaboration with local care partners. ([Link](#))

7. Brightside Health, a Telehealth Company Specializing in Mental Health Care, Secures \$33 Million in Series C Funding for Telehealth Expansion Led by S32, Former Optum CEO Trip Hofer Joins its Board

Brightside Health, a telehealth company specializing in mental health care, announced raising \$33 million in Series C funding, led by S32, with contributions from notable investors including Anne Wojcicki. This round elevates the company's total funding to \$100 million. The San Francisco-based firm, known for using AI to personalize treatment for mood disorders, aims to use the funds to expand into new markets, including Medicare and Medicaid. Additionally,

former Optum CEO Trip Hofer joins its board. Recent partnerships will enable Brightside to reach 50 million more Medicare and Medicaid beneficiaries across multiple states. ([Link](#))

8. Pelago, Digital Clinic Specializing in Substance Use Management, Secures \$58M in Series C Funding Led by Atomico to Enhance Substance Use Management Services

Pelago, a New York City-based digital clinic specializing in substance use management for U.S. businesses and health plans, has raised \$58 million in Series C funding, increasing its total funding to \$151 million. The round was led by Atomico, with participation from Kinnevik AB, Octopus Ventures, Y Combinator, Eight Roads, and GreyMatter Capital. Atomico Partner Laura Connell will join Pelago's board. The funds will support product development, care continuum expansion, and clinical research. CEO Yusuf Sherwani highlights Pelago's significant growth and its focus on filling the gaps in traditional employee assistance and mental health benefits programs. ([Link](#))

9. Sagility, a BPEA EQT firm and Healthcare Services Provider, Acquires AI Innovator BirchAI to Revolutionize Healthcare Services with Enhanced Analytics and Automation

Sagility, a prominent healthcare services provider, has strategically acquired BirchAI, a Seattle-based firm renowned for its AI-powered customer support technologies. This acquisition is set to strengthen Sagility's analytics and automation capabilities, offering advanced healthcare engagement services to an extensive range of clients including national payers and health systems. The move aims to propel Sagility towards its goal of achieving \$1B in revenue by doubling its size in four years. BirchAI's cutting-edge AI solutions will enhance healthcare operations, improve the member and provider experience, and elevate the quality of care, aligning with Sagility's vision for technology-driven healthcare transformation. ([Link](#))

10. Acadia Healthcare (NASDAQ: ACHC) Expands Presence in North Carolina with Acquisition of Three Treatment Centers

Acadia Healthcare (NASDAQ: ACHC) finalizes the acquisition of three Comprehensive Treatment Centers (CTC) in North Carolina, enhancing its footprint in behavioral healthcare. Rebranded as Raleigh, Greenville, and Hillsborough Comprehensive Treatment Centers, these additions bring Acadia's total CTC locations in North Carolina to 10 and 160 nationwide. CEO Chris Hunter emphasizes the positive impact of medication-assisted treatment (MAT) and behavioral therapy in changing lives. The expansion aligns with Acadia's collaboration with UNC to address opioid epidemic challenges in the state. Acadia operates 253 behavioral healthcare facilities across 38 states, serving over 75,000 patients daily. ([Link](#))

11. UCI Health Completes \$975M Acquisition of Four Southern California Hospitals from Tenet Healthcare

UCI Health finalizes the purchase of four community hospitals from Tenet Healthcare, including Fountain Valley Regional Hospital. Rebranded as UCI Health - Fountain Valley and others, the acquisition adds 858 beds to UCI Medical Center's capacity. Officials hail the move as transformative for healthcare in the region. With a focus on community partnership, UCI

Health aims for excellence in patient care. The ceremony, attended by local officials, celebrates the union. Confetti and a therapy dog mark the occasion, emphasizing the commitment to quality and compassion in the transition. ([Link](#))

12. Johnson & Johnson (JNJ.N) in Talks to Acquire Shockwave Medical for Cardiovascular Expansion

Johnson & Johnson (JNJ.N) is reportedly in discussions to acquire Shockwave Medical (SWAV.O), a medical device maker specializing in heart disease treatment, according to The Wall Street Journal. The potential deal aims to bolster J&J's presence in cardiovascular devices, with Shockwave's \$11 billion market capitalization making it an attractive target. Talks, which could conclude in weeks pending no breakdowns, follow J&J's strategy to pursue "tuck-in" acquisitions in cardiovascular healthcare. Previously, Boston Scientific (BSX.N) was also rumored to consider a bid for Shockwave. News of the talks surged Shockwave's shares by 11.5%. J&J remains silent on speculation. ([Link](#))

13. Nobul AI Corp to Acquire Check-Cap Ltd (NASDAQ: CHEK), Creating AI-Driven Fintech Powerhouse with Focus on Medical Innovation

Nobul AI Corp has agreed to acquire Check-Cap Ltd (NASDAQ: CHEK), with Nobul shareholders becoming the majority owners. The merger aims to create a Toronto-based public company focused on AI-driven fintech and acquiring traditional firms for enhanced shareholder returns. The combined entity plans to list on NASDAQ and TSX, with Nobul's executive team leading. Check-Cap's Chairman views the deal as advantageous for shareholders. Nobul's CEO anticipates transformative outcomes, leveraging their M&A expertise. Check-Cap specializes in CRC screening with its investigational C-Scan technology. The deal signals a strategic move towards innovation and value creation in healthcare and finance sectors. ([Link](#))

14. AbbVie (NYSE: ABBV) to Acquire Landos Biopharma (NASDAQ: LABP) for \$212.5 Million, Advancing Oral Therapeutics for Autoimmune Diseases

AbbVie (NYSE: ABBV) announces acquisition of Landos Biopharma (NASDAQ: LABP) for \$20.42 per share in cash plus contingent value rights, totaling \$212.5 million. Landos focuses on novel oral therapeutics for autoimmune diseases, notably NX-13, a first-in-class NLRX1 agonist targeting ulcerative colitis and Crohn's disease. The acquisition aims to accelerate clinical development of NX-13, leveraging AbbVie's expertise. NEXUS Phase 2 trial for NX-13 in ulcerative colitis is underway, with results expected by Q4 2024. The deal, subject to customary closing conditions, signifies AbbVie's commitment to addressing unmet medical needs in immunology. ([Link](#))

15. [Transcarent, San Francisco-Based Health Experience Company, to Raise \\$125M in Series D Funding, Valued at \\$2.1B Led by General Catalyst](#)

San Francisco-based health experience company, Transcarent, plans to secure \$125M in Series D funding, with General Catalyst as the lead investor. The round, valuing the company at \$2.1B, includes a "liquidation preference" structure. Previously, Transcarent raised \$200M in Series C funding in January 2022, led by Kinnevik and Human Capital, with participation from various healthcare institutions and existing investors such as General Catalyst, Merck Global Health Innovation Fund, and others. The move underscores investor confidence in Transcarent's innovative approach to healthcare delivery. ([Link](#))

16. [InStride Health Raises \\$30M in Series B Funding Led by General Catalyst to Expand Pediatric Anxiety and OCD Treatment Reach](#)

InStride Health secures \$30M in Series B funding led by General Catalyst, joined by previous investors. The outpatient provider focuses on pediatric anxiety and OCD treatment, addressing gaps in mental health care accessibility. With a total funding of \$56M, the investment aims to support expansion into new markets and maintain clinical quality. InStride Health's evidence-based care model prioritizes Cognitive Behavioral Therapy (CBT) and Acceptance and Commitment Therapy (ACT), with a multidisciplinary team offering personalized, time-bound treatment plans. The approach, emphasizing real-world practice and community partnerships, yields significant patient improvements. ([Link](#))

17. [Tenet Healthcare Completes \\$550 Million Deal Selling Two Central California Hospitals to Adventist Health](#)

Tenet Healthcare finalized the \$550 million sale of Sierra Vista Regional Medical Center and Twin Cities Community Hospital in central California to Adventist Health. The acquisition broadens Adventist's reach to the Central Coast, maintaining patient care and accepted insurance. Adventist Health's CEO expressed commitment to expanding care access. Meanwhile, Tenet expects \$450 million in after-tax proceeds and a \$275 million pretax book gain. This divestiture aligns with Tenet's strategy, following recent sales totaling \$3.375 billion. Adventist's revenue cycle agreement with Tenet's subsidiary Conifer Health Solutions covers over \$3.5 billion of Adventist's net revenue. ([Link](#))